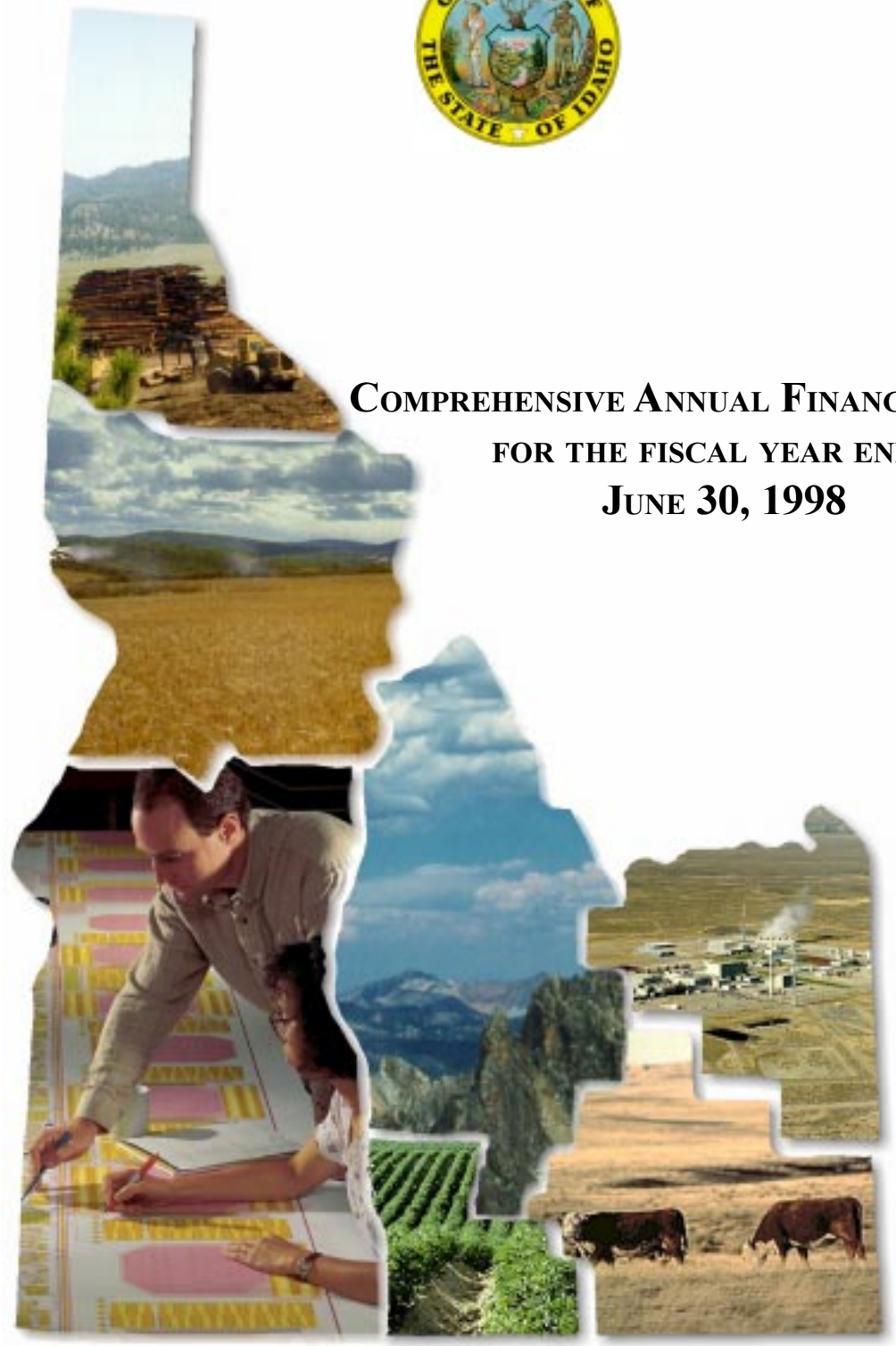
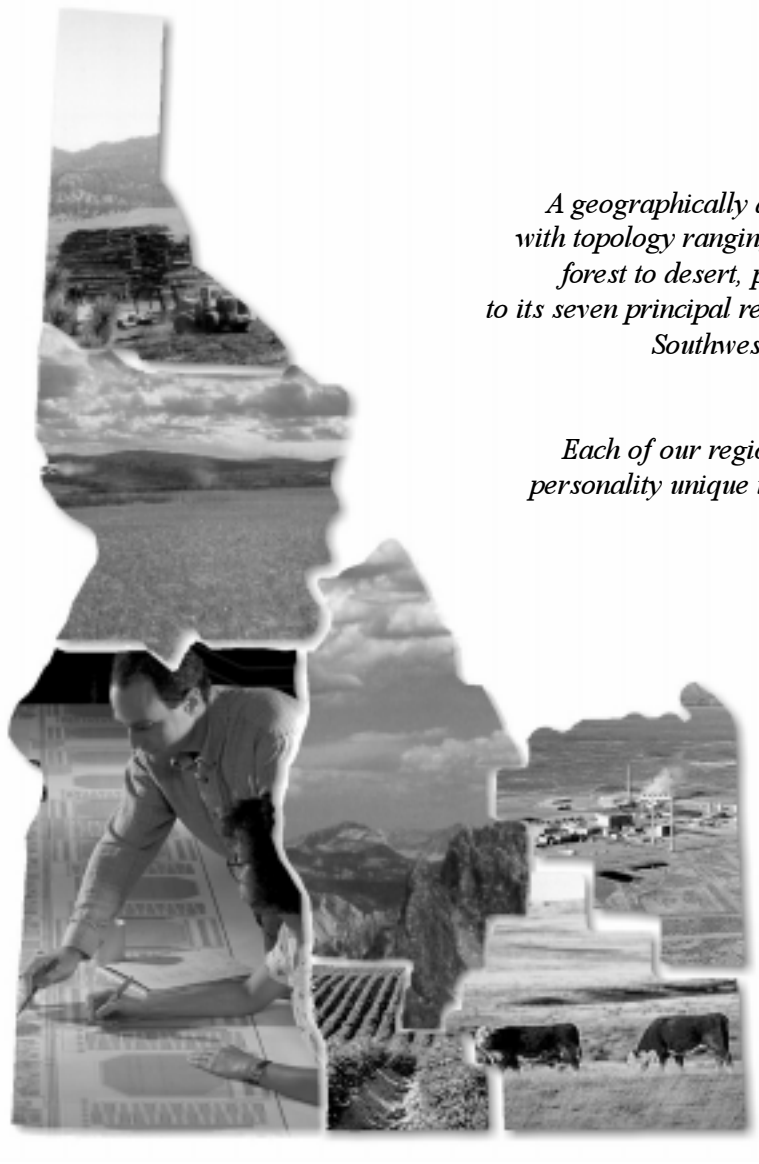
STATE OF IDAHO



Comprehensive Annual Financial Report

for the fiscal year ended

June 30, 1998



THE STATE OF IDAHO

A geographically and industrially diverse state with topology ranging from mountain to flatland, forest to desert, portrayed here with reference to its seven principal regions: North, North Central, Southwestern, Central, South Central, Eastern, and Southeastern.

Each of our regions discloses a demographic personality unique to its geography and climate.

Thanks to the Idaho Wheat Commission, Micron Technology, Idaho Potato Commission, Idaho Cattlemen's Association, Idaho Travel Council, and INEEL for permission to use photographs.

IDAHO
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 1998

PHILIP E. BATT
GOVERNOR
J.D. WILLIAMS
STATE CONTROLLER

PREPARED BY THE OFFICE OF THE STATE CONTROLLER

STATE OF IDAHO

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Thanks and appreciation to all the employees of the State Controller's Office, without whose contributions this report would not be possible.

Dedication

Philip E. Batt, Governor

In 1997, nearly 2-1/2 years into his term as Idaho's 29th governor, Philip E. Batt announced that he would not seek re-election. The fiscal year 1998 Comprehensive Annual Financial Report (CAFR) is dedicated to Governor Batt in recognition of his 33-plus years of public service on behalf of his fellow Idahoans.

A native of Idaho and an onion farmer in his private life, Governor Batt served in both houses of the Idaho Legislature, as the State's elected Lieutenant Governor, as a member of the State Transportation Board, and as president or director of organizations ranging from Albertson College of Idaho to the Idaho Potato Growers Commission.

Early in his term, Phil Batt outlined his basic governing philosophy: government must be the servant of the people, rather than their master. In this spirit, he worked to limit the growth of state government even as he insisted it be more responsive. He held monthly meetings with Idaho's Indian tribes, tackled welfare and Medicaid reform, supported high standards for students, negotiated a nuclear waste agreement, and organized the Governor's Hispanic Initiative to help Idaho's largest minority. In 1996, "Governing" magazine called him the "Unlikely Crusader" for his successful fight to extend Workers' Compensation to agricultural employees.

Governor Batt and the other members of the State Land Board–Controller J.D. Williams, Attorney General Alan Lance, Superintendent of Public Instruction Anne Fox, and Secretary of State Pete Cenarrusa–supported constitutional changes to allow Idaho to manage and invest endowment land revenues more flexibly. The change is expected to raise another $20-30 million each year to support Idaho's public schools.

In 1998, Governor Batt and Controller Williams announced that the fiscal year 1997 CAFR received the Government Finance Officers Association's "Certificate of Achievement for Excellence in Financial Reporting." GFOA's certificate is the highest form of recognition in governmental accounting and financial reporting.

Governor Batt's term as governor was characterized by his common sense, his plain speaking, and his insistence on high quality work at the lowest possible cost to taxpayers.

STATE OF IDAHO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

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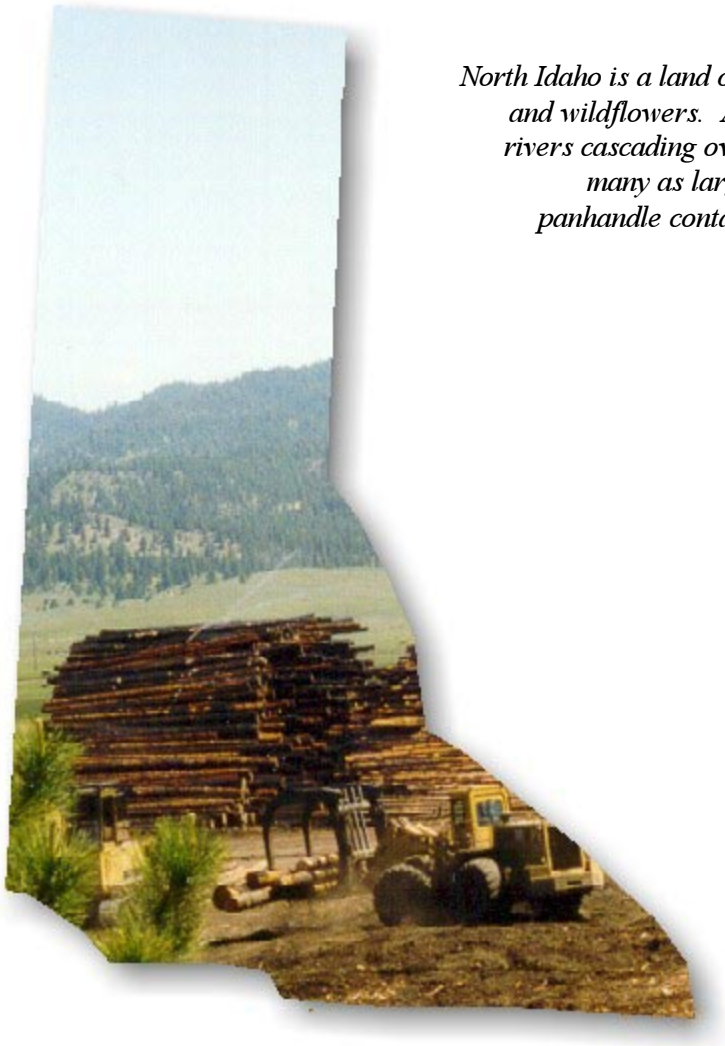
NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

INTRODUCTORY SECTION



NORTH IDAHO

North Idaho is a land of dense forests, giant aromatic cedars, and wildflowers. A land punctuated in lapis blue flowing rivers cascading over waterfalls or pooled in azure lakes, many as large and deep as inland seas. The Idaho panhandle contains the greatest concentration of lakes to be found among the western states.

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December 24, 1998

TO: Citizens and Taxpayers of Idaho
The Honorable Philip E. Batt, Governor
Members of the State Legislature

Ladies and Gentlemen:

It is with great pleasure and a real sense of professional satisfaction by my staff and me that we transmit the Comprehensive Annual Financial Report (most often referred to as the "CAFR") to you for the fiscal year ended June 30, 1998. This report represents Idaho's continued commitment to sound and effective fiscal management and to responsible financial reporting based on recognized standards. This CAFR, which includes the State's independently audited general purpose financial statements, will provide you and the financial community with the information necessary to assess Idaho's financial position, results of operations, and management of its financial resources.

Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Office of the State Controller. As the State's Chief Fiscal Officer, I am confident the data presented is accurate in all material respects. It is presented in a manner that fairly sets forth the financial position and results of state operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the State's financial position and results of operations have been included.

The ultimate reasons for producing the CAFR are:

- to assess whether current year revenues are sufficient to pay for services provided and to determine whether future taxpayers will be required to assume burdens for services provided to past generations;
- to compare the financial performance of the State from one fiscal year to another; and
- to avoid potential pitfalls and problems through trend development and analysis supported by timely and reliable financial information.

Enormous strides in statewide financial reporting have been made in Idaho during the past few years. That trend must be ongoing. As the State continues to expand through economic diversification, this new system of financial accountability will provide us with the knowledge needed to chart a solid course for the future. The

The overall CAFR is presented in three sections: Introductory, Financial, and Statistical.

The Introductory Section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, a state organization chart, and a list of elected officials of the State.

The Financial Section includes the independent auditor's opinion, general purpose financial statements, required supplementary information, and combining financial statements with supporting schedules and fund descriptions.

The Statistical Section includes selected fiscal, social, and demographic information about the State.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), professional standards of the American Institute of Certified Public Accountants (AICPA), recommendations of the Government Finance Officers Association (GFOA), and state finance law requirements. A summary of significant accounting policies of the State is found in the footnotes of the general purpose financial statements.

In addition to the CAFR, the Office of the State Controller issues other financial reports. It is important to realize that the financial data used in each are derived from the same sources. Accumulating and compiling the data in order to create these financial statements does not require duplicative effort but instead, utilizes complementary information. Some of these reports are:

Legal Basis Financial Report - provides a "budget-to-actual comparison" in accordance with appropriations adopted by the Legislature. This report reflects the financial information by individual agency, fund, program, and expenditure object as dictated by appropriation. State policy makers and agency directors are the most likely users of the State's Legal Basis financial report.

The Idaho Citizen's Report - provides a brief, highly condensed overview of the State's financial position and operations for the specified period. The general public is the most likely user of this report. The first Citizen's Report will be available in early 1999.

Idaho Financial Focus - This easy-to-read two-page report graphically presents the State's financial results of operations, highlights some of the results of major state programs, and provides websites and phone numbers of key public offices and officials.

Reporting Entity

The State of Idaho was admitted into the Union as the 43rd state in 1890. It covers 84,437 square miles bordered on the south by Utah and Nevada, on the east by Wyoming and Montana, on the west by Washington and Oregon, and on the north by Canada. It has an estimated population of approximately 1.3 million. State government is divided into three Branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General and the Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is presided over by the Supreme Court which is led by the Chief Justice, elected by the four other justices.

This report includes all funds and account groups of the State of Idaho. Within the funds are the various departments, agencies, and other organizational units governed by the State Legislature and/or constitutional officers. The State provides services such as education, health and human services, highway maintenance and construction (i.e. transportation), law enforcement, judicial system, public safety programs, natural resource management, and community and economic development programs. This report reflects costs

of these services in both detail and summary.

In addition to general government activities, certain component units have been included in this Comprehensive Annual Financial Report. Component units are legally separate entities which are financially accountable to the State, or for which the nature and significance of their relationship with the State is such that exclusion would cause this report to be misleading or incomplete. The component units that are part of this report include:

- Idaho State Building Authority
- Idaho Housing and Finance Association
- Idaho Life and Health Insurance Guaranty Association
- Petroleum Clean Water Trust Fund

Economic Condition and Outlook

Idaho's economy has been expanding continuously (as measured by employment growth) since 1987. This run of growth peaked in 1994 when employment growth reached 5.6%. Although Idaho's economic growth has slowed somewhat since, it still remains above the economic growth of the nation as a whole, and it is expected to continue to grow faster than the nation as a whole well into the next century. The current outlook for Idaho's economy is for further deceleration in 1999, then a modest increase in the growth rate as the 21st century unfolds.

Perhaps the most significant external economic event impacting Idaho is the rapid collapse of economies in Asia and other parts of the developing world over the past year. This has led to a number of consequences, with impacts extending from Idaho's traditional resource industries to the emerging high-tech sector. Perhaps the single most dramatic manifestation of the Asian problem is low commodity prices. After a year of seeing this crisis worsen at each turn, it appears that stability may be at hand. Nonetheless, the effects of this global economic shock will be felt for quite some time, as evidenced by dampened growth expectations at both the state and national levels.

Highlights of Idaho's recent economic performance include:

- Employment grew by 3.3% in 1997, and is estimated to grow by 2.9% in 1998.
- Personal income grew by 5.3% in 1997, and is estimated to grow by 5.1% in 1998.
- Per capita income grew by 3.2% in 1997 and is estimated to grow by 3.2% in 1998.
- Real (inflation-adjusted) personal income grew by 3.4% in 1997, and is estimated to grow by 4.2% in 1998.
- Real (inflation-adjusted) per capita personal income grew by 1.3% in 1997, and is estimated to grow by 2.3% in 1998.
- Population grew by 2.0% in 1997, and is estimated to grow by 1.8% in 1998.
- Net migration was 14,600 in 1997, and is estimated at 12,300 in 1998.

Idaho's current economic outlook is relatively good, considering the global business climate. Although employment growth in Idaho in 1999 is likely to be only half the rate of the past four years, it is still expected to outpace national employment growth. Job growth in the Gem State is expected to average 1.6% in 1999, vs. 1.3% for national job growth. Idaho employment growth is forecasted to accelerate into the 2-2.5% range after 1999, while national employment growth will stay in the vicinity of 1.3% for the next four years.

Idaho's weakness in 1999 will come primarily from the goods-producing sector, with 1.5% employment decline forecasted. The service-producing sector will merely slow to 2.5% growth. Particularly weak sectors will include lumber and wood processing, construction, and mining.

Modest growth is likely to come from electrical

and non-electrical machinery (high-tech) manufacturing, miscellaneous durable manufacturing, services, and education. These sectors are each expected to outpace their national counterparts and grow at least 50% faster than the statewide average rate.

Income growth in Idaho is expected to slow a bit in 1999, dropping almost a percentage point to 4.4%. From 2000 to 2002, Idaho's income growth is expected to return to the 5-5.5% range. The pace of inflation is expected to increase after 1998's low of an (estimated) 1.6% but remains below 3% over the forecast horizon. This means that Idaho's real income growth is forecasted to be about 1.5-2% lower over the next several years when compared to the past several years.

Population growth for 1999 through 2002 is expected to slow to about 1.8%. This is more than double the projected U.S. population growth of 0.8%. Not surprisingly, net migration also is expected to slow a bit to 12,600 in 1999. Beyond 1999 the outlook for net migration is a steady increase to about 15,000 by 2002.

Major Initiatives

Corrections

Corrections issues have been increasingly important in the last several years because of the escalating cost of housing inmates. At the end of 1998, the prison population had risen to over 4,070 inmates, a 142% increase over the 1988 population. The budget for Corrections rose 351% over the same period. This growth is exerting pressures on other areas of the state budget. Corrections funding has more than doubled as a percentage of the total General Fund from fiscal year 1988 to fiscal year 1998. If this rate of growth were to continue, Corrections spending would consume more than 10% of the General Fund by fiscal year 2007.

In an effort to control Corrections spending and the prison population, significant work was undertaken to improve and streamline the Retained Jurisdiction Program. When a convicted felon shows a high likelihood for rehabilitation, the sentencing judge may retain jurisdiction over the case and put the individual through a special evaluation and diagnostic program that often involves a "boot camp." The majority of participants in this program are ultimately moved to probation.

In order to extend the effectiveness of the Retained Jurisdiction Program, the program has been streamlined from a 180-day program to 120 days. Preliminary figures for the effectiveness of this reform showed an average savings of $1,219 per inmate. In 1997, there were 1,073 participants in the retained jurisdiction program. This would translate into a total savings of over $1.3 million. However, the program has improved since, and the Governor's Office estimates an annual savings of $2.3 million per year. An additional benefit is that a reduction in program time creates an increase in program capacity. In effect, the Retained Jurisdiction Program can have three "classes" per year instead of two. The program is effective and popular with judges, and they can use it more extensively after the reform.

Education

Department of Education statistics showed that Idaho students scored at, or above, the national average on tests of basic skills and in the top 33rd percent of the nation in science. Students who go on to college are scoring in the top 25% of the nation on entrance exams. Also, the pupil drop-out rate has been decreased, especially for Hispanic students.

The 1997-98 school year was very productive and successful for the Safe and Drug Free School Programs. Some 63,327 parents and community volunteers provided support for a total of 301 prevention activities, including "Enough is Enough" and the "Red Ribbon" program. The latest results show that high school students are consuming less alcohol and drugs than in the previous year.

The Department of Education published the *Charter School Handbook*. It is a detailed source of information for charter developers and school district personnel. The Department also offered twelve regional workshops in April, 1998 to acquaint the public and school personnel with the new charter school legislation. Idaho currently has four approved charter schools, with two more approvals pending.

The Department of Education worked in cooperation with the Idaho Association of School Administrators to revise the *Administrators' Handbook*. The handbook is a publication of the Department of Education and serves as a guide for superintendents, trustees, and school principals on subjects ranging from child nutrition and bus routes to school elections. The new version will incorporate the revised *Administrative Rules of the State Board of Education*, as well as any new state laws affecting public schools.

The Department of Education provided training opportunities to help educators identify and address the needs of students who are gifted and talented (G/T). The training was offered to general education teachers, G/T facilitators, administrators, and parents. This type of training is particularly beneficial for general education teachers since gifted students spend the majority of their time in the regular classroom.

The Department of Education's Office of Teacher Education and Certification issued over 6,300 standard professional education certificates, gave out 335 kinds of alternative certification approvals, and processed over 14,000 sets of fingerprints. The Mentor Teacher Program dispensed $375,000 to 83 different school districts for 552 mentor teachers.

The Department of Education worked with the Professional Standards Commission to prepare three new teaching area endorsements: English as a Second Language, Bilingual Education, and Gifted/Talented.

Health and Welfare

Foremost in terms of major accomplishments for financial management of state resources was the implementation of Electronic Benefit Transfer (EBT). In cooperation with the Western Governors Association, the Department of Health and Welfare participated with a consortium of States in contracting with Citibank Corporation for EBT services. The pilot program was begun in September, 1997; by February, 1998, the entire State had converted to EBT. EBT is now being used for all food stamps as well as cash assistance payments in the Temporary Assistance to Families in Idaho (TAFI) and adult supplement program. Currently, the conversion of child support and child care to EBT is also in process.

The use of debit card technology strongly supports Health and Welfare initiatives to increase the self-reliance of participants under the welfare reform program, TAFI, which was implemented in July 1997. Caseload has dropped significantly in fiscal year 1998 under the new program, which emphasizes self-reliance through job training, child support, and assistance with child care and medical costs, rather than just from cash assistance. In January 1997, 7,742 families received cash assistance. In July 1997, the caseload stood at 3,133.

A new Medicaid Management Information System (MMIS) was implemented in December, 1997. This client-server based system is operated under contract by the EDS Federal Corporation. Idaho is one of the few states in the nation with certified eligibility, child support, and MMIS systems.

Two primary cash receipting functions, Medicaid Third Party and Child Support, were privatized in fiscal year 1998 at lower costs. The Department also began contracting for most of its information technology system design and programming. Due to the rapidly and dramatically changing market environment for 11 information technology staff,

it was found that information technology service requirements could be best met in an out-sourcing environment.

Lands

During fiscal year 1998, certain land exchanges were completed to consolidate ownership. The exchanges allow the Department of Lands to reduce property boundaries and costs associated with boundary surveys. They also enable the state to acquire lands with greater revenue generation potential to the endowment beneficiaries. Exchanges allow the Department to diversify its endowment real estate portfolio.

Several notable land exchanges occurred. These were Baldwin, Clearwater/Potlatch, Bingham/Caribou, Sage Junction and Pigeon/U.S. Bank. Total appraised market value was $19,835,600 and resulted in the acquisition of 9,312 acres while disposing of 10,794 acres.

The Department initiated a bill to facilitate the Ponderosa Park Land Exchange between the Idaho Department of Parks and Recreation and Department of Lands. Other accomplishments include adoption of a new communication site lease and statewide communication site rental schedule. The Department of Lands also adopted a new process for Request for Proposals on long-term commercial leases.

A new Submerged Land Lease form compliant with new submerged land leasing rules is now in effect. Also the Department began the full implementation of the Vegetation Management Policy requiring an acceptable grazing management proposal be submitted in conjunction with all lease transactions. A complete revision and update of the Lake Protection Act Rules and Regulations was accomplished. Other achievements include participation on an international task force that used the Boise National Forest as a test forest to evaluate forest sustainability criteria (i.e. insect and disease control) for worldwide application, and the Department conducted an audit of the Stewardship Incentives Program at the request of the USDA Forest Service and determined that program delivery in Idaho complies with federal fiscal guidelines.

Financial Section

Internal Control

The State's management is responsible for establishing and maintaining an internal control structure designed to ensure the State's assets are adequately protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements. In 1994, the formalized Statewide Management Control System (MCS) was developed to provide reasonable assurance that these organizational objectives are met. This system includes both financial and administrative controls and provides a framework for managers to work within their own organizational structures to promote efficient and effective operations in the State. The concept of reasonable assurance recognizes that the cost of a control should not exceed the projected benefits likely to be received. The valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary controls are incorporated into the Statewide Accounting and Reporting System (STARS). The annual state budget is established through separate appropriations by the Legislature and approved by the Governor for individual departments for specific purposes, special outlays, and/or operating expenditures. All claims presented for payment must be certified by the appropriate department that the expenditure is for a purpose intended by law and a sufficient existing and unexpended appropriation balance is available. STARS also performs various edits to ensure expenditures do not exceed authorized appropriations. In addition to these centralized controls, each department director is required to maintain expenditures within appropriated limits. Extensive use is made of on-line tables and reports, updated daily, to provide detailed and management level reports to state agencies and budget authorities. Detailed monthly reports are

prepared to assure expenditures are being executed according to plan. Deviations are identified and budget or spending modifications are made on a continuing basis.

Investments

In Idaho, (except for certain organizations within the State's reporting entity having independent powers to manage and invest their own cash) the State Treasurer is responsible for investing the State's cash. The State Treasurer's investments are made in compliance with the provisions of Idaho Code, Title 67, Chapter 12. The State Treasurer also manages an investment pool for local governments' cash balances under the same legal provisions. Legal requirements for the investment of funds maintained in the State's cash and investment pools are discussed in Note 1 to the Financial Statements. Each month the State Treasurer allocates interest income earned to various funds designated by law to receive the earnings. The allocation is calculated in accordance with a formula based on average daily cash balances invested over the month.

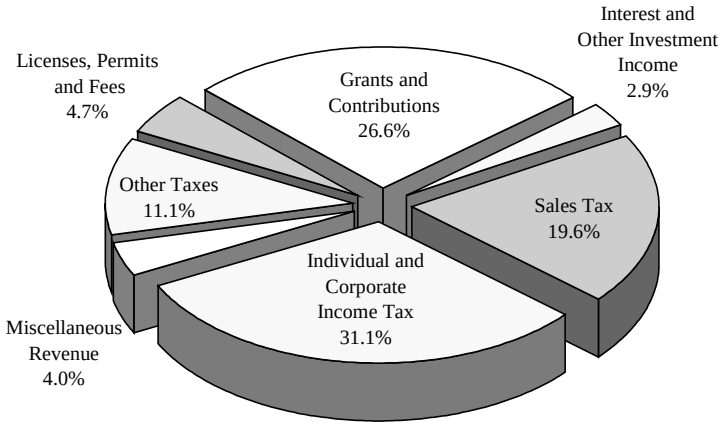
General Government Functions

Revenues

The following is a summary of the general government revenues for all governmental fund types for the fiscal year ended June 30, 1998:

Revenues by Source:	1998 In Millions	Percent of Total	Increase (Decrease) from 1997	Percent of Change
Sales Tax	$663.9	19.6%	$39.9	6.4%
Individual and Corporate Income Tax	1,053.1	31.1%	81.8	8.4%
Miscellaneous Revenue	136.3	4.0%	39.2	40.4%
Other Taxes	377.7	11.1%	8.8	2.4%
Licenses, Permits and Fees	158.2	4.7%	14.8	10.3%
Grants and Contributions	903.0	26.6%	8.0	0.9%
Interest and Other Investment Income	97.8	2.9%	17.6	21.9%
Total Revenues	$3,390.0	100.0%	$210.1	6.6%

1998 Governmental Fund Type Revenues



Changes in revenues from 1997 to 1998 were highlighted by:

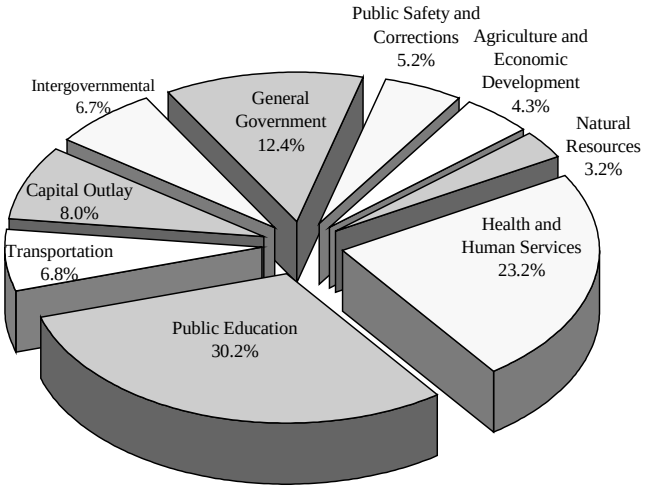
- Continued growth in Idaho's core revenue sources, with Sales Tax rising 6.4% and Individual and Corporate Income Tax rising 8.4%. These increases reflect the continued strength of Idaho's economy;
- Increases in Miscellaneous Revenue of 40.4 % due to increases in Sales of Goods & Services and Miscellaneous Income;
- Increases in Licenses, Permits, and Fees of 10.3% related to a $5 million increase in transportation fees and a $9 million increase in Special Permit and Registration fees; and
- Increases in Interest and Other Investment Income of 21.9% resulting from higher returns on invested assets.

Expenditures

The following is a summary of the general government expenditures for all governmental fund types for the fiscal year ended June 30, 1998:

Expenditures by Function:	1998 in Millions	Percent of Total	Increase (Decrease) from 1997	Percent of Change
General Government	$413.3	12.4%	$30.1	7.9 %
Public Safety and Corrections	174.2	5.2%	16.7	10.6 %
Agriculture and Economic Development	144.5	4.3%	6.6	4.8 %
Natural Resources	108.9	3.2%	(1.8)	(1.6)%
Health and Human Services	772.6	23.2%	36.2	4.9 %
Public Education	1,005.5	30.2%	16.5	1.7 %
Transportation	224.4	6.8%	(26.8)	(10.7)%
Capital Outlay	266.7	8.0%	8.0	3.1 %
Intergovernmental	220.3	6.7%	30.6	16.1 %
	$3,330.4	100.0%	$116.1	3.6%

1998 Governmental Fund Type Expenditures



Changes in expenditures from 1997 to 1998 were highlighted by:

- Increases in Public Safety and Corrections expenditures of 10.6%, that relate to increases in corrections and juvenile corrections spending.
- Transportation expenditures decreased by $26.8 million, or 10.7% due to the resolution of flood related charges.
- Intergovernmental expenditures were up by $30.6 million or 16.1%, primarily due to $11 million increase in distribution of sales and other taxes and $22 million increase in federal fund distributions.

Proprietary Operations

Activities of government that are similar to private sector businesses are accounted for in enterprise and internal service funds.

Enterprise Funds are established to account for services provided to the public for which revenues derived by the activity will support those services. The State Lottery is the largest enterprise fund. Revenues generated by the State Lottery, after allowances for prizes and expenses, are distributed equally between the Permanent Building Fund and the Public School Income Funds. The Liquor Dispensary, the State's second largest enterprise fund, generates revenue through the sale of alcoholic beverages. Surpluses are transferred to the State's General Fund, the Public School Income Fund, other state funds, and to Idaho counties and cities.

Internal Service Funds provide services to state and local governments and are financed through user charges. These funds attempt to operate on a break-even basis. Rates are adjusted annually for over or under recovery of costs. While the State's internal service funds reside primarily within the Department of Administration and include Group Insurance, Risk Management, postal, and communication services, the State Controller's Office also has internal service funds for data processing, accounting, and payroll services.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent in a custodial capacity. Fiduciary funds include expendable trust, nonexpendable trust, pension trust, investment trust, and agency funds. They are established through trust agreements that specify how the funds will operate. The expendable trust fund, the Unemployment Compensation Fund, from which unemployment benefits are paid, is a fund where both principal and income can be spent. Nonexpendable trust funds, such as

the Endowment Fund, are funds for which the principal cannot be spent, but the income may. The State's pension trust funds are the Public Employee Retirement System of Idaho Plan, the Firemen's Retirement Plan, the Idaho Super Saver 401(k) Plan, the Judges' Retirement Plan, and the Labor Retirement Plan. The State's investment trust fund accounts for the Joint Exercise of Powers, an investment pool that other Idaho governmental entities (cities, counties, etc.) can place excess funds in to earn higher interest rates.

Constitutional Debt Limitation

Article VIII, Section 1 of the Idaho Constitution specifies the Legislature shall not create any debts or liabilities that exceed $2 million in the aggregate without the consent of our voters. This provision of the Constitution was incorporated in 1912. The State implemented this on the assumption it applies to debts and liabilities, such as general obligation bonded indebtedness and not to liabilities incurred for ordinary obligation expenses, liabilities that arise by operation of law, or debt incurred by the State Board of Education (colleges and universities), State ex rel. Miller v. State Board of Education, 56 Idaho 210, 52 P. 2d 141 (1935); Stein v. Morrison, 9 Idaho 426, 75 P. 246 (1904). Lease revenue bonds issued by the Idaho State Building Authority also fall outside this limitation.

During the November, 1998 election, S.J.R. 107 was approved by voters, amending the Constitution to delete obsolete language related to the debt limitation and to clarify limits on state debts. In addition to other changes, this amendment clarifies that ordinary operating expenses are not subject to the limitation, and that debt of bodies with no power to tax or obligate the General Fund are excluded from the debt limitation.

Debt Administration

The State has no outstanding general obligation debt.

Risk Management

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. The Risk Management Fund manages property and general liability risk. It self-insures general liability up to $500,000 per claim and property damage claims up to $250,000 per claim. Commercial insurance is purchased for property and general liability risks not self-insured. The Group Insurance Fund manages life, health, and disability insurance programs. While the State purchases commercial insurance to cover losses for these programs, losses that exceed 100% of the annual carrier premiums are paid by the State, up to 114% of the premium for health insurance (110% for life insurance). The insurance carrier then assumes the risk of loss for claims above these amounts.

Independent Audit

In accordance with Idaho Code, Section 67-429, the Legislative Audit staff of the State Legislature has audited the State's financial statements for the year ended June 30, 1998. The audit was conducted in accordance with generally accepted governmental auditing standards (GAGAS) and the auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the federal Single Audit Act of 1984 and related OMB Circular A-133 is performed at the statewide level.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awards the Certificate of Achievement for Excellence in Financial Reporting to governmental entities for their respective Comprehensive Annual Financial Reports. In order to be awarded this certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which must conform to program standards. Such reports must

also comply with generally accepted accounting principles and meet applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. For the first time ever, the State of Idaho's 1997 CAFR received the Certificate of Achievement. We are committed to this ongoing effort and intend to maintain a highly qualified and professional staff to make Idaho's certification possible.

One of the State's agencies, **The Public Employee Retirement System of Idaho** (PERSI) has prepared a Comprehensive Annual Financial Report for the fund covering the last seven years and PERSI should be recognized for this major accomplishment.

Acknowledgments

The State Controller's Office takes great pride in the compilation of this comprehensive report. It is an honor to recognize our staff for their extraordinary diligence and excellence in preparing the CAFR. The professionalism, dedication, and extra effort put forth by all the individuals involved has been exemplary.

Sincere appreciation is extended to Governor Philip E. Batt for his valuable assistance in encouraging state agencies to make timely submissions of their own information required for the preparation of this report. It indeed has been a priority of his administration. Through his supportive actions, he has made it clear that without a complete and accurate report of the State's financial position, Idaho cannot plan adequately for its future and continue to maintain its strong financial position. This report also reflects the commitment and efforts of the Division of Financial Management staff led by General Darrell Manning. The State's economist, Michael H. Ferguson, provided information contained in the economic condition and outlook portion of this letter.

Sincere appreciation is extended to the budget and accounting officers throughout State government for their major efforts in providing timely information necessary to complete this report. In addition, the strong support of the Legislature and particularly the Joint-Finance Appropriation Committee (JFAC) has made this cornerstone of accountability available to our citizens.

Finally, the auditing staff at Legislative Services led by Larry Kirk must be recognized for true dedication and professionalism. Their independent and critical review of this CAFR has truly served the citizens of Idaho. Much of the credit for our success, and in being able to submit this report on a timely basis to the Idaho Legislature and other state policy makers, goes to them.

Respectfully submitted,

J.D. Williams

J. D. Williams
Idaho State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

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

President

Executive Director

1998 Organization Chart

Idaho State Government

State agencies based on gubernatorial appointment authority

Legislative Branch

Senate - House of Representatives

- Budget & Policy Analysis
- Performance Evaluations
- Legislative Audits
- Research & Legislation

Executive Branch

Judicial Branch

Supreme Court

- Court of Appeals
- District Court
- Guardian Ad Litem
- Judges Retirement
- Judicial Council
- Law Library
- Magistrate Court
- Supreme Court

Statewide Elected Officers

- **Attorney General**
- **State Treasurer**
- **Lieutenant Governor**
- **Governor**
- **Secretary of State**
- **State Controller**
- **Superintendent of Public Instruction**

Office of the Governor

Agencies with Executive Appointed by the Governor

Education

- Commission on Women's Programs

Natural Resources

- Department of Water Resources
- H&W - Division of Environmental Quality

General Government

- Department of Administration
- Division of Financial Management
- Liquor Dispensary
- Lottery Commission
- Tax Commission

Health and Human Services

- Department of Health and Welfare
- Commission on Aging

Economic Development

- Athletic Commission
- Bureau of Occup. Licenses
- Department of Agriculture
- Department of Commerce
- Department of Finance
- Department of Insurance
- Department of Labor
- Division of Building Safety

Transportation and Public Safety

- Department of Juvenile Corrections
- Department of Law Enforcement
- Military Division
- State Appellate Public Defender

Agencies with Executive Appointed by a Board

- State Board of Education
- Boise State University
- Commission on the Arts
- Eastern Idaho Technical College
- Historical Society
- Idaho State University
- Lewis-Clark State College
- Public Broadcasting
- School for the Deaf and the Blind
- State Library
- University of Idaho
- Vocational Education

- Department of Fish and Game
- Department of Lands
- Department of Parks and Recreation
- Lava Hot Springs Foundation

- Board of Tax Appeals
- Commission on Idaho Code
- Commission on State Uniform Laws
- Endowment Fund Investment Board
- Personnel Commission
- Public Employee Retirement System

- Commission on Hispanic Affairs

- Board of: Accountancy, Dentistry, Engineers, Geologists, Optometry, Medicine, Nursing, Pharmacy, and Veterinary Medicine.
- Brand Inspector
- Certified Shorthand Reporters
- Commission for the Blind and Visually Impaired
- Commission on Human Rights
- Disabilities Determinations
- Industrial Commission
- Outfitters and Guides
- Public Utilities Commission
- Public Works Contractor's License
- Racing Commission
- Real Estate Commission
- Vocational Rehabilitation

- Correctional Industries
- Department of Correction
- Transportation Department

Prepared by the Division of Financial Management

Elected Officials of the State of Idaho

PHILIP E. BATT
Governor

PETE T. CENNARUSA
Secretary of State

C.L. "BUTCH" OTTER
Lieutenant Governor

J. D. WILLIAMS
State Controller

LYDIA JUSTICE EDWARDS
State Treasurer

ALAN G. LANCE
Attorney General

ANNE C. FOX
Superintendent of
Public Instruction

MICHAEL K. SIMPSON
Speaker, Idaho House of
Representatives

JERRY T. TWIGS
President, Pro Tempore
Idaho State Senate

LINDA COPPLE TROUT
Chief Justice,
Idaho Supreme Court

FINANCIAL SECTION

NORTH CENTRAL IDAHO

Only Alaska has more wild acres than Idaho's 18 million. From the rolling wheat fields of the Palouse to the dense green of the Bitterroot forests and the wilderness of peaks, canyons, and streams, North Central Idaho is the land that Lewis and Clark called paradise.

Legislative Services Office
Idaho State Legislature

Carl F. Bianchi
Director

State Capitol
P.O. Box 83720
Boise, ID 83720-0054
208/334-2475; Fax 334-2125

December 24, 1998

Independent Auditor's Report

Honorable Philip E. Batt, Governor
Honorable J.D. Williams, Controller
Honorable Members of the Legislature

We have audited the accompanying general-purpose financial statements of the State of Idaho as of and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State of Idaho's management. Our responsibility is to express an opinion on the general-purpose financial statements based on our audit. We did not audit the financial statements of certain agencies of the primary government and the blended component unit, which statements reflect the indicated percent of total assets (liabilities) and total revenues, respectively, of the special revenue fund (10% and less than 1%), enterprise fund (85% and 58%), trust and agency fund (86% of assets), general fixed assets account group (11% of assets), general long-term debt account group (76% of liabilities), and colleges and universities (100% and 100%). We also did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and agencies, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *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 general-purpose financial statements are free of material misstatement. The financial statements of two discretely presented component units, the Idaho Housing and Finance Association and the Idaho Life and Health Insurance Guaranty Association, were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and accordingly, are not covered by our reports in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Idaho as of June 30, 1998, and the results of its operations, the cash flows of its proprietary fund types, and similar trust funds, the changes in plan net assets of its pension trust funds and investment trust fund, and the changes in fund balances and current funds revenues, expenditures, and other changes of college and university funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 1-G to the financial statements, the State of Idaho implemented Governmental Accounting Standards Board Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, during the year ended June 30, 1998.

In accordance with *Government Auditing Standards*, our report on 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 grants will be issued under separate cover in the Single Audit Report.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the State of Idaho taken as a whole. The combining statements and schedules and required supplementary information listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Idaho. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections, and accordingly, express no opinion thereon.

Legislative Audits

By: Larry Kirk

Larry R. Kirk, CPA
Audit Supervisor

LRK/rt

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

General Purpose Financial Statements

SOUTHWESTERN IDAHO

Southwestern Idaho's dramatic montage of desert, rivers, and mountains is home to Idaho's capital city and the largest metropolitan area for 300 miles. From the hustle and bustle of the city to the mountain lakes, world-class whitewater, and awe-inspiring canyons, the bounty is endlessly diverse.

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units
June 30, 1998

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency
Assets and Other Debits					
Cash Equity with Treasurer	$205,325,787	$303,274,927	$24,784,609	$66,071,640	$159,547,280
Cash and Cash Equivalents	97,798	13,204,719	205,386		263,135,714
Investments	34,249,059	75,128,365			7,094,186,776
Accounts Receivable - Net	103,505,365	30,147,513	1,363,607	257,921	49,159,403
Due from Other Funds	353,114	704,918	445,693	1,315,478	
Due from Other Governments	1,745,004	128,946,563			
Deferred Bond Financing Costs					
Notes/Mortgages Receivable - Net	91,746	64,040,193			3,221,934
Grand Prizes Receivable			90,832,267		
Other Assets	3,495,200	4,284,589	10,930,737	1,749,090	47,666,863
Fixed Assets - Net			5,825,034	5,846,469	5,746,895
Amount to be Provided for Long-Term Debt					
Amount to be Provided for Capital Leases					
Total Assets and Other Debits	$348,863,073	$619,731,787	$134,387,333	$75,240,598	$7,622,664,865
Liabilities, Equity, and Other Credits					
Liabilities					
Accounts Payable and Other Liabilities	$25,488,618	$159,875,382	$10,090,869	$2,314,196	$11,244,635
Payroll and Compensated Absences Payable	43,915,430	21,356,328	1,079,704	1,905,155	17,217
Deposits	980,133	10,998,809	11,000		18,159,189
Due to Other Funds	415,175	2,123,531	18,737	261,760	
Due to Other Governments	12,386,223	1,214			53,160,523
Deferred Revenue	3,413,492	10,893,752	3,713	5,683,418	
Notes/Bonds/Contracts Payable					
Grand Prizes Payable			90,832,267		
Policy Claim Liabilities				31,648,432	
Capital Leases			2,487,226	1,299,312	
Total Liabilities	86,599,071	205,249,016	104,523,516	43,112,273	82,581,564
Equity and Other Credits					
Other Credits					
Investment in General Fixed Assets					
Equity					
Contributed Capital				2,976,807	
Retained Earnings					
Reserved				8,891,865	
Unreserved			29,863,817	20,259,653	
Fund Balances					
Reserved	18,875,696	195,537,432			7,176,744,826
Unreserved	243,388,306	218,945,339			363,338,475
Total Equity and Other Credits	262,264,002	414,482,771	29,863,817	32,128,325	7,540,083,301
Total Liabilities, Equity, and Other Credits	$348,863,073	$619,731,787	$134,387,333	$75,240,598	$7,622,664,865

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

Account Groups					
General Fixed Assets	General Long-Term Debt	Colleges and Universities	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
			$759,004,243	$1,973,607	$760,977,850
		$70,557,065	347,200,682	30,686,584	377,887,266
		151,299,123	7,354,863,323	391,854,739	7,746,718,062
		46,949,119	231,382,928		231,382,928
		15,669,865	18,489,068		18,489,068
			130,691,567		130,691,567
		3,929,043	3,929,043	17,089,000	21,018,043
		21,702,450	89,056,323	1,131,765,000	1,220,821,323
			90,832,267		90,832,267
		9,328,177	77,454,656	2,470,859	79,925,515
$676,404,473		834,968,662	1,528,791,533	9,141,511	1,537,933,044
	$137,615,318		137,615,318		137,615,318
	3,367,908		3,367,908		3,367,908
$676,404,473	$140,983,226	$1,154,403,504	$10,772,678,859	$1,584,981,300	$12,357,660,159
		$54,996,929	$264,010,629	$10,625,218	$274,635,847
	$31,105,318		99,379,152		99,379,152
		683,373	30,832,504	13,438,000	44,270,504
		15,669,865	18,489,068		18,489,068
			65,547,960		65,547,960
		7,257,604	27,251,979	5,542	27,257,521
	106,510,000	168,170,625	274,680,625	1,379,248,000	1,653,928,625
			90,832,267		90,832,267
			31,648,432	4,566,380	36,214,812
	3,367,908	4,841,112	11,995,558		11,995,558
	140,983,226	251,619,508	914,668,174	1,407,883,140	2,322,551,314
$676,404,473		706,877,307	1,383,281,780		1,383,281,780
			2,976,807		2,976,807
			8,891,865	51,965,000	60,856,865
			50,123,470	125,133,160	175,256,630
		115,551,662	7,506,709,616		7,506,709,616
		80,355,027	906,027,147		906,027,147
676,404,473		902,783,996	9,858,010,685	177,098,160	10,035,108,845
$676,404,473	$140,983,226	$1,154,403,504	$10,772,678,859	$1,584,981,300	$12,357,660,159

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 1998

	Governmental Fund Types		Fiduciary Fund Type	
	General	Special Revenue	Expendable Trust	Total (Memorandum Only)
Revenues				
Sales Tax	$659,049,616	$4,803,471		$663,853,087
Individual and Corporate Taxes	1,053,058,815			1,053,058,815
Other Taxes	36,525,102	341,228,275	$90,562,866	468,316,243
Licenses, Permits, and Fees	9,901,610	148,293,952		158,195,562
Sale of Services, Goods, and Property	2,142,942	63,485,270	1,205	65,629,417
Grants and Contributions	16,254,475	886,764,927	1,006,682	904,026,084
Interest and Other Investment Income	80,412,846	17,198,742	13,483,003	111,094,591
Rent and Lease Income	5,389,268	8,122,498		13,511,766
Miscellaneous Income	24,064,552	33,054,221	948,705	58,067,478
Net Inc (Dec) in Fair Value of Investments		76,292	148,368	224,660
Total Revenues	1,886,799,226	1,503,027,648	106,150,829	3,495,977,703
Expenditures				
Current				
General Government	374,357,712	38,963,202		413,320,914
Public Safety and Correction	133,518,324	40,648,734		174,167,058
Agriculture and Economic Development	23,926,126	120,602,793	99,205,955	243,734,874
Natural Resources	25,276,791	83,592,536		108,869,327
Health	11,276,178	641,966,954		653,243,132
Public Education	998,899,899	6,588,478		1,005,488,377
Human Services	520,500	118,805,455		119,325,955
Transportation	8,285,114	216,067,147		224,352,261
Capital Outlay	58,900,385	207,771,695	138,067	266,810,147
Intergovernmental	58,453,375	161,892,775		220,346,150
Total Expenditures	1,693,414,404	1,636,899,769	99,344,022	3,429,658,195
Revenues Over (Under) Expenditures	193,384,822	(133,872,121)	6,806,807	66,319,508
Other Financing Sources (Uses)				
Operating Transfers In	886,840,828	253,501,523	176	1,140,342,527
Operating Transfers Out	(1,047,771,921)	(63,696,956)		(1,111,468,877)
Proceeds from Bond Issues		59,525,000		59,525,000
Proceeds of Refunding Bonds		6,910,000		6,910,000
Payment to Refunded Bond Escrow Agent		(6,910,000)		(6,910,000)
Capital Leases Incurred	105,331			105,331
Total Other Financing Sources (Uses)	(160,825,762)	249,329,567	176	88,503,981
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	32,559,060	115,457,446	6,806,983	154,823,489
Fund Balances - Beginning of Year, as Adjusted	229,704,942	299,025,325	356,531,492	885,261,759
Fund Balances - End of Year	$262,264,002	$414,482,771	$363,338,475	$1,040,085,248

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

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis) - General Fund and Special Revenue Funds
For the Fiscal Year Ended June 30, 1998

	General Fund		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
Revenues			
Sales Tax	$650,382,609	$650,382,609	
Individual and Corporate Taxes	1,051,767,125	1,051,767,125	
Other Taxes	36,994,722	36,994,722	
Licenses, Permits, and Fees	9,882,738	9,882,738	
Sale of Services, Goods, and Property	2,230,736	2,230,736	
Grants and Contributions	18,484,138	18,484,138	
Interest and Other Investment Income	74,125,920	74,125,920	
Rent and Lease Income	5,568,821	5,568,821	
Miscellaneous Income	226,121	226,121	
Total Revenues	1,849,662,930	1,849,662,930	
Expenditures			
General Government	522,440,206	414,224,808	$108,215,398
Public Safety and Correction	164,198,405	159,636,165	4,562,240
Agriculture and Economic Development	25,479,174	24,872,024	607,150
Natural Resources	27,728,039	26,521,263	1,206,776
Health	11,350,500	11,319,131	31,369
Public Education	1,071,917,698	1,045,720,221	26,197,477
Human Services	3,738,660	3,738,653	7
Transportation	8,580,257	8,360,390	219,867
Total Expenditures	$1,835,432,939	1,694,392,655	$141,040,284
Revenues Over (Under) Expenditures		155,270,275	
Other Financing Sources (Uses)			
Operating Transfers In		886,840,828	
Operating Transfers Out		(1,047,771,921)	
Proceeds from Bond Issues			
Proceeds of Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Capital Leases Incurred		105,331	
Total Other Financing Sources (Uses)		(160,825,762)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		(5,555,487)	
Reconciling Items			
Changes Effected by Accrued Revenues		37,136,296	
Changes Effected by Accrued Expenditures		978,251	
Fund Balances - Beginning of Year, as Adjusted		229,704,942	
Fund Balances - End of Year		$262,264,002	

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

Special Revenue Funds		
Budget	**Actual**	**Variance Favorable (Unfavorable)**
$4,803,471	$4,803,471	
337,753,122	337,753,122	
148,536,416	148,536,416	
60,292,208	60,292,208	
804,742,876	804,742,876	
15,010,115	15,010,115	
7,893,639	7,893,639	
31,618,098	31,618,098	
1,410,649,945	1,410,649,945	
55,763,102	52,382,348	$3,380,754
69,772,085	50,736,364	19,035,721
154,977,878	143,892,190	11,085,688
172,978,644	110,813,634	62,165,010
608,414,910	582,566,043	25,848,867
111,184,000	97,900,310	13,283,690
181,273,316	134,702,340	46,570,976
498,863,107	404,329,497	94,533,610
$1,853,227,042	1,577,322,726	$275,904,316
	(166,672,781)	
	253,501,523	
	(63,696,956)	
	59,525,000	
	6,910,000	
	(6,910,000)	
	249,329,567	
	82,656,786	
	92,377,703	
	(59,577,043)	
	299,025,325	
	$414,482,771	

Combined Statement of Revenues, Expenses, and Changes i Fund Equity - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Non-expendable Trust	
Operating Revenues				
Licenses, Permits, and Fees	1,900	12,747		14,647
Sale of Services, Goods, and Property	155,515,837	104,913,525	60,676,746	321,106,108
Interest and Other Investment Income				
Rent and Lease Income		5,174,185		5,174,185
Miscellaneous Income	721,906	5,331,549		6,053,455
Total Operating Revenues	156,239,643	115,432,006	60,676,746	332,348,395
Operating Expenses				
Personnel Costs	8,747,333	15,267,374		24,014,707
Services	17,316,913	12,762,834		30,079,747
Travel	60,787	189,602		250,389
Supplies	33,712,191	1,913,364		35,625,555
Insurance, Utilities, and Rent	2,689,311	2,887,495		5,576,806
Miscellaneous	2,187,115	762,174		2,949,289
Depreciation	740,954	2,041,729		2,782,683
Awards and Claims	52,383,089	89,683,992		142,067,081
Payment as Agent	7,503,159			7,503,159
Total Operating Expenses	125,340,852	125,508,564		250,849,416
Operating Income (Loss)	30,898,791	(10,076,558)	60,676,746	81,498,979
Nonoperating Revenues (Expenses)				
Interest Income	396,363	3,819,715		4,216,078
Investment Income				
Net Inc (Dec) in Fair Value of Investments			23,463,972	23,463,972
Interest Expense	(123,099)	(159,308)		(282,407)
Loss on Sale of Fixed Assets	(8,277)	(200,300)		(208,577)
Other				
Total Nonoperating Revenues (Expenses)	264,987	3,460,107	23,463,972	27,189,066
Income (Loss) Before Operating Transfers	31,163,778	(6,616,451)	84,140,718	108,688,045
Operating Transfers Out	(27,795,000)	(1,078,650)		(28,873,650)
Net Income (Loss)	3,368,778	(7,695,101)	84,140,718	79,814,395
Beginning Fund Equity, as Adjusted	26,495,039	36,846,619	641,378,951	704,720,609
Ending Fund Equity	$29,863,817	$29,151,518	$725,519,669	$784,535,004

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

Component Units	Total Reporting Entity (Memorandum Only)
11,105,374	11,120,021
42,133	321,148,241
75,008,000	75,008,000
	5,174,185
2,084,431	8,137,886
88,239,938	420,588,333
3,943,652	27,958,359
5,246,465	35,326,212
	250,389
	35,625,555
22,944	5,599,750
7,630,208	10,579,497
469,031	3,251,714
424,240	142,491,321
	7,503,159
17,736,540	268,585,956
70,503,398	152,002,377
771,104	4,987,182
18,928,103	18,928,103
8,387,111	31,851,083
(77,353,000)	(77,635,407)
	(208,577)
(1,220,000)	(1,220,000)
(50,486,682)	(23,297,616)
20,016,716	128,704,761
	(28,873,650)
20,016,716	99,831,111
157,081,444	861,802,053
$177,098,160	$961,633,164

Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, an Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Non-expendable Trust
Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer			
Cash Flows from Operating Activites			
Receipts from Customers, Loan Interest, and Fees	$157,989,751	$4,447,832	$51,759,757
Receipts from State Agency Customers	7,309,768	111,732,254	
Loan Principal Payments			
Payments to Suppliers	(55,440,343)	(16,228,569)	
Payments to Employees for Services and Benefits	(8,775,508)	(15,507,194)	
Payments to State Agency Suppliers	(203,276)	(3,132,783)	
Payments of Awards and Claims	(62,578,628)	(84,730,228)	
Loan Principal Additions			
Payments as Agent	(9,634,019)		
Net Cash Provided (Used) by Operating Activites	28,667,745	(3,418,688)	51,759,757
Cash Flows from Noncapital Financing Activities			
Operating Transfers Out	(27,795,000)	(1,078,650)	
Deferred Bond Financing Cost			
Interest Paid			
Payment of Bonds			
Bonds Issued			
Net Cash Provided (Used) by Noncapital Financing Activities	(27,795,000)	(1,078,650)	
Cash Flows from Capital and Related Financing Activities			
Proceeds from Disposition of Capital Assets	22,597	12,312	
Acquisition and Construction of Capital Assets	(1,049,552)	(2,212,634)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,026,955)	(2,200,322)	
Cash Flows from Investing Activities			
Receipt of Interest and Dividends	396,363	3,819,715	
Purchase of Investments			(5,355,114,951)
Redemption of Investments			5,303,380,452
Investment Income			
Other Investing Activities	9,676		
Net Cash Provided (Used) by Investing Activities	406,039	3,819,715	(51,734,499)
Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer	251,829	(2,877,945)	25,258
Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer	24,738,166	68,949,585	34,772
Ending Cash, Cash Equivalents, and Cash Equity with Treasurer	$24,989,995	$66,071,640	$60,030

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
$214,197,340	$82,366,960	$296,564,300
119,042,022		119,042,022
	120,320,000	120,320,000
(71,668,912)	(4,884,118)	(76,553,030)
(24,282,702)	(3,943,652)	(28,226,354)
(3,336,059)		(3,336,059)
(147,308,856)	(3,863,046)	(151,171,902)
	(255,040,000)	(255,040,000)
(9,634,019)		(9,634,019)
77,008,814	(65,043,856)	11,964,958
(28,873,650)		(28,873,650)
	(3,330,000)	(3,330,000)
	(71,753,000)	(71,753,000)
	(100,540,000)	(100,540,000)
	270,000,000	270,000,000
(28,873,650)	94,377,000	65,503,350
34,909		34,909
(3,262,186)	(822,010)	(4,084,196)
(3,227,277)	(822,010)	(4,049,287)
4,216,078		4,216,078
(5,355,114,951)	(951,224,215)	(6,306,339,166)
5,303,380,452	904,499,123	6,207,879,575
	2,725,662	2,725,662
9,676	17,286,642	17,296,318
(47,508,745)	(26,712,788)	(74,221,533)
(2,600,858)	1,798,346	(802,512)
93,722,523	30,861,845	124,584,368
$91,121,665	$32,660,191	$123,781,856

Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Non-expendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$30,898,791	($10,076,558)	$60,676,746	$81,498,979
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Amortization of Deferred Loan Discounts				
Depreciation	740,954	2,041,729		2,782,683
(Increase) Decrease in Accounts Receivable, Net	(187,507)	181,098	(4,644,664)	(4,651,073)
(Increase) Decrease in Notes and Mortgages Receivable				
(Increase) Decrease in Due from Other Funds	(16,252)	167,538		151,286
(Increase) Decrease in Other Assets	(2,048,034)	(756,369)	(1,267,082)	(4,071,485)
(Increase) Decrease in Customer Loan Principal				
Increase (Decrease) in Accounts Payable and Other Liabilities	(778,287)	(2,596,690)	(3,005,243)	(6,380,220)
Increase (Decrease) in Interest Payable				
Increase (Decrease) in Grand Prizes Payable	(815,571)			(815,571)
Increase (Decrease) in Due to Agents	13,291	35,453		48,744
Increase (Decrease) in Deferred Revenue	3,713	437,447		441,160
Increase (Decrease) in Other Liabilities				
Increase (Decrease) in Deposits				
Increase (Decrease) in Compensated Absences	856,647	1,782,960		2,639,607
Increase (Decrease) in Policy Claim Liabilities		5,364,704		5,364,704
Total Adjustments	(2,231,046)	6,657,870	(8,916,989)	(4,490,165)
Net Cash Provided (Used) by Operating Activities	$28,667,745	($3,418,688)	$51,759,757	$77,008,814

Noncash Transactions:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Enterprise funds acquired fixed assets through capital leases in the amount of $2,500,000. The State Lottery, an enterprise fund, reported accretion of grand prize annuities receivable from the Multi-State Lottery Association, with a corresponding increase in the grand prizes payable totaling $6,210,256. Internal service funds acquired fixed assets through capital leases in the amount of $1,750,000 and received contributions of fixed assets with a fair market value of $2,812,307.

Cash, Cash Equivalents, and Cash Equity with Treasurer Reconciliation to Combined Balance Sheet

Total Trust and Agency	$422,682,994
Less: Expendable Trust Fund	(291,070,659)
Investment Trust Fund	(106,707,993)
Pension Trust Funds	(1,544,864)
Agency Funds	(23,299,448)
Nonexpendable Trust Cash, Cash Equivalents, and Cash Equity with Treasurer	$60,030

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

Component Units	Total Reporting Entity (Memorandum Only)
$70,503,398	$152,002,377
(2,398,000)	(2,398,000)
469,031	3,251,714
(600,000)	(5,251,073)
120,320,000	120,320,000
	151,286
(1,057,056)	(5,128,541)
(255,040,000)	(255,040,000)
4,788,809	(1,591,411)
694,000	694,000
	(815,571)
	48,744
	441,160
(180,038)	(180,038)
(2,544,000)	(2,544,000)
	2,639,607
	5,364,704
(135,547,254)	(140,037,419)
($65,043,856)	$11,964,958

Statement of Changes in Net Assets
Pension Trust Funds and Investment Trust Fund
For the Fiscal Year Ended June 30, 1998

	Public Employee Retirement System of Idaho Plan	Firemen's Retirement Fund	Idaho Super Saver - 401(k) Plan	Judges' Retirement Plan
Additions				
Licenses, Permits, and Fees				$1,305,656
Contributions and Other Additions	$277,556,320	$8,315,043	$3,756,860	456,598
Interest and Other Investment Income	819,296,877	26,636,798	1,092,286	9,909,819
Less: Investment Expenses	(17,809,965)	(579,033)		(199,623)
Miscellaneous Income	385,412			
Pool Participant Deposits				
Net Inc (Dec) in Fair Value of Investments				
Total Additions	1,079,428,644	34,372,808	4,849,146	11,472,450
Deductions				
Services	3,146,714		25,494	29,935
Plan Benefits and Refunds Paid to Plan Members	194,968,758	10,619,774	219,620	1,421,599
Pool Participant Withdrawals				
Total Deductions	198,115,472	10,619,774	245,114	1,451,534
Increase in Net Assets	881,313,172	23,753,034	4,604,032	10,020,916
Net Assets Held in Trust for Pension Benefits and External Investment Pool Participants:				
Beginning of Year	4,625,066,741	155,256,635	4,882,283	39,720,326
End of Year	$5,506,379,913	$179,009,669	$9,486,315	$49,741,242

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

Labor Retirement Plan	Joint Exercise of Powers
$1,047,273	
20,240,021	$24,985,332
	(160,203)
	370,544,867
	(1,657,836)
21,287,294	393,712,160
5,098,333	
	325,802,549
5,098,333	325,802,549
16,188,961	67,909,611
117,486,270	505,023,176
$133,675,231	$572,932,787

Combined Statement of Changes in Fund Balances
All College and University Funds
For the Fiscal Year Ended June 30, 1998

	Current Funds				
	Unrestricted	Auxiliary	Restricted	Student Loan	Endowment
Revenues and Other Additions					
Unrestricted Current Funds Revenues	$328,864,279	$81,884,731			
Student Fees				$8,034	
Private Gifts, Grants, and Contracts			$18,712,495	27,625	$1,936,815
Government Grants and Contracts			166,054,872	535,521	
Government Appropriations			29,112,945		
Investment Income			36,062	109,487	3,224,150
Interest on Loans Receivable				641,262	
Expended for Plant Facilities					
Retirement of Indebtedness					
Realized Gains on Investments					
Change in Unrealized Appreciation on Securities				28,326	7,657,464
Proceeds from Issuance of Bonds and Notes Payable					
Public Works Projects Completed					
Other Additions			3,101,323	281,662	261,798
Total Revenues and Other Additions	328,864,279	81,884,731	217,017,697	1,631,917	13,080,227
Expenditures and Other Deductions					
Educational and General	308,285,457		212,821,671		27,069
Auxiliary Enterprises Expenditures		76,011,798			
Indirect Costs Recovered			5,039,344		
Loan Cancellations and Write-Offs				337,504	
Expended for Plant Facilities					
Retirement of Indebtedness					
Interest on Indebtedness					
Disposal of Plant Facilities					
Additions to Indebtedness					
Additions to Capital Leases					
Other Deductions				182,797	4,014,045
Total Expenditures and Other Deductions	308,285,457	76,011,798	217,861,015	520,301	4,041,114
Transfers					
Principal and Interest	(7,358,019)	(5,228,786)	(61,348)		
Loans and Matching Grants	(1,440,358)	(10,646)	1,273,069	177,935	
Net Transfers (Voluntary)	(4,961,461)	2,869,164	(606,531)	(134,612)	
Total Transfers	(13,759,838)	(2,370,268)	605,190	43,323	
Net Increase (Decrease) for the Year	6,818,984	3,502,665	(238,128)	1,154,939	9,039,113
Fund Balances - Beginning of Year, as Adjusted	34,114,293	10,218,637	7,045,280	21,717,746	65,255,008
Fund Balances - End of Year	$40,933,277	$13,721,302	$6,807,152	$22,872,685	$74,294,121

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

Plant Funds				
Unexpended Plant	Renewal and Replacement	Retirement of Indebtedness	Net Investment in Plant	Total
			$3,600	$410,752,610
				8,034
$1,612,671			3,291,559	25,581,165
61,230		$452,345		167,103,968
				29,112,945
2,393,860	$62,488	1,311,822		7,137,869
				641,262
			46,630,987	46,630,987
			26,937,868	26,937,868
			242,556	242,556
577,604	69,036	163,214		8,495,644
33,693,141		24,386,544		58,079,685
			17,125,225	17,125,225
676,370		834,886	551,436	5,707,475
39,014,876	131,524	27,148,811	94,783,231	803,557,293
				521,134,197
				76,011,798
				5,039,344
				337,504
17,314,786	218,739			17,533,525
		26,937,868		26,937,868
		8,274,502		8,274,502
			18,894,475	18,894,475
			58,079,685	58,079,685
			54,800	54,800
157,907	15,040	757,504	337,359	5,464,652
17,472,693	233,779	35,969,874	77,366,319	737,762,350
(605,432)		13,253,585		
1,617,940	347,874	867,626		
1,012,508	347,874	14,121,211		
22,554,691	245,619	5,300,148	17,416,912	65,794,943
27,523,136	4,095,736	22,479,206	644,540,011	836,989,053
$50,077,827	$4,341,355	$27,779,354	$661,956,923	$902,783,996

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes
All College and University Funds
For the Fiscal Year Ended June 30, 1998

	Unrestricted	Auxiliary	Restricted	Total
Revenues				
Appropriated General Education Revenues				
State General Account - General Education	$173,567,451	$4,894,549		$178,462,000
Endowment Income	10,532,662			10,532,662
Student Fees and Miscellaneous Receipts	52,140,450		$52,190	52,192,640
Idaho Dental Education Program	528,800			528,800
Museum of Natural History	441,100			441,100
Family Practice	351,500			351,500
Other State General Accounts			24,580,868	24,580,868
Federal Appropriations			5,385,963	5,385,963
Vocational Education	17,758,276			17,758,276
Federal Grants and Contracts	136,349		143,141,076	143,277,425
State Grants and Contracts	413,633	25,040	17,183,086	17,621,759
Private Gifts, Grants, and Contracts	6,957,357	1,741,667	18,071,625	26,770,649
Other Student Fees	35,935,674	18,201,206	212,240	54,349,120
Sales and Services of Educational Departments	11,532,116		683,277	12,215,393
Sales and Services of Auxiliary Enterprises	112	56,518,692		56,518,804
Indirect Costs Recovered	5,043,804			5,043,804
Other Sources	12,192,444	503,577	2,299,625	14,995,646
Net Inc (Dec) in Fair Value of Investments	1,332,551			1,332,551
Total Revenues	328,864,279	81,884,731	211,609,950	622,358,960
Expenditures and Mandatory Transfers				
Educational and General				
Instruction	156,075,966		22,890,881	178,966,847
Research	12,540,269		43,077,916	55,618,185
Public Service	4,871,255		17,060,114	21,931,369
Academic Support	25,908,135		1,067,467	26,975,602
Libraries	14,081,957		46,305	14,128,262
Student Services	17,336,547		2,193,845	19,530,392
Institutional Support	33,979,886		501,534	34,481,420
Operations and Maintenance of Plant	33,220,531		2,069,622	35,290,153
Scholarships and Fellowships	10,270,911		123,913,987	134,184,898
Educational and General Expenditures	308,285,457		212,821,671	521,107,128
Mandatory Transfers for Loans and Matching Grants	1,440,358	10,646	(1,273,069)	177,935
Mandatory Transfers for Principal and Interest	7,358,019		61,348	7,419,367
Total Educational and General	317,083,834	10,646	211,609,950	528,704,430
Auxiliary Enterprises				
Expenditures		76,011,798		76,011,798
Mandatory Transfers for Principal and Interest		5,228,786		5,228,786
Total Auxiliary Enterprises		81,240,584		81,240,584
Total Expenditures and Mandatory Transfers	317,083,834	81,251,230	211,609,950	609,945,014
Other Transfers and Additions (Deductions)				
Excess (Deficiency) of Restricted Receipts Over Transfers to Revenue			368,403	368,403
Net Transfers (Voluntary)	(4,961,461)	2,869,164	(606,531)	(2,698,828)
Total Other Transfers and Additions (Deductions)	(4,961,461)	2,869,164	(238,128)	(2,330,425)
Net Increase (Decrease) in Fund Balances	$6,818,984	$3,502,665	($238,128)	$10,083,521

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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). GASB is the standard-setting body for governmental accounting and financial reporting principles.

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The accompanying financial statements present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary and nonexpendable trust funds. The financial statements are presented as of June 30, 1998, for the year then ended. The financial statements include the various departments, agencies, and other organizational units governed by the Idaho State Legislature and/or Constitutional Officers of the State of Idaho.

The financial statements are presented as of and for the year ended June 30, 1998, except for the State Bar (presented in the Regulatory Special Revenue Fund) whose statements are as of and for the fiscal year ended December 31, 1997; the Idaho Dairy Products Commission (presented in the Agriculture and Natural Resources Special Revenue Fund) whose statements are as of and for the fiscal year ended December 31, 1997; the Idaho Potato Commission (presented in the Agriculture and Natural Resources Special Revenue Fund) whose statements are as of and for the year ended August 31, 1998; the Petroleum Clean Water Trust Fund and the Idaho Life and Health Insurance Guaranty Association (discretely presented component units) whose financial statements are as of and for the year ended December 31, 1997.

B. Financial Reporting Entity

For financial reporting purposes, the State has included all funds, agencies, boards, commissions, authorities, and account groups. The State has also considered potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. As defined by GASB, financial accountability exists, generally, if the State appoints a voting majority of the organization's governing board and (1) the State is able to impose its will on the organization, or (2) if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

As required by GAAP, these financial statements present the State of Idaho (primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

Due to changes in Idaho Code, Title 41, Chapter 49, and Title 72, Chapter 9, and in accordance with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity," the Petroleum Clean Water Trust Fund has been reclassified and the State Insurance Fund has been removed from these financial statements. The Petroleum Clean Water Trust Fund, formerly an enterprise fund, is now listed as a discretely presented component unit. The State Insurance Fund, formerly presented as an enterprise fund, has been removed from the Comprehensive Annual Financial Report due to its new status as a legally and financially separate entity. Changes in the organization and control in the State Insurance Fund resulted in the presentation of the State Insurance Fund as a related organization in 1998 instead of as part of the primary government as in 1997.

Blended Component Unit

The following component unit is legally separate from the State but is reported as part of the State and blended into the appropriate fund and account groups.

> *Idaho State Building Authority*. The Idaho State Building Authority was created by Idaho Code, Title 67, Chapter 64, to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. Following the guidance provided by the National Council on Governmental Accounting (NCGA) Statement 5, "Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments," and Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity," the Idaho State Building Authority is presented as a blended component unit in a special revenue fund, the General Long-Term Debt Account Group, and the General Fixed Assets Account Group. GASB 14 requires the Idaho State Building Authority to be presented as a blended component unit because the Board is appointed by the Governor, the Authority relies entirely on the State's leasing agreements, resulting in a significant financial benefit/burden relationship, and the Authority provides services entirely to the State of Idaho. Idaho Code, Section 67-6419 states, "The notes, bonds or other obligations of the authority shall not be or become an indebtedness or obligation of the state of Idaho…nor shall such notes, bonds or obligations of the authority constitute the giving or loaning of the credit of the state of Idaho…." The General Long-Term Debt Account Group includes $106.5 million of the Authority's debt. Idaho State Building Authority's fixed assets of $76.4 million, presented in the General Fixed Assets Account Group, are titled in the name of the Authority. The Authority's audit report, dated August 14, 1998, was issued under separate cover for the fiscal year ended June 30, 1998.

Discretely Presented Component Units

These component units are organizations which are legally separate from the State but are financially accountable to the State or their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and are governed by separate boards. Following is a brief description of the three discretely presented component units:

The Idaho Housing and Finance Association. The Idaho Housing and Finance Association was created by the Idaho Legislature in Idaho Code, Title 67, Chapter 62, for the purpose of building and rehabilitating residential housing for persons of low income. The Governor appoints the Board to fixed overlapping four-year terms. A financial benefit/burden relationship exists between the State and the Association. The Association is entitled to appropriation from the state sales tax account to back certain capital reserve funds for bonds outstanding. After January 1, 1996, the Association was precluded from issuing debt backed by an appropriation from the state sales tax account. As of June 30, 1998, the outstanding bonds entitled to a continuing appropriation from the state sales tax account totaled $64,820,000. The Association is presented discretely as an enterprise fund. Their audit report, dated August 21, 1998, was issued under separate cover for the year ended June 30, 1998.

Idaho Life and Health Insurance Guaranty Association. The Idaho Life and Health Insurance Guaranty Association is a nonprofit organization authorized by the Idaho Life and Health Insurance Guaranty Association Act of 1977, Idaho Code, Title 41, Chapter 43. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The Act applies to direct and supplemental life and disability policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho. The Board members are selected by member insurers; however, the Director of Insurance has veto power and may dismiss management at will. Insurers may offset assessments against their premium taxes to the extent of twenty percent of the amount of such assessment for each of the five calendar years following the year in which the assessment was paid. An allowable offset, or portion thereof, not used in any calendar year cannot be carried over or back to any other year. This imposes a direct financial burden on the State. The Association is presented discretely as an enterprise fund. Their audit report, dated March 20, 1998, was issued under separate cover for the year ended December 31, 1997.

Petroleum Clean Water Trust Fund. Idaho Code, Title 41, Chapter 49, creates the Petroleum Clean Water Trust Fund to provide pollution liability insurance to eligible owners and operators of petroleum storage tanks. The Fund is subject to the direction and supervision of the manager of the State Insurance Fund. The State approves and may

modify the Fund's annual budget and thereby has the ability to impose its will on the Fund. The Fund is presented discretely as an enterprise fund. Their audit report, dated September 8, 1998, was issued under separate cover for the year ended December 31, 1997.

Complete financial statements for each of the individual component units may be obtained from their respective administrative offices, as follows:

Idaho State Building Authority
P.O. Box 2802
Boise, ID 83701

Idaho Life and Health Insurance Guaranty Association
P.O. Box 7367
Boise, ID 83707

Idaho Housing and Finance Association
P.O. Box 7899
Boise, ID 83707

Petroleum Clean Water Trust Fund
P.O. Box 83720
Boise, ID 83720-0044

Related Organizations

The State Insurance Fund. The State Insurance Fund was created by Idaho Code, Title 72, Chapter 9. Board members are appointed by the Governor but there is no ability for the State to impose its will on the organization and there is no financial benefit/burden relationship. Therefore, the State Insurance Fund is considered a related organization of the State of Idaho.

C. Constitutional Debt and Liability Limitation

Article VIII, Section 1, of the Idaho Constitution specifies the Legislature shall not create any debts or liabilities that exceed $2 million in the aggregate. This provision of the Constitution was incorporated in 1912. The State has implemented this provision on the assumption it applies to debts and liabilities, such as bonded indebtedness but does not apply to liabilities incurred for ordinary operating expenses, liabilities that arise by operation of law, or debt incurred by the State Board of Education (colleges and universities), State ex rel. Miller v. State Board of Education, 56 Idaho 210, 52 P. 2d 141 (1935); Stein V. Morrison, 9 Idaho 426, 75 P. 246 (1904). Lease revenue bonds issued by the Idaho State Building Authority are also outside this limitation. See also Note 26.

D. Fund Accounting

The financial activities of the State are recorded in individual funds and account groups which are used to report the financial position and results of the operations of the State. Fund

accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The State records its transactions in four fund categories and two account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds, and university funds. Account groups are composed of general fixed assets and general long-term debt.

1. Governmental funds are used to account for the State's general activities, including collection and disbursement of earmarked monies (special revenue funds), and acquisition or construction of general fixed assets. Governmental fund types include the following:

   The General Fund is the principal operating fund of the State. It is used to account for resources that are not accounted for in other funds. These resources are used to provide services that include general government, public safety and corrections, agriculture and economic development, natural resources, health, public education (other than those reported in the university funds), human services, and transportation. Consistent with applicable legal requirements, certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund.

   Special Revenue Funds are used to account for transactions related to resources obtained from specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose. Special revenue funds include the financial activities related to Fish and Game, Health and Welfare, Transportation, Federal, Regulatory, Agriculture and Natural Resources, Miscellaneous, and the Idaho State Building Authority.

2. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds include the following:

   Enterprise Funds are established to account for governmental operations that function in a manner similar to private business enterprises where the intent of the State 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. Enterprise funds include Correctional Industries, Liquor Dispensary, and State Lottery.

Internal Service Funds are used to account for a variety of independent operations that render services and/or provide goods to other state agencies or governmental units on a cost-reimbursement basis. Internal service funds include the financial activities of General Services, Data Processing Services, Group Insurance, and Risk Management.

2. Fiduciary funds account for assets held by the State in a trust or agency capacity. Fiduciary fund types include the following:

The Expendable Trust Fund accounts for assets held by the State in a trustee capacity. Principal and income may be expended in the course of designated operations. The only expendable trust fund for the State is Unemployment Compensation.

The Investment Trust Fund is used to account for the investments related to external participants in the Joint Exercise of Powers Trust Fund.

Nonexpendable Trust Funds account for the transactions, assets, liabilities, and fund equity of the State Endowment Funds. The Endowment Funds were created from federal Enabling Act land grants and the sale of such lands. Endowment Fund properties may be exchanged for either similar or dissimilar assets. Similar assets would constitute like kind exchanges, such as range land for range land. Dissimilar assets would constitute exchanges such as range land for commercial property. Similar assets are recorded at book value and dissimilar assets are recorded at fair market value. The fund's principal is nonexpendable. Earnings on the principal are used to support education, mental health, corrections, and public buildings.

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the State's retirement systems.

Agency Funds account for various taxes, deposits, and property collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries.

4. College and university funds account for the financial position and operations of the State's public colleges and universities. Accordingly, college and university funds are an aggregation of the following funds:

Current Funds are used primarily to account for amounts which are expended in performing the primary and support objectives of the colleges and universities, e.g., instruction, research, public service, academic support, libraries, student services, institutional support, operations and maintenance of plant, scholarships and fellowships, and auxiliary activities. Funds included in this classification consist of the following:

Unrestricted Funds - These funds are used to account for transactions related to the educational and general operations of the colleges and universities. These

funds may be used at the discretion of the governing board or their designee to meet current expenditures for any purpose.

Auxiliary Enterprise Funds - These funds are used to account for transactions of substantially self-supporting activities that primarily provide services to students, faculty, and staff. Auxiliary enterprises include, but are not limited to, student housing, food services, bookstore, and intercollegiate athletics.

Restricted Funds - These funds are used to account for current funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used. Revenues of the restricted funds are reported in the Statement of Current Funds Revenues, Expenditures and Other Changes only to the extent they are expended for current operating purposes. The excess or deficiency of receipts over expenditures is included as an addition or deduction directly to fund balances during the year.

Student Loan Funds account for transactions of related resources obtained and used for loans to students.

Endowment and Similar Funds account for resources held by the institutions that must be administered in accordance with trust agreements restricting the use of the principal. Quasi-endowment funds have been established for the same purposes as the endowment funds; however, any portion of such funds can be expended.

Plant Funds are used to account for the transactions relating to investment in colleges and university properties. Plant funds include (1) Unexpended Plant Funds, (2) Renewal and Replacement Funds, (3) Retirement of Indebtedness Funds and (4) Net Investment in Plant Funds. The Unexpended Plant Funds are comprised of amounts which have been appropriated or designated for land, improvements, buildings, and equipment. The Renewal and Replacement Funds are comprised of amounts provided for renewal and replacement of certain properties. The Retirement of Indebtedness Funds represent bond sinking funds used to provide for payment of principal and interest pursuant to terms of bond indentures. Net Investment in Plant Funds represents the accumulated cost of property, buildings, and equipment over related liabilities.

Agency Funds account for amounts held in custody for students, institution-related organizations, and others.

5. Account groups consist of the following:

The General Fixed Assets Account Group is used to account for land, buildings, and equipment of the governmental fund types. Fixed assets of the pension trust funds, proprietary fund types, and colleges and universities are accounted for separately in their respective funds.

The General Long-Term Debt Account Group accounts for the State's unmatured long-term obligations related to capital lease obligations, compensated absences, and notes, bonds, and contracts payable. Long-term obligations of the proprietary funds, trust funds, and the college and university funds are accounted for in their respective funds.

E. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatments applied to funds are described as follows:

All governmental funds and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases in spendable resources as revenues and other financing sources, and decreases in spendable financial resources as expenditures and other financing uses.

All governmental funds, the expendable trust fund, and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Significant revenue sources, which are susceptible to accrual include sales taxes, individual income taxes, corporate income taxes, and federal grants. Licenses, fees, permits, and other miscellaneous revenues are recognized when received, since they normally are measurable only at that time. Expenditures are recorded when the fund liabilities are incurred.

Proprietary funds, in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," are required to apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. In addition, a proprietary activity may apply all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements. The State has elected not to follow FASB pronouncements issued after November 30, 1989, for proprietary funds.

All proprietary funds, nonexpendable trust funds, the investment trust fund, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. This also applies to the three discretely presented component units, which are accounted for as proprietary activities.

All proprietary funds, nonexpendable trust funds, the investment trust fund, pension trust funds, and the three discretely presented component units use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Fund equity is segregated into Contributed Capital and Retained Earnings for proprietary funds and fund balances for nonexpendable trust, investment trust, and pension trust funds.

The college and university funds are reported using the accrual basis of accounting with the following exceptions: depreciation expenses related to plant fund assets are not recorded and revenues and expenditures of summer sessions are reported within the fiscal year in which the total summer sessions program is predominantly conducted.

F. Budgetary Process

By November of each year, all agencies of the State submit requests for appropriations to the Division of Financial Management in the Governor's Office so an Executive Budget may be prepared for the upcoming legislative session. The budget is generally prepared by agency, fund, program, and object. Legal level of budgetary control is usually maintained at the fund level, except as described below. The budget presentation includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January and February, the Governor's proposed budget recommendations are presented to the Legislature for review, change, and preparation of the annual appropriation acts for the various agencies. Appropriated funds include the General Fund, the special revenue funds, the internal service funds, the enterprise funds, the pension plans (excluding Labor Retirement Plan), and the college and universities' current and endowment funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures. Budgets are adopted in accordance with Idaho Code, Title 67, Chapters 35 and 36. Both houses of the Legislature must pass the appropriation acts by a simple majority vote. The appropriation acts become the State's authorized operating budget upon the Governor's signature, or if allowed to become law without the Governor's signature.

Once the budget has been adopted, limitations exist regarding the extent to which management may make modifications (management includes the Division of Financial Management and the Board of Examiners). At no time, without legislative authority, may an appropriation be transferred from one fund to another. However, with the appropriate approval, the following adjustments may be made:

> 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. Appropriation for personnel costs may be transferred to other objects, but appropriation for other costs may not be transferred to personnel. Appropriations for capital outlay may not be used for any other purpose, per Idaho Code, Section 67-3511(3); however, appropriations for

other objects may be transferred to capital outlay. The Board of Examiners 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 Division of Financial Management and the Board of Examiners must approve these transfers. Transfers above 10 percent cumulative change must be approved by the legislative appropriation process.

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

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered are recorded to reserve that portion of the applicable fund balance.

While encumbrances are allowed for budgetary control purposes, the State uses cash basis records as the basis for the preparation of the State's legally adopted annual budget or legal basis. The legal basis emphasizes accountability and the budgetary control of appropriations. The State issues a separate Legal Basis Financial Report which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the Office of the State Controller, P.O. Box 83720, Boise, Idaho, 83720-0011.

The seven district health departments in the State are supervised by boards that are appointed by the County Commissioners of the counties served. They function as separate legal entities and are fiscally independent. Therefore, they are not included in the State's reporting entity either as part of the primary government or as component units. Although they are not financially dependent upon the State, the Legislature appropriates funds for the district health departments. For that reason, they are included in the budgetary Legal Basis Financial Report. Below is the reconciliation from the Legal Basis Financial Report, Summary of Current Year Appropriations and Expenditures Including Prior Year Encumbrances by Fund Type, by Program – Budgetary Basis, to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) - General Fund and Special Revenue Funds (included in this report) for transfers made from the General Fund to the district health departments:

	Total Adjusted Budget	Actual
General Fund Expenditures (Legal Basis)	$1,827,703,139	$1,686,662,855
Transfers to District Health Departments	7,729,800	7,729,800
General Fund Expenditures (CAFR)	$1,835,432,939	$1,694,392,655

As shown in the Legal Basis Financial Report, revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. Encumbrances are not recognized as expenditures but reduce available spending authority.

Throughout Idaho Code, the Legislature has established continuous or perpetual appropriations for certain funds and programs. No annual amount of appropriation is determined during the legislative session. Expenditures are allowed to the extent they are made with available cash.

As part of the budgetary process, agencies may request additional (positive supplemental) appropriations for the current year, which may be granted under the authority of the Legislature. If it is anticipated expenditures may exceed available cash, Idaho Code, Section 67-3512, provides authorization to reduce a portion of the General Fund appropriation by the State Board of Examiners (upon investigation and report by the Division of Financial Management) or by the Legislature. Furthermore, Idaho Code, Section 67-3712A, provides for a temporary reduction of spending authority by Executive Order of the Governor. When this occurs, it is recorded in the accounting system as a negative supplemental appropriation. See Note 2, entitled "Supplemental Appropriations," for a list of supplemental appropriations for the 1998 fiscal year.

Normally, unencumbered appropriations lapse at the end of the year for which they were appropriated. At fiscal year end, unexpended appropriation balances may: 1) revert to unreserved fund equity balances and be available for future appropriations; 2) be reappropriated as part of the spending authority for the future year; or 3) be carried forward to subsequent years as outstanding encumbrances, with the approval of the Division of Financial Management. Revenues are not budgeted for any funds. For financial reporting purposes, the budget columns for revenues on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual are reflected as being equal to actual revenues for all revenue categories.

G. Assets and Liabilities

Cash Equity with Treasurer

Cash Equity with Treasurer represents each fund's interest in an internal investment pool maintained by the State Treasurer. Cash balances of most state funds are pooled and invested by the State Treasurer. Interest earned on pooled cash is allocated to the internal service funds, the expendable trust fund, and certain special revenue funds when so directed by law. All earnings not otherwise allocated are General Fund revenue. Collateral, as further discussed in Note 3, is pledged by the various banks and securities dealers to secure state funds. As an exception to the above policy, certain organizations within the State's reporting entity have independent powers to manage and invest their own cash.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of bank accounts, petty cash, and short-term investments.

Investments

The State Treasurer handles investments of state funds and funds of other qualified entities within the State, in accordance with Idaho Code, Title 67, Chapter 12. Allowed investments include bonds, treasury bills, interest bearing notes, other obligations of the United States, obligations for which the full faith and credit of the United States are pledged for the payment for principal and interest, general obligation or revenue bonds of the State, or any county, city, or metropolitan water district, municipal utility district or school district of this state or of the institutions of higher education of this state, funds of any prime banker's acceptances and prime commercial paper, sales and repurchase of call options and securities lending agreements, registered warrants, tax anticipation bonds and notes, income and revenue anticipation bonds and notes, time deposits, share and savings accounts within the State of Idaho, public corporation notes, bonds, debentures, and repurchase agreements.

The implementation of GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," resulted in reporting certain investments at fair value rather than at cost and reporting the external portion of the State's external investment pool in a new fund type, an investment trust fund.

GASB 31, except for external investment pools, allows certain investments that have a remaining maturity of one year or less at time of purchase to be valued at amortized cost, with some restrictions. For external investment pools, most investments should be reported using fair value. However, non-participating interest-earning investment contracts should be reported using cost-based measures, and debt securities with a remaining maturity of ninety days or less may be reported at amortized cost.

The Public Employee Retirement System of Idaho (PERSI) is permitted to make investments in accordance with the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514 of the Idaho Code. PERSI invests in domestic equities, international equities (including international hedges), fixed income investments, real estate and real estate investment trusts, mortgages, and certain other short-term investments. These investments are recorded at fair market value.

Certain other entities are also responsible for their own investments.

Accounts Receivable, Net

Accounts receivable in governmental and fiduciary funds primarily consist of timber sales (which are recorded when earned), taxes subject to accrual--mainly sales taxes and income taxes, and public assistance receivables which represent amounts billed to other health care providers by the Department of Health and Welfare. Other receivables include amounts collectible for investments sold, as well as contributions receivable in the pension trust funds. Proprietary fund receivables occur as part of the ordinary course of business. Transportation receivables consist mainly of gas taxes receivable. The

college and university fund receivables include money due for tuition, fees, loans, and accrued interest income. See Note 6 for an Accounts Receivable schedule.

Due From/Due To Other Funds

During the course of operations, numerous transactions occur between individual funds within the State for goods provided or services rendered. These receivables and payables are classified as Due From Other Funds and Due To Other Funds, respectively, on the balance sheet. With the exception of intrafund operating transfers, no eliminating entries have been made for transactions occurring between funds. See Note 7 for a schedule of the Due From/Due To Other Funds balances at June 30, 1998.

Due From Other Governments

The amounts reflected as Due From Other Governments are comprised mainly of federal grant revenues receivable.

Deferred Bond Financing Costs

Deferred Bond Financing Costs consist of the costs incurred related to bond issuance. These costs are capitalized and amortized over the term of the bonds using the straight-line method.

Notes and Mortgages Receivables

Long-term receivables are reported as Notes and Mortgages Receivables.

Grand Prizes Receivable/Payable

Grand Prizes Receivable/Payable consist of the annuities purchased to settle State Lottery grand prize obligations. See Note 16 for a schedule of the annuities.

Other Assets

Other Assets include prepaid expenses, inventories, advances to sub-grantees, interest receivable, assets in liquidation, non-cash assets, and other miscellaneous items.

Prepaid expenses shown in the proprietary fund types represent amounts paid in the current period for goods or services which will benefit future periods. Prepaid expenses include rent, insurance, postage, and telephone charges. Prepaid expenses for the fiduciary fund types relate to warrants issued for retirement benefits prior to the due date, so that beneficiaries will receive payment on the due date.

Proprietary fund type inventories of supplies and materials are stated at cost, which approximates market, generally using the first-in, first-out method. No inventories are

included for governmental fund types. Supplies and materials, which might be held in inventory for governmental funds, are recorded as expenditures at the time of purchase.

Fixed Assets, Net

Fixed Assets include land, building and improvements, improvements other than buildings, books, machinery and equipment, furniture, vehicles, construction in progress, assets under capital lease, and depreciation, when applicable.

Fixed Assets used in governmental fund type operations are recorded as expenditures in the governmental funds and related assets are recorded in the General Fixed Assets Account Group. Assets in the General Fixed Assets Account Group are not depreciated.

Fixed Assets held in the proprietary and similar trust fund types are valued in the same manner as those held in the General Fixed Assets Account Group and are depreciated on a straight-line basis over their estimated useful lives.

See Note 8 for a more detailed description and for schedules reflecting the changes in the State's general fixed assets and the proprietary fixed assets by function and activity, as well as by class and source.

Amount to be Provided for Capital Leases

Amount to be Provided for Capital Leases is the present value of the minimum lease payments and is part of the General Long-Term Debt Account Group.

Accounts Payable and Other Liabilities

Accounts Payable and Other Liabilities consists of accrued accounts payable, taxes payable, outstanding checks and warrants, contingent liabilities, unclaimed property, and other accrued liabilities.

Accounts payable represents amounts due for goods or services received but not paid for at June 30, 1998.

Taxes payable represent the amounts deducted from employees' salaries and those amounts contributed by the State for social security, federal taxes, and state taxes not yet paid. Also included are sales or other taxes collected by state agencies but not remitted to the State Tax Commission or to other states.

Payroll and Compensated Absences Payable

Payroll and Compensated Absences Payable includes accrued payroll payable, vacation and compensatory time earned but not paid, and certain sick leave balances.

Accrued payroll payable includes salaries and benefits earned but not paid as of the fiscal year end.

Employees earn vacation based on hours worked and compensatory time based on hours worked in excess of forty hours per week. Upon termination of employment, an employee is paid for unused vacation time and earned administrative leave. All employees covered by the Federal Wage and Hour Act are paid compensatory balances at termination.

Employees earn sick leave hours based on hours worked. Sick leave hours are expensed when used. Upon termination, employees are not paid for unused sick leave. However, upon retirement, 50 percent of an employee's unused sick leave value (not to exceed 336 hours) is used by the Public Employee Retirement System of Idaho to purchase health insurance for the retiree. As explained in Note 10, the State funds a portion of its sick leave compensated absences liability and the funded portion is shown in the General Fund.

Compensated absence liabilities related to governmental funds are recorded in both governmental funds and the General Long-Term Debt Account Group. The portion of the liability expected to be funded by current available resources is recognized in the governmental fund. The portion of the liability that is not expected to be funded by current available resources is recognized in the General Long-Term Account Group. For all other fund types, all portions of the compensated absence liability other than sick leave are recorded as individual fund liabilities.

As of June 30, 1998, the total value of vacation and compensatory time accrued by employees in the governmental funds was $33,983,736, of which $26,005,318 is classified as General Long-Term Debt. The funded sick leave liability, recorded in the General Fund, is $32,949,331. An unfunded sick leave liability, in the amount of $5,100,000, is classified as General Long-Term Debt.

Deposits

In the course of normal operations, a fund may hold cash or other assets of an individual or entity as a deposit until certain conditions of an agreement are met, at which time the asset is returned to the owner. Occasionally, the owner will default on the conditions and the asset held as a deposit becomes the property of the State and is recorded as revenue at that time.

Due To Other Governments

Due to Other Governments primarily represents amounts collected from the federal government but not disbursed to subgrantee governmental units.

Deferred Revenue

Deferred revenues arise when potential revenue does not meet the "available" criterion for recognition in the current period and when resources are received by the government before it has a legal claim to them, e.g., when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when the revenue recognition criterion is met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Notes, Bonds, and Contracts Payable

Notes, Bonds, and Contracts Payable consist of notes and bonds issued for the construction or acquisition of facilities and for funding various projects by the Idaho State Building Authority, the Idaho Housing and Finance Association, and the colleges and universities. See Note 15.

Policy Claim Liabilities

Policy Claim Liabilities relate to the Petroleum Clean Water Trust Fund, the Risk Management Fund, and the Group Insurance Fund. A liability for a claim is established if information indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated based on the estimated ultimate cost of settling the claim, considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. Claim liabilities include any specific, incremental claim adjustment expense. Any material estimated recoveries are deducted from the liability for unpaid claims.

Capital Leases

Capital Leases are lease contracts entered into by the State that are in substance a purchase. Lease commitments are discussed further in Note 14.

H. Fund Equity

Contributed capital is recorded in the internal service funds, which have received fixed assets and cash from donations and other funds.

Reserves represent those portions of fund balances or retained earnings not appropriable for expenditures or legally segregated for a specific future use. Reservations of fund balances and retained earnings are established to identify the existence of assets that are not available for subsequent year appropriations.

Designations represent portions of unreserved fund equity that reflect tentative management plans or intent for financial resource utilization in a future period. See Note 18.

I. Total (Memorandum Only)

Total columns on the financial statements are captioned "Total-Memorandum Only" to indicate they are presented only to facilitate financial analysis. The total column represents an aggregation of the combined financial statement fund types. These amounts are not comparable to a consolidation and do not represent the total resources available to or used by the State. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. SUPPLEMENTAL APPROPRIATIONS

Below is the Supplemental Appropriations schedule for the year ending June 30, 1998. Negative appropriations represent an amount reduced by the Governor, the Board of Examiners (upon investigation and report by the Division of Financial Management), or the Legislature.

Supplemental Appropriations

General Fund	$36,884,300
Special Revenue Funds	
Fish and Game	194,300
Health and Welfare	(6,231,600)
Regulatory	75,800
Agriculture and Natural Resources	9,328,700
Miscellaneous	1,400,000
Total	$41,651,500

NOTE 3. CASH, CASH EQUIVALENTS, AND CASH EQUITY WITH TREASURER

Authority for cash and investments: The State maintains a cash and investment pool that is available for use by all funds; the pool has cash and other investments. The State Treasurer is the investment officer for the monies on deposit in the State Treasury, investment policies of the State Treasurer are governed by Idaho Code, Sections 67-1210 and 67-1210A. Each fund's portion of this pool is summarized by fund type on the Combined Balance Sheet in the Cash Equity with Treasurer account.

The State Treasurer maintains an investment pool for local governments. See Note 5 for more information on the External Investment Pool.

Deposits: Cash and Cash Equivalents are deposited with 13 financial institutions and are carried at cost. Idaho Code does not require collateralization of deposits. The State Treasurer controls the receipt and disbursement of amounts owned by agencies included in the primary government and certain component units other than the Endowment Funds, the Clean Water Petroleum Trust Fund, the Idaho State Lottery Commission, the Public Employees Retirement System of Idaho (PERSI), the Potato Commission, the Dairy Products Commission, the Wheat Commission, the State Bar, the Idaho State Building Authority, and some of the college and university funds. Other discretely presented component units control receipt and disbursement of their own funds. The following summary presents the amount of primary government and discretely presented component units' deposits, as of June 30, 1998, by the following categories:

1. Deposits which are fully insured or collateralized with securities held by the State or its agent in the State's name;
2. Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name; or
3. Deposits which are not collateralized or are collateralized by the pledging financial institution or the pledging institution's trust department or agent, but not in the State's name.

Primary Government *(in thousands)*

	Category 1	Category 2	Category 3	Total
Cash, Cash Equivalents, and Cash Equity with Treasurer	$410,439	$216,518	$16,659	$643,616

Discretely Presented Component Units *(in thousands)*

	Category 1	Category 2	Category 3	Total
Cash, Cash Equivalents, and Cash Equity with Treasurer	$32,403	$0	$257	$32,660

Reconciliation of Primary Government Risk Categorized Cash to Cash per Financial Statements *(in thousands)*

Cash, Cash Equivalents, and Cash Equity with Treasurer per Risk Categorization	$643,616
Less: Outstanding Warrants	(60,661)
Plus: Timing Difference	581
Idle Pool Cash included with Investments for Note Disclosure Purposes	522,669
Cash, Cash Equivalents, and Cash Equity with Treasurer per Financial Statements	$1,106,205

Reconciliation of Component Unit Risk Categorized Cash to Cash per Financial Statements *(in thousands)*

Cash, Cash Equivalents, and Cash Equity with Treasurer per Risk Categorization	$32,660
Less: Outstanding Checks	0
Cash, Cash Equivalents, and Cash Equity with Treasurer per Financial Statements	$32,660

NOTE 4. INVESTMENTS

Investments: The State's investments are classified in three categories of credit risk to give an indication of the level of risk assumed by the State as of the year end. The three categories of credit risk are:

1. Investments that are insured or registered or for which the securities are held by the State or its agent in the State's name;
2. Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name; or
3. Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

Some investments are made directly by an agency rather than by the State Treasurer. Only a few agencies are authorized to make such investments and then only for specific programs.

All investments are valued in accordance with GASB 31, as described in Note 1. The following summaries identify the level of credit risk assumed by the State and the total fair value of state investments at fiscal year end:

Primary Government ***(in thousands)***

Investments	Credit Risk Categories 1	2	3	Fair Value
Repurchase Agreements	$53,048			$53,048
US Government Obligations	919,148	$26,462	$5,317	950,927
US Agency Obligations	441,810			441,810
Marketable Securities	5,297,870	17,148	113,613	5,428,631
Collateralized Mortgage Obligations	54,576			54,576
Equity-linked Debentures	32,518			32,518
Corporate Bonds	234,425			234,425
Other	162,731	4,466		167,197
Risk Classified Investments	$7,196,126	$48,076	$118,930	7,363,132

Investments Not Subject To Classification Due To Their Nature	Fair Value
Pooled Short-Term Investment Fund	222,176
Idaho Commercial Mortgages	189,123
Real Estate	77,030
Private Equity	42,711
Mutual Fund Holdings (401K)	9,486
Index Fund and Fixed Income Fund Holdings in Agency Fund	84,892
Net Settlements Payable to Brokers	(111,435)
Other Investments	417
Total Non-Classified Investments	514,400
Total Investments	$7,877,532

Discretely Presented Component Units ***(in thousands)***

Investments	Credit Risk Categories 1	3	Fair Value
Repurchase Agreements	$40,525		$40,525
Government Obligations	220,105		220,105
US Agency Obligations	44,016		44,016
Investment Agreements		$77,092	77,092
Other	8,177		8,177
Risk Classified Investments	$312,823	$77,092	389,915

Investments Not Subject To Classification Due To Their Nature	
Interest Receivable	1,940
Total Investments	$391,855

Reconciliation of Primary Government Risk Categorized Investments to Investments per Financial Statements

Investments per Risk Categorization	$7,877,532
Less: Idle Pool Cash included with Investments for Note Disclosure Purposes	(522,669)
Investments per Financial Statements	$7,354,863

Repurchase Agreements: Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at the same price plus a contract rate of interest. These investments are made throughout the year for short periods of time.

Securities Lending Agreements: The State participates in securities lending agreements whereby securities are loaned to broker/dealers for a fee. The borrowing broker/dealers pledge and maintain collateral. The State is indemnified for fraudulent or negligent acts performed by the trustees, and should loaned securities not be returned as specified, the trustees would be required to make the State whole. As such, credit risk exposure is limited under these transactions.

The Idaho Clean Water State Revolving Fund, administered by the Idaho Division of Environmental Quality, provides a financing source for the construction of publicly owned wastewater facilities. The State operates the Fund as a direct loan program, whereby loans made to communities are 83 percent funded by the federal capitalization grant and 17 percent funded by a state matching amount. At the loan closing, the State receives collateral, typically a sewer revenue bond, local improvement district bond, or promissory note, from the borrower. As of June 30, 1998, the Office of the State Treasurer held $18,590,074 of bonds and $7,126,054 of promissory notes as collateral for the Clean Water State Revolving Fund.

NOTE 5. EXTERNAL INVESTMENT POOL

Overview of the State Treasurer's Authority

Following Idaho Code, Section 67-2328, authorizing Joint Exercise of Powers, the elected State Treasurer sponsors an investment pool that other Idaho governmental entities (cities, counties, school districts, etc.) can voluntarily place excess funds in to earn higher interest rates. Joint Exercise of Powers is also referred to as the Local Government Investment Pool. The State Treasurer may also invest State money in the Joint Exercise of Powers. The Treasurer's Office must operate and invest the funds according to its state investment policy for the benefit of the participants. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body.

Investments are converted to fair value at June 30 in accordance with GASB 31. Fair value is defined as the market value (bid) if the investment is traded on a recognized exchange, or the value of the investment in a current transaction with a willing buyer other than a forced liquidation sale. Investments were valued through a quoted market price. The Pool operates and reports to participants on an amortized cost basis. Specifically, the Pool distributes earnings to the participants monthly based on their relative participation during the month. Distributed earnings are calculated based on (1) realized gains and losses calculated on an amortized cost basis; (2) interest income; (3) amortization of discounts and premiums on a straight-line basis; and (4) administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to

distribute to participants all unrealized gains and losses in the fair values of the Pool's investments. Thus the participant's share of the Pool is not based on fair value. The Treasurer does not provide any legally binding guarantees to support the value of shares to the participants. No separate reports of the external investment pool have been issued.

Summary of Fair Value
(in thousands)

SECURITY	AMORTIZED COST	FAIR VALUE		PURCHASE YIELD	MATURITY
Commercial Paper	$88,254	$88,254	*	5.697% - 5.887%	7/98
Repurchase Agreements	11,872	11,865	*	6.250%	7/98
United States Treasury Notes	155,388	155,400		5.180% - 5.829%	10/98 - 12/00
Federal Farm Credit Bureau	20,001	20,004		5.760% - 6.059%	10/98 - 12/01
Federal Home Loan Bank	120,574	120,526		5.465% - 6.310%	9/98 - 10/01
Federal Home Loan Mortgage Corp.	54,616	54,819		5.475% - 6.550%	7/98 - 11/01
Federal National Mortgage Association	101,906	102,049		5.526% - 6.013%	7/98 - 4/01
Sallie Mae Note	9,988	9,994		5.655%	6/99
Certificates of Deposit	6,200	6,200	*	5.294% - 6.000%	7/98 - 4/99
Purchase Accrued Interest	389	389	*	0.000%	7/98 - 12/98
Total	$569,188	$569,500			

* Represents Cash and Cash Equivalents

All investments for the Joint Exercise of Powers Trust Fund are entirely insured or collateralized with securities held by the Fund or by its agent in the Fund's name. Deposits are not insured or otherwise guaranteed by the State of Idaho.

The administrative costs associated with the Joint Exercise of Powers are paid to the State Treasurer's Office on a monthly basis by a transfer from the Joint Exercise of Powers to the State Treasurer's operating fund.

Calculation of Increase (Decrease) in Fair Value

The State uses the aggregate method for determining the increase (decrease) in fair value of the investments in the Joint Exercise of Powers. Below is a schedule showing the decrease in the fair value of investments during fiscal year 1998 (in thousands):

Fair Value at June 30, 1998	$569,500
Add: Proceeds of Investments Sold in FY 98	7,722,190
Funds Transferred to Participants in FY 98	347,848
Administrative Fee Transferred to State Treasurer's Office	160
Less: Cost of Investments Purchased in FY 98	(8,114,367)
Fair Value at June 30, 1997	(526,994)
Decrease in Fair Value of Investments During FY 98	$(1,663)

The following Joint Exercise of Powers condensed financial statements, inclusive of external and internal participants, for the fiscal year ended June 30, 1998, are as follows:

Joint Exercise of Powers
Statement of Net Assets
June 30, 1998
(in thousands)

Assets	
Investments, at Fair Value	$462,792
Cash and Cash Equivalents	106,708
Interest Receivable to the Pool	5,239
Total Assets	574,739
Liabilities	
Accounts Payable	(22)
Total Liabilities	(22)
Net Assets	574,717
Net Assets Consist of:	
External Participant Units Outstanding ($1.00 par)	$572,933
Internal Participant Units Outstanding ($1.00 par)	1,784
Total Participant Units Outstanding ($1.00 par)	574,717
Net Assets	$574,717
Participant Net Asset Value, Offering Price and Redemption Price per Share ($574,717/574,717)	$1.00

Joint Exercise of Powers
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 1998
(in thousands)

Additions:	
Pool Participant Deposits	$372,409
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(1,663)
Investment Earnings	24,985
Total Investment Income	23,322
Less: Investment Administrative Expenses	(160)
Net Investment Income	23,162
Total Additions	395,571
Deductions:	
Pool Participant Withdrawals	347,848
Total Deductions	347,848
Net Increase (Decrease) from Operations	$47,723
Fund Balances	
Fund Participants - Beginning of Year	524,968
Adjustment to Beginning of Year for GASB 31 Implementation	2,026
Fund Balances Held in Trust for Investment Fund Participants - Beginning of Year, as Adjusted	526,994
Fund Balances Held in Trust for Investment Fund Participants - End of Year	$574,717

NOTE 6. ACCOUNTS RECEIVABLE

Below is a schedule of Accounts Receivable balances at June 30, 1998:

Accounts Receivable

Fund	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
General Fund	$104,272,869	$767,504	$103,505,365
Special Revenue Funds			
Health and Welfare	7,268,052		7,268,052
Transportation	19,202,588		19,202,588
Federal	53,614		53,614
Regulatory	297,916	19,290	278,626
Agriculture and Natural Resources	2,576,699	7,827	2,568,872
Miscellaneous	885,972	110,211	775,761
Total Special Revenue Funds	30,284,841	137,328	30,147,513
Enterprise Funds			
Correctional Industries	260,183		260,183
Liquor Dispensary	30,462		30,462
State Lottery	1,072,962		1,072,962
Total Enterprise Funds	1,363,607		1,363,607
Internal Service Funds			
General Services	254,126		254,126
Data Processing Services	3,737		3,737
Group Insurance	8		8
Risk Management	50		50
Total Internal Service Funds	257,921		257,921
Fiduciary Funds			
Unemployment Compensation	27,477,566	969,393	26,508,173
Endowment Fund	5,695,055		5,695,055
Public Employees Retirement System	13,093,267		13,093,267
Firemen's Retirement Fund	475,044		475,044
Judges' Retirement Plan	152,998		152,998
Labor Retirement Plan	2,534,355		2,534,355
Sick Leave/Insurance Reserve Fund	700,511		700,511
Total Fiduciary Funds	50,128,796	969,393	49,159,403
Colleges and Universities	47,464,718	515,599	46,949,119
Total Reporting Entity	$233,772,752	$2,389,824	$231,382,928

NOTE 7. DUE FROM/DUE TO OTHER FUNDS

Below is a schedule of the Due From/Due To Other Funds balances at June 30, 1998:

Due From/Due To Other Funds

Fund	Due From Other Funds	Due To Other Funds
General Fund	$353,114	$415,175
Special Revenue Funds		
Fish and Game	63,406	154,574
Health and Welfare	27,888	698,076
Transportation	33,420	298,240
Federal	200,893	727,821
Regulatory	88,672	165,378
Agriculture and Natural Resources	126,901	16,054
Miscellaneous	163,738	63,388
Total Special Revenue Funds	704,918	2,123,531
Enterprise Funds		
Correctional Industries	445,693	4,676
Liquor Dispensary		14,061
Total Enterprise Funds	445,693	18,737
Internal Service Funds		
General Services	759,512	230,602
Data Processing Services	555,956	6,348
Group Insurance		4,669
Risk Management	10	20,141
Total Internal Service Funds	1,315,478	261,760
Colleges and Universities	15,669,865	15,669,865
Total Reporting Entity	**$18,489,068**	**$18,489,068**

NOTE 8. FIXED ASSETS

Fixed assets used in governmental fund type operations are recorded as expenditures in the governmental funds and as assets in the General Fixed Assets Account Group at cost or estimated historical cost, if actual cost is not available. Fixed assets include the purchase price or construction cost plus interest of self-constructed assets. Donated fixed assets are recorded at the estimated fair market value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated.

Fixed assets held in the proprietary and similar trust fund types are valued in the same manner as those held in the General Fixed Assets Account Group. For all major asset classes, the fixed assets of these funds are depreciated on a straight-line basis over their estimated useful lives.

Buildings and improvements, machinery and equipment, and improvements other than buildings are depreciated using the following schedule:

Assets	Years
Buildings	30
Improvements Other Than Buildings	5-40
Machinery, Equipment and Other	5-30

Assets with a cost of $5,000 or greater and a useful life of more than two years are capitalized. Interest incurred during construction is capitalized.

Land is recorded at historical cost or fair market value at date of acquisition. In cases where historical cost is not available, land is valued using comparables indexed forward or backward with the consumer price index (CPI). Donated land is valued at estimated fair value at its donation date. Federal grant land is valued at one dollar per acre.

Public domain general fixed assets or infrastructure, e.g., freeways, bridges, sidewalks and other assets that are immovable and of value only to the State, are not capitalized or reported. The cost of land associated with infrastructure is not included in the financial statements.

The college and university funds account for fixed asset acquisitions at cost. Construction projects are included in the plant fund while the project is being constructed. These funds capitalize interest expenditures during construction but do not record depreciation.

The following schedules present changes in the State's general fixed assets by function and activity, as well as by class and source:

Schedule of Changes in General Fixed Assets by Function and Activity

Function and Activity	General Fixed Assets June 30, 1997 (as adjusted)	Additions	Deletions	General Fixed Assets June 30, 1998
General Government:				
Executive Administration	$890,323	$105,964		$996,287
Financial Administration	164,732	43,361		208,093
Tax Administration	4,233,499	218,528	$748,116	3,703,911
Legal Administration	675,082	63,756	55,111	683,727
Legislative	424,926	182,623	27,687	579,862
Other Internal Operations	22,589,466	637,886	576,021	22,651,331
Public Safety and Corrections:				
Court System	1,560,932	221,829	272,267	1,510,494
Police Services	14,211,237	2,669,022	1,371,690	15,508,569
Civil Defense	9,576,334	1,151,003	230,381	10,496,956
Adult and Juvenile Corrections	91,305,327	9,948,965	732,221	100,522,071
Agriculture and Economic Development:				
Employment and Rehabilitation	11,075,716	1,404,285	961,767	11,518,234
Economic Development	427,000	199,664		626,664
Business and Professional Regulation	10,904,083	965,254	631,942	11,237,395
Natural Resources:				
Natural Resources and Recreational Mgmt.	174,787,882	6,472,164	1,558,673	179,701,373
Energy Management	14,000			14,000
Environmental Health	1,444,622	60,718	287,190	1,218,150
Health:				
Physical Health	3,254,328	36,854	118,558	3,172,624
Mental Health	12,283,981	6,766,300	100,949	18,949,332
Medical Assistance	593,430	68,213	54,945	606,698
Institutional and Residential Care	48,868,875	1,046,292	589,437	49,325,730
Public Education:				
Education Policy Development	39,793	22,675		62,468
Elementary and Secondary Education	11,775,586	204,614	23,080	11,957,120
Higher Education	11,261			11,261
Vocational Education	85,898	24,802		110,700
Cultural Affairs	14,424,926	1,607,675	55,149	15,977,452
Human Services:				
Individual Income Assistance	1,416,761	412,942	139,912	1,689,791
Other Social Services	1,869,210	474,934	102,995	2,241,149
Transportation:				
Capital Budget	116,339,668	19,629,095	16,506,859	119,461,904
Highways	89,408,115	5,879,324	4,992,193	90,295,246
Aeronautics	991,120	17,781		1,008,901
Other Transportation	268,180	251,516	162,716	356,980
Total General Fixed Assets	**$645,916,293**	**$60,788,039**	**$30,299,859**	**$676,404,473**

Schedule of Changes in General Fixed Assets by Class and Source

Class	General Fixed Assets June 30, 1997 (as adjusted)	Additions	Deletions	General Fixed Assets June 30, 1998
Buildings and Improvements	$276,800,595	$16,991,132	$721,154	$293,070,573
Construction in Progress	43,121,318	19,190,744	15,549,382	46,762,680
Land	136,717,085	3,447,285	46,000	140,118,370
Machinery and Equipment	179,440,420	20,030,109	12,144,058	187,326,471
Capital Leases	3,845,270	35,512	49,348	3,831,434
Improvements Other Than Buildings	5,991,605	1,093,257	1,789,917	5,294,945
Total General Fixed Assets	**$645,916,293**	**$60,788,039**	**$30,299,859**	**$676,404,473**
Funding Source				
General Fund	$193,215,478	$25,667,903	$17,311,149	$201,572,232
Special Revenue Funds	452,700,815	35,120,136	12,988,710	474,832,241
Total General Fixed Assets	**$645,916,293**	**$60,788,039**	**$30,299,859**	**$676,404,473**

Schedule of Proprietary, Fiduciary and Component Unit Fixed Assets

	Primary Government				Component Unit Proprietary Funds
	Enterprise Funds	Internal Service Funds	Trust and Agency	Colleges and Universities	
Land	$297,943			$17,052,785	
Buildings	1,611,743	$62,304	$5,391,692	519,415,372	
Construction in Progress				24,182,335	
Improvements Other Than Buildings	353,137	18,428			
Machinery and Equipment	6,660,354	8,906,127	1,647,767	266,800,351	$11,992,471
Accumulated Depreciation	(5,598,143)	(5,889,699)	(1,292,564)		(2,850,960)
Capital Leases	2,500,000	2,749,309		7,517,819	
Total Fixed Assets	**$5,825,034**	**$5,846,469**	**$5,746,895**	**$834,968,662**	**$9,141,511**

NOTE 9. RETIREMENT PLANS

Summary of Plans

The State maintains a number of different retirement plans. The Public Employee Retirement System of Idaho (PERSI) administers the Public Employee Retirement System of Idaho Plan, the Firemen's Retirement Fund, and the Idaho Super Saver – 401K Plan. The Idaho Judicial Department, under the direction of the Idaho Supreme Court, administers the Judges' Retirement Plan. The Idaho State Board of Education administers an Optional Retirement Plan for the

colleges and universities. The Idaho Department of Labor administers a Closed Retirement Plan for employees of the Idaho Department of Labor hired prior to October 1, 1980. Each of these plans is discussed individually below.

Public Employee Retirement Fund/Policemen's Retirement Fund (PERSI Plan) and Firemen's Retirement Fund (FRF)

Plan Description

Organization and Purpose
The Public Employee Retirement Fund/Policemen's Retirement Fund (PERSI Plan) and Firemen's Retirement Fund (FRF) are both cost-sharing, multiple-employer defined benefit retirement plans. The Public Employee Retirement System of Idaho (the System) administers both of these plans. A retirement board, appointed by the Governor and confirmed by the State Senate, manages the System, which includes selecting the funding agents and establishing funding policy. Statutes governing the PERSI Plan are Idaho Code, Title 59, Chapter 13 and Title 50, Chapter 15. The statute governing FRF is Idaho Code, Title 72, Chapter 14.

Membership
By state law, the State and school districts are employer members of the PERSI Plan. Political subdivisions, such as county and city governments; water, sewer and health districts; hospitals; libraries; and fire districts have also chosen to participate in the PERSI Plan and FRF. All state employees not covered by the other plans described below, who normally work more than twenty hours per week and have been employed by an employer member for more than five consecutive months, are covered by the PERSI Plan. As of June 30, 1998, the number of participating employer units in the PERSI Plan was 614 and actual benefit recipients and members in the PERSI plan were:

Retirees and Beneficiaries/Vested Terminated Employees	21,134
Current Active Employees	57,528
Total	78,662

For FRF, as of June 30, 1998, there were 20 participating employer units, which all consisted of city fire departments participating in the PERSI Plan. Total employee membership showed 482 retired members or beneficiaries collecting benefits from the FRF and 163 active members.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERSI, P.O. Box 83720, Boise, ID 83720-0078.

Benefits
The benefit structure for both the PERSI Plan and FRF are based on members' years of service, age, and average monthly salary for the highest consecutive 42 months. In addition, benefits are

provided for disability, death, and survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification or a combination of age plus service. The annual service retirement allowance was 1.917 percent (2.225 percent for police and firefighters) at June 30, 1998, for each month of credited service, of the average monthly salary for the highest consecutive 42 months.

The benefit payments for both the PERSI Plan and FRF are calculated using a benefit formula adopted by the Idaho Legislature. The System is required to provide a 1 percent minimum cost of living increase per year provided the Consumer Price Index increases 1 percent or more. The Retirement Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Idaho Legislature. The cost of living increase for the FRF is based on the increase in the statewide average firefighters' wage.

The FRF covers a closed group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the PERSI Plan.

Summary of Significant Accounting Policies

The System's basic financial statements of the pension funds are prepared on the accrual basis of accounting. For the financial statements of the pension funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed, investment income is recognized when earned and benefit payments and refunds and other expenses are recorded when incurred. The pension funds are accounted for on a flow of economic resources measurement focus.

The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. Investments held by PERSI and FRF are commingled. 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. The fair value of real estate investments has been estimated based on independent appraisals. Short-term investments are reported at market value when published market prices and quotations are available or at cost plus accrued interest, which approximates market value.

Funding Policy

Contributions and Vesting

The System's funding policy for the PERSI Plan and FRF, as defined by Idaho law, provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the Entry Age Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The System amortizes the unfunded liability

based on a level percentage of payroll. The maximum amortization period permitted under Idaho Code, Section 59-1322, is 25 years. At June 30, 1998, the payroll for employees covered by the PERSI and FRF was approximately $1,598,650,000 and $28,598,000, respectively.

The State's PERSI Plan contributions required and paid were $58,152,823, $62,194,310, and $60,377,327 for the years ended June 30, 1998, 1997, and 1996, respectively.

Actuarial valuations of the PERSI Plan are performed annually. The last valuation of the PERSI Plan was performed as of July 1, 1998. Actuarial valuations of the FRF are performed biennially. The last FRF valuation was performed as of July 1, 1998.

Normal cost is 14.32 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 1.59 percent of covered payroll for the PERSI Plan. There is no normal cost associated with FRF and all contributions to FRF are available to reduce the unfunded actuarial liability. At November 1, 1997, the Board temporarily reduced contribution rates by an aggregate total of 3 percent. The contribution rates for the year ended June 30, 1998, are as follows:

Employee Group	*Employer*	*Employee*
PERSI (prior to November 1, 1997)		
General	11.61%	6.97%
Police and Fire	11.85%	8.53%
ORP Employees of Higher Education:		
Colleges and Universities	3.03%	N/A
Community Colleges	3.83%	N/A

Employee Group	*Employer*	*Employee*
PERSI (subsequent to November 1, 1997)		
General	9.77%	5.86%
Police and Fire	10.01%	7.21%
ORP Employees of Higher Education:		
Colleges and Universities	3.03%	N/A
Community Colleges	3.83%	N/A

FRF employer and employee contribution rates for firemen hired before October 1, 1980, are 25.89 percent and 4.24 percent, respectively, in addition to the PERSI Plan Police and Fire rates shown above. The employer contribution rate for firemen hired after October 1, 1980, is 17.24 percent, in addition to the PERSI Plan Police and Fire rates shown above.

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, accrued at 5.5 percent (5.25 percent after June 30, 1998) compounded monthly per annum, are refundable. 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.

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

Costs of administering the plans are financed through the contributions and investment earnings of the System.

Idaho Super Saver – 401(k) Plan

Organization and Purpose
The Idaho Super Saver – 401(k) Plan is a qualified 401(k) defined contribution pension plan, open to all employees of the State of Idaho. Statutes governing this Plan are Idaho Code, Title 59, Chapter 13. The Plan is organized to provide investment management services to state employees.

The administrator of this Plan is the Public Employee Retirement System of Idaho (the System). The System has entered into a contract with Scudder, Stevens & Clark, Inc. (Scudder), the Plan custodian and recordkeeper, for services relating to nine investment options managed by Scudder. These options include a U.S. Treasury Money Mutual Fund, an Income Mutual Fund, a Balanced Mutual Fund, and six equity mutual funds. Participants direct their investment mix without restriction and may elect to change their salary deferral every pay period.

No retirement plan provisions changed during the year that affected the employees' selected contributions.

Benefits
Benefits depend solely on amounts contributed to the Plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the 401(k) contracts. Distributions are allowed for the following: termination of employment, disability, financial hardship, retirement, and death. The financial hardship withdrawal is allowed only for the purposes of paying for college education, extraordinary medical expenses,

avoiding eviction, or purchasing a primary home. Employees will be required to pay a 10 percent IRS penalty for "early withdrawal" if they are under the age of 59½ in addition to regular income taxes.

Membership
As of June 30, 1998, the Plan had 81 employer units eligible to have participating employees and 2,161 actual participants in the 401(k) Plan.

Contributions
The 401(k) Plan currently allows participants to make tax-deferred contributions of 1 percent to 23 percent of their gross salary. Participants contributed $3,756,860 during the year ended June 30, 1998. There are no employer contributions to the Plan.

Funding
The administrative expenses of the 401(k) Plan are funded by the participants of the Plan.

Judges' Retirement Plan (JRP)

Plan Description

Organization and Purpose
The Judges' Retirement Plan (JRP) is a single-employer defined benefit retirement plan, which provides retirement benefits for Justices of the Supreme Court, Court of Appeals Judges, and District Court Judges, hereinafter referred to as "members." The Idaho Judicial Department, under the direction of the Idaho Supreme Court, administers the JRP. In its administration and management of investments, the JRP is guided by the Idaho Uniform Prudent Investor Act, Idaho Code, Sections 68-501 through 68-514. The JRP is also governed in its fiduciary responsibility by Idaho Code, Section 59-1301, and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments. Statutes governing the JRP are Idaho Code, Title 1, Chapter 20.

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

Membership
As of June 30, 1998, the JRP had 46 retired members or beneficiaries collecting benefits, 9 terminated members entitled to, but not yet receiving benefits, and 44 active members.

Benefits
The benefit structure is based on members' years of service and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members. The benefit payments for the JRP are calculated using a benefit formula adopted by the Idaho Legislature.

For the first 10 years of service, benefits are credited at 4 percent per year of members' compensation. For the next nine years of service, benefits are credited at 2½ percent per year of members' compensation. The maximum benefit is 62½ percent of compensation.

Summary of Significant Accounting Policies

The JRP's financial statements are prepared using the accrual basis of accounting. Member and department contributions are recognized as revenues in the period in which the member's services are performed. Investment income and filing fees are recognized when earned and benefit payments, refunds, and other expenditures are recorded when the obligation is incurred.

The Plan's investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Short-term investments are reported at market value when published market prices and quotations are available or at cost plus accrued interest, which approximates market value. Purchases and sales are recorded at the trade date.

Funding Policy

Contributions and Vesting
Members and the Judicial Department contribute to the JRP during their first 20 years of employment. Member and department contributions are a percentage of member compensation as defined by state law. Contributions provide for department and member contributions at 7 percent and 6 percent, respectively, of annual covered payroll for the year ended June 30, 1998. The payroll for members covered by the JRP was approximately $3,485,878. In addition, specified court filing fees in civil court actions are dedicated to the JRP.

Based on the most recent actuarial valuation at July 1, 1997, the Annual Required Contributions (ARC) were $1,495,000. Total contributions to the pension plan for the fiscal year ended June 30, 1998, amounted to $1,762,254, of which $210,593 and $246,005 were made by the Judicial Department and its justices and judges, respectively. In addition, the JRP received contributions from court filing fees of $1,305,656. As of the last actuarial valuation, the state contributions plus the filing fee contributions have been equal to the ARC, the Annual Pension Cost (APC) was equal to the ARC and the Net Pension Obligation (NPO) was zero. There was no change in the NPO from the prior actuarial valuation.

The State's APC and NPO to JRP for the two most recent valuation periods are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/95	$1,288,000	100.0%	$0
6/30/96		no valuation	
6/30/97	1,495,000	100.0	0
6/30/98		no valuation	

Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the JRP prior to four years of service, the member's contributions plus 6½ percent per annum will be returned. Members are eligible for retirement benefits upon attainment of the age 65 or 20 years of service.

Funding
The JRP's benefits are funded by contributions from members and the Judicial Department, earnings from investments, and court filing fees.

The funding status and required contribution levels are reviewed periodically by an actuary 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 on a level basis over the earnings of the individual between entry age and assumed exit age. Actuarial valuations of the JRP are performed biennially. The last valuation was performed as of July 1, 1997.

Costs of administering the JRP are financed through the contributions and investment earnings of the JRP.

College and University Optional Retirement Plan (ORP)

Organization and Purpose
Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for college and university faculty and exempt employees. Vendor options include Teachers' Insurance and Annuity Association, College Retirement Equities Fund, and Variable Annuity Life Insurance Company.

Membership
New faculty and exempt employees hired July 1, 1990, or thereafter, are automatically enrolled 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.

Contributions and Vesting
The employee contribution requirement for the ORP is based on a percentage of total payrolls. The State of Idaho determines employer contributions. Although enrollees in the ORP no longer belong to PERSI, the employer is required to contribute 3.03 percent of the annual covered payroll to PERSI through July 1, 2015. During the year ended June 30, 1998, this supplemental funding payment made to PERSI was $2,683,416.

The contribution requirement and amount paid for the year ended June 30, 1998, was $12,364,510, which consisted of $6,842,116 from the universities and $5,522,394 from employees. These contributions represented approximately 7.72 percent and 6.97 percent, respectively, of covered payroll, through October 31, 1997. After October 31, 1997, these contributions represented approximately 7.72 percent and 5.87 percent, respectively, of covered payroll. The blended contributions for the year represented 7.72 percent and 6.22 percent of covered payroll for the universities and their employees, respectively.

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.

Department of Labor's Retirement Plan (LRP)

Plan Description

Organization and Purpose
The Department of Labor's Retirement Plan (LRP) is a closed single-employer defined benefit retirement plan, which provides retirement benefits for employees of the Idaho Department of Labor hired prior to October 1, 1980. Employees hired after this date are included in the above-mentioned State's pension plan (PERSI). The Idaho Department of Labor administers its own plan. The authorities under which benefits are provided and may be amended are in the Idaho Code, Section 72-1335 and the U.S. Department of Labor Rules and Regulations. The LRP is patterned after the Federal Civil Service Retirement System with the postretirement increases and effective dates also being the same.

Membership
As of September 30, 1997, the LRP had 352 retired members or beneficiaries collecting benefits, 38 terminated members entitled to, but not yet receiving benefits, and 165 active members.

Benefits
The benefit structure is based on members' years of service and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members. The benefit payments for the LRP are calculated using a benefit formula established by the Plan. This monthly allowance is payable for life, with 120 payments guaranteed. The normal service retirement allowance is the average annual salary for the highest three consecutive years times the sum of:

1. 1½ percent times each of the first five years of credited service,
2. 1¾ percent times each of the next five years of credited service, and
3. 2 percent times each year of credited service in excess of ten years.

Summary of Significant Accounting Policies

The LRP's financial statements are prepared using the accrual basis of accounting. Member and department contributions are recognized as revenues in the period in which the member's services are performed. Investment income is recognized when earned and benefit payments, refunds, and other expenditures are recorded when the obligation is incurred.

The Plan's investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Short-term investments are reported at market value when published market prices and quotations are available or at cost plus accrued interest, which approximates market value. Purchases and sales are recorded at the trade date.

Funding Policy

Contributions and Vesting
The member contribution rate is specified as 7 percent of annual covered payroll as required by the Plan. The employer contribution rate for the federal fiscal year ending September 30, 1997, was 7 percent, as defined by the actuary. The payroll for members covered by the LRP was approximately $7,343,000.

Actual and required contributions are determined by the actuarial valuation two years prior to the end of the fiscal year. Therefore, the contributions for September 30, 1997 were determined by the September 30, 1995 actuarial valuation. Based on the actuarial valuation report at September 30, 1997, the Annual Required Contributions (ARC) were $504,000. Total contributions to the pension plan for the fiscal year ended September 30, 1997, amounted to $1,047,273, of which $513,959 and $533,314 were made by the Department of Labor and its employees, respectively. Annual pension cost was equal to the ARC. The Net Pension Obligation (NPO) decreased $10,000 from zero the prior year. Due to the current legal minimum contribution, the Department was required to contribute not less than 7 percent, which exceeded the ARC of 6.87 percent and created a negative NPO of $10,000.

The State's APC and NPO to LRP for the three most recent valuation periods are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
9/30/95	$1,169,000	100.0%	$0
9/30/96	1,058,000	100.0	0
9/30/97	504,000	102.0	(10,000)

Members become fully vested in their retirement benefits after five years of credited service. Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with the Plan. All terminating participants who are not eligible for vested benefits are assumed to withdraw their contributions immediately. Members are eligible for retirement benefits for "Normal or Service Retirement Allowance" upon attainment of the age 55 with 30 years of service, age 60 with 20 years of service, or normal retirement at age 65.

Funding
The LRP's employer payments are fully funded through federal revenues from the U.S. Department of Labor. The funding status and required contribution levels are reviewed periodically by an actuary using the Aggregate Actuarial Cost Method. Under this method, the entire difference between the actuarial present value of future benefits for all members and the actuarial assets is allocated on a level basis over the earnings of the active members between the valuation date and the member's assumed termination or retirement date. The normal cost is that portion of the allocation assigned to a valuation year. The annual normal cost is a constant percentage of the total salary of all members assumed to be paid in each future year. Since the value of all as-yet-unfunded benefits is included in future normal cost payments, the Aggregate Actuarial Cost Method does not calculate any unfunded actuarial liability and the actuarial accrued liability is equal to the actuarial value of assets. All required future contributions are included in the normal cost. Actuarial valuations of the LRP are performed annually. The last valuation was performed as of September 30, 1997. The actuarial valuation for the fiscal year ended September 30, 1998, will not be available until sometime within calendar year 1999.

The average assumed rate of return used in determining the actuarial present value of the accumulated plan benefits was 7 percent net investment earnings.

The administrative expenses of the Plan are assumed to be paid directly by the employer. Therefore, no allowance is made for administrative expenses in the actuarial calculations.

NOTE 10. POSTEMPLOYMENT BENEFITS

The State funds or partially funds two postemployment benefits. These benefits relate to health insurance and are described below.

A. Postemployment Benefits Other Than Pensions

Retirees Health Insurance Subsidy

A retired officer or employee of a state agency, department, or institution, including state officials and elected officials, who are eligible to retire under the Public Employee Retirement System of Idaho (PERSI) and whose unreduced PERSI monthly benefit at the time of retirement would meet or exceed the monthly cost of single retiree health insurance coverage, may elect to have the State's retiree health insurance coverage for themselves and eligible dependents. To be

eligible, state employees must enroll within sixty days of the date of their retirement and must have ten or more years (20,800 or more hours) of credited state service in a state-sponsored retirement system. If the date of enrollment is deferred beyond the original date of retirement, employees' monthly retirement benefit amount must equal or exceed the single retiree premium at the time of the deferred enrollment.

The retiree coverage is different than that for active employees. The retiree pays the majority of the premium cost (unless they are participating in the sick leave fund described later). However, the retiree plan costs are "subsidized" by the active employee plan. The authority establishing the benefits and obligations to contribute is found in Idaho Code, Section 67-5761. The State contributes six dollars per active non-retired employee per month and the active employees contribute an equal amount, which goes to a reserve to offset the monthly costs of the retirees' benefit. This per active employee amount remains relatively constant from year to year. Other than an aging population, there are no significant matters that affect comparability of the State's costs from one year to the next. For 1998, the State's monthly premium amount of $108,300 was approximately 4.1 percent of the total annual premium cost of $2,600,000. The State's annual premium amount of the total premium cost was approximately $1,300,000. As of June 30, 1998, 2,736 retired participants were eligible to receive benefits. The Legislature has not set aside any assets to pay future benefits. The benefits are pay-as-you-go.

B. Postemployment Healthcare Benefits Administered by Defined Benefit Pension Plan

Sick Leave/Insurance Reserve Fund

School districts and state agencies provide for the payment of certain postretirement health insurance premiums. The Sick Leave/Insurance Reserve Fund is a postretirement benefit that is not part of a defined benefit plan but is a separate, statutorily provided benefit available to retirees based on unused accumulated sick leave at their retirement date.

The Public Employee Retirement System of Idaho (the PERSI) acts as an agent for this fund on behalf of the employers, who fund the program by remitting a percentage of payroll to PERSI to cover future insurance premiums. The funds are held in the Sick Leave/Insurance Reserve Fund. The monies are presented in the General Fund for state retirees, and in an agency fund for school district retirees. Employers are responsible for any unfunded benefit obligations. The State's portion of the unfunded benefit obligation is presented in the General Long-Term Debt Account Group (GLTDAG).

Statutes governing this program are Idaho Code, Sections 67-5339, 33-1216, and 33-1228, which provide for the transferring of amounts from the Sick Leave/Insurance Reserve Fund to a retiree's sick leave account for the payment of postretirement health benefits as may be maintained by the employer.

School District Retirees – For school district retirees, the unused sick leave amount available for benefits is based on one-half of their sick leave balance and rate of compensation at retirement.

State Retirees – State retirees are allowed to use one-half of their accrued sick leave hours up to the maximums described below:

Credited Hours of State Service	Maximum Allowable Sick Leave Hours
0 - 10,400 (0-5 years of service)	192
10,401 - 20,800 (5-10 years of service)	240
20,801 - 31,200 (10-15 years of service)	288
31,201 + (15 years of service or more)	336

Presented below is pertinent actuarial information from the most recent actuarial valuation dated July 1, 1997:

	State	School Districts	Total
Active Participants	41,235	16,002	57,237
Contributions Required and Paid	$7,179,769	$14,971,173	$22,150,942
Rate of Contribution	.65%	1.15%	
Total Net Assets Available for Future Payments	$25,400,000	$39,700,000	$65,100,000
Unfunded Actuarial Liability	$9,800,000	$35,100,000	$44,900,000
Actuarially Accrued Liability	$35,200,000	$74,800,000	$110,000,000

Sick Leave/Insurance Reserve Fund actuarial valuations are performed biennially.

Postretirement health insurance benefits are advance-funded with employer contributions on an actuarially determined basis, using the Entry Age Actuarial Cost Method. Postretirement health insurance premiums are paid from the retiree's sick leave account until the account balance is exhausted.

NOTE 11. TAX ANTICIPATION NOTES

Idaho Code, Title 63, Chapter 32, authorizes the State Treasurer, on approval of the State Board of Examiners, to borrow money in anticipation of income or revenue from taxes. Such borrowing is for the current year only and is limited to no more than 75 percent of the income or revenue which is reasonably anticipated to be collected during the current fiscal year.

External Tax Anticipation Notes sold on the open market were issued on July 1, 1997, in the principal amount of $300,000,000. These notes were redeemed on June 30, 1998. The interest expense incurred and paid was $13,836,458.

Internal Tax Anticipation Notes (issued by the General Fund to borrow from other available state funds or accounts) were issued in the amount of $105,000,000 on June 3, 1998, and were redeemed on June 30, 1998. Idaho Code, Section 67-1210 states interest on investments, unless specified by law, shall be deposited to the General Fund. Therefore, in effect, no interest was paid on the Internal Tax Anticipation Notes issued.

NOTE 12. RISK FINANCING

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Risk Management and Group Insurance Funds (internal service funds) and various outside entity insurance providers.

The Risk Management Fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by Group Insurance and outside insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of $500,000 for each claim. Property damage claims are self-insured for up to $250,000 per claim, not to exceed $750,000 annually. Comprehensive collision and physical damage to covered vehicles are self-insured for replacement cost. The State purchases commercial insurance for claims not self-insured by the above coverages and for all other identified risks of loss, including workers' compensation insurance.

The Group Insurance Fund is used to account for and finance life, health, and disability insurance programs. Long-term disability benefits within Group Insurance are partially insured through other insurers, but the majority is self-insured. The liability for self-insurance claims has been actuarially determined. Policy claim liabilities are presented in the Group Insurance Fund and are composed of the liability for self-insured claims and the amounts required to fund premium payments of life and health coverage for disabled employees. Life, short-term disability, and health insurance programs are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 14 percent of the annual premiums for health and 10 percent of the annual premiums for the life coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. The amount the State is responsible for is accounted for and presented as Reserved Retained Earnings in the Group Insurance Fund. The State also maintains program and premium stabilization balances in the catastrophic event they exhaust reserved equity. These amounts are included in Unreserved Retained Earnings in the Group Insurance Fund.

All state entities may participate in the Risk Management and Group Insurance programs. Payments are made to the Risk Management Fund based on actuarial estimates, loss experience, exposure, and asset value covered. Payments made to the Group Insurance Fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage, which is based on projected claims experience. Claims settlements for either fund did not exceed insurance coverage during fiscal years 1996, 1997, or 1998.

The liabilities for the Risk Management and Group Insurance Funds for the State are based on the requirements of the Governmental Accounting Standards Board's Statement 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities for Risk Management include claim adjustment costs, any anticipated subrogation receipts, and are presented at their present value using a 5 percent discount interest rate. The following table presents changes in policy claim liabilities for the fiscal years ending June 30, 1997, and June 30, 1998:

Fiscal Year	Beginning Balance	Changes in Estimate	Claims Payments	Ending Balance
Risk Management				
1997	$10,963,999	$3,175,300	($3,056,166)	$11,083,133
1998	$11,083,133	$3,431,758	($3,406,459)	$11,108,432
Group Insurance				
1997	$12,773,609	$2,426,986		$15,200,595
1998	$15,200,595	$5,339,405		$20,540,000

NOTE 13. INTERFUND TRANSACTIONS

The State does not eliminate interfund transactions but does make eliminating entries for intrafund operating transfers. The State has the following types of interfund transactions:

Quasi-external Transactions are charges for services rendered by one fund to another, treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements of expenditures or expenses made by one fund for another are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the reimbursement fund.

Operating (Statutory) Transfers are legally authorized cash transfers reported as operating transfers. Transfers from the General Fund are transfers of appropriated or diverted tax revenues. The following is a schedule of operating transfers:

Operating Transfers

Fund	Transfers In	Transfers Out
General Fund	$886,840,828	$1,047,771,921
Special Revenue Funds		
Fish and Game	3,005	
Health and Welfare	233,916,556	
Transportation		12,766,201
Federal	22,360	350,089
Regulatory	4,999,824	50,115,585
Agriculture and Natural Resources	1,068,076	411,239
Miscellaneous	13,491,702	53,842
Enterprise Funds		
Liquor Dispensary		8,295,000
State Lottery		19,500,000
Internal Service Funds		
General Services		1,078,650
Expendable Trust Fund		
Unemployment Compensation	176	
Total Operating Transfers	**$1,140,342,527**	**$1,140,342,527**

NOTE 14. LEASES

A. State as Lessee

The State leases office buildings and office/computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State 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 rents are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

Operating leases are leases for which the State will not gain title to the asset; therefore, the lease agreements are not reflected as assets in the State's balance sheet. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease expenditures for fiscal year 1998 were $19,358,181.

Capital Leases

Capital leases are leases the State has entered into 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. Assets under capital leases originating in governmental funds are recorded in the General Fixed Assets Account Group and are not depreciated. Capital lease

obligations for governmental funds are reported in the General Long-Term Debt Account Group. Capital lease assets and obligations for proprietary fund types are recorded in the respective funds as fixed assets and long-term obligations. Interest expense for capital leases is not capitalized in either fund type. Primary government capital lease payments of $2,390,678 in principal and $444,427 in interest for the fiscal year ended June 30, 1998, are reported as expenditures by governmental function.

Future minimum lease commitments for noncancelable operating and capital leases as of June 30, 1998, are as follows:

Future Minimum Lease Commitments

	Operating Leases				Capital Leases			
Fiscal Year	Governmental Funds	Proprietary Funds	Colleges and Universities	Total Operating Leases	General Long-Term Debt Account Group	Proprietary Funds	Colleges and Universities	Total Capital Leases
1999	$14,999,096	$1,525,906	$14,001	$16,539,003	$511,531	$1,537,739	$701,398	$2,750,668
2000	13,521,319	1,435,194	14,001	14,970,514	511,531	523,558	646,926	1,682,015
2001	11,935,833	1,057,914	14,001	13,007,748	354,381	356,400	472,413	1,183,194
2002	10,831,591	670,172	14,001	11,515,764	326,065	356,400	452,842	1,135,307
2003	9,307,919	428,626	14,001	9,750,546	312,978	356,400	452,279	1,121,657
Thereafter	18,354,471	578,252	154,011	19,086,734	3,337,564	5,197,500	6,290,978	14,826,042
Total Payments	**$78,950,229**	**$5,696,064**	**$224,016**	**$84,870,309**	5,354,050	8,327,997	9,016,836	22,698,883
Less:								
Imputed Interest					1,986,142	4,541,459	4,175,724	10,703,325
Total Present Value of Minimum Lease Payments					**$3,367,908**	**$3,786,538**	**$4,841,112**	**$11,995,558**

At June 30, 1998, assets under capital leases totaled $16,598,562 and are included in buildings and equipment. The schedule below is an analysis of assets under capital leases as of June 30, 1998:

	General Fixed Asset Account Group	Proprietary Funds	Colleges and Universities	Fixed Assets Under Capital Leases
Buildings	$2,290,119	$2,500,000	$6,045,000	$10,835,119
Equipment	1,541,315	2,749,309	1,472,819	5,763,443
Total Capital Leases	$3,831,434	$5,249,309	$7,517,819	$16,598,562

B. State as Lessor

Non-state parties rent land and buildings from the State under operating leases from the Departments of Health and Welfare, Transportation, Lands, Parks and Recreation, the Historical Society, and the Lava Hot Springs Foundation. At June 30, 1998, the State leased the following:

Asset Class	Fair Market Value at Date of Acquisition
Land	$2,376,562
Buildings	1,218,832
Total	$3,595,394

The Department of Lands leased land having a value of $1,962,064. The land is used primarily for grazing, agriculture, and mining purposes. The Idaho Transportation Department leased properties with a value of $400,038 (land) and $971,832 (buildings), which are used for commercial purposes. The Department of Parks and Recreation leased parcels of land with a value of $4,250 for cottages and camping. The Department of Health and Welfare leased land with a value of $7,895 for recreational, farming and Job Corps use. The Lava Hot Springs Foundation leased land with a value of $1,840 for recreational uses. The Historical Society leased a building with a value of $247,000 for various meetings and functions and land with a value of $475 for communication sites and a botanical garden. All values are as of the date of acquisition.

The following is a schedule by years of minimum future rentals on operating leases as of June 30, 1998:

Year Ending June 30	
1999	$4,220,634
2000	4,219,334
2001	3,913,885
2002	3,906,485
2003	3,907,685
Thereafter	1,230,355
Total minimum future rentals	$21,398,378

NOTE 15. BONDS AND NOTES PAYABLE

A. Primary Government and Blended Component Unit

The Idaho State Building Authority, a blended component unit reported in a special revenue fund, issues notes and bonds to finance construction or acquisition of facilities for lease to the State subject to prior legislative approval.

Bonds payable, in thousands, are:

Bond Description	Maturity Dates	Interest Rates	Principal at June 30, 1998	Interest	Total
1992 Series A Refunding Revenue Bonds	1993 to 2002	4.75% to 5.40%	$4,420	$547	$4,967
1992 Series B Refunding Revenue Bonds	1993 to 2006	4.75% to 5.75%	2,555	655	3,210
1992 Series C Refunding Revenue Bonds	1993 to 2008	4.65% to 5.70%	23,320	7,635	30,955
1992 Series D Revenue Bonds	1993 to 2003	4.85% to 5.60%	790	125	915
1992 Series E Revenue Bonds	1993 to 2003	5.00% to 5.60%	2,225	352	2,577
1994 Series Revenue Bonds	1995 to 2008	4.85% to 5.90%	2,625	855	3,480
1995 Series Revenue Refunding Bonds	1996 to 2001	4.10% to 4.40%	4,140	296	4,436
1998 Series A Revenue Bonds	1999 to 2025	3.90% to 4.75%	58,985	49,321	108,306
1998 Series B Refunding Revenue Bonds	1999 to 2012	3.50% to 4.75%	1,975	904	2,879
1998 Series C Refunding Revenue Bonds	1999 to 2012	3.50% to 4.75%	5,475	2,510	7,985
Total Bonds Payable			**$106,510**	**$63,200**	**$169,710**

Sinking fund requirements, in thousands, for the fiscal years subsequent to June 30, 1998 are as follows:

Bond Description	1999	2000	2001	2002	2003	Thereafter	Total
1992 Series A Refunding Revenue Bonds	$993	$993	$993	$995	$993		$4,967
1992 Series B Refunding Revenue Bonds	354	358	355	357	357	$1,429	3,210
1992 Series C Refunding Revenue Bonds	2,814	2,818	2,811	2,815	2,768	16,929	30,955
1992 Series D Revenue Bonds	153	152	155	153	150	152	915
1992 Series E Revenue Bonds	431	429	431	431	429	426	2,577
1994 Series Revenue Bonds	317	317	317	316	315	1,898	3,480
1995 Series Revenue Refunding Bonds	1,213	1,211	1,203	809			4,436
1998 Series A Revenue Bonds	2,785	2,785	3,964	3,965	3,968	90,839	108,306
1998 Series B Refunding Revenue Bonds	102	102	101	100	100	2,374	2,879
1998 Series C Refunding Revenue Bonds	281	280	279	277	280	6,588	7,985
Total Bonds Payable	**$9,443**	**$9,445**	**$10,609**	**$10,218**	**$9,360**	**$120,635**	**$169,710**

All bonds referred to above 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. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds. No amounts were outstanding at June 30, 1998, under these surety bonds.

The Authority has defeased several bonds by placing governmental securities into an irrevocable trust that is sufficient to provide for all future debt service payments on these bonds.

Consequently, the related liability was appropriately removed from the financial statements in the year of defeasance. The remaining outstanding debt payable by the trust as of June 30, 1998, for each bond issue follows:

Bond Issue	Amount Defeased	Remaining Liability
1978 Series A	$15,284,300	$9,505,000
1992 Series D	1,820,000	1,820,000
1992 Series E	5,090,000	5,090,000

The advance refunding of the 1992 Series D and Series E bonds allowed the Authority to reduce its aggregate debt service payments by approximately $128,000 and $279,000 over the remaining term of the bond. The refunding on the 1992 Series D and Series E bonds also resulted in an economic gain of approximately $89,000 and $402,000. The economic gain is defined as the difference between the present values of the old and new debt service payments.

The State's colleges and universities have entered into a number of long-term debt obligations for the purpose of funding various projects. The schools have the following debt, in thousands, secured by land, equipment, and student fees:

Bonds Payable	Maturity Dates	Interest Rates	Balance at June 30, 1998
Series A	2004	3.63%	$310
Series 1992	2002 to 2014	4.75% to 6.40%	9,195
Series 1993	2005 to 2017	4.40% to 5.50%	11,195
Series 1994	2001 to 2019	4.10% to 6.50%	20,160
Series 1995	2020	4.65% to 5.80%	5,975
Series 1996	1997 to 2013	4.10% to 5.85%	28,790
Series 1997	1997 to 2022	4.20% to 6.85%	33,390
Series 1998	1998 to 2022	3.65% to 5.20%	50,655
Total Bonds Payable			159,670
Notes Payable			
Secured by Future Revenues	7/20/1999	8.20%	21
Secured by Future Revenues	2004	5.43%	382
Unsecured	2010	3.00%	123
Unsecured	9/1/2016	5.14%	4,878
Other notes payable through the year 2017 with interest rates ranging from 5% to 10%			2,760
Total Notes Payable			8,164
Total Bonds and Notes Payable			**$167,834**

There are a number of limitations and restrictions contained in the various bond indentures.

Principal maturities on notes and bonds payable, in thousands, for future years ending June 30 are as follows:

Years	Principal Payable
1999	$5,707
2000	6,131
2001	6,847
2002	6,889
2003	7,139
Thereafter	135,121
Total	**$167,834**

On April 1, 1998, Idaho State University issued $12,400,000 in tax-exempt revenue bonds with an average interest rate of 4.57 percent. The purpose of the bond issue was to advance refund a portion of the 1992 Series and finance the Davis Field and Idaho Falls Student Union Building construction projects. The net proceeds of approximately $7.5 million (after payment of $155,000 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Treasury securities (State and Local Government Series). These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on $7,115,000 principal of 1992 Series bonds. Neither the debt nor the escrowed assets are reflected in the University's financial statements.

Idaho State University advance refunded a portion of the 1992 Series bonds to increase its total debt service payments over the next 16 years by approximately $225,000 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of approximately $336,000.

At June 30, 1998, debt in the amount of $19,115,800 for the University of Idaho is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds were invested in government securities and placed in escrow to assure timely payments of the maturities of those prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

The University of Idaho has an unsecured revolving line-of-credit with a bank for the purchase of real property, equipment, and other capital expenditures. The University may borrow at a variable or fixed rate based on the five-year U.S. Government Treasury Note Index less 1.35 percent. The minimum interest rate is 5.0 percent, and interest is due semi-annually on any outstanding balance. The maximum available line is $1,500,000 with $960,787 in outstanding borrowings at June 30, 1998.

On April 15, 1998, Boise State University issued $24,060,000 in tax-exempt general obligation bonds with an average interest rate of approximately 4.8 percent. The purpose of the bond issuance was to advance refund the outstanding 1992 Series Student Building Fee Revenue

Bonds and to fund future construction projects of the University. The net proceeds of approximately $5 million (after payment of $466,795 in underwriting fees, insurance and other issuance costs and depositing $17.5 million to the Project Account and $1 million to the Reserve Account) were used to purchase U.S. Treasury Securities (State and Local Government Series). These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on $4,845,000 principal of 1992 Series Bonds. As a result, these amounts are considered to be defeased and the liability has been removed from the bonds payable of the University.

On April 15, 1998, Boise State University issued $7,860,000 in tax-exempt general obligation bonds with an average interest rate of approximately 4.9 percent. The purpose of the bond issuance was to advance refund a portion of the outstanding 1992 Series Student Union and Housing System Refunding and Improvement Revenue Bonds. The net proceeds of approximately $7.7 million (after payment of $164,200 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Treasury securities (State and Local Government Series). These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on $7,290,000 principal of the 1992 Series bonds maturing from 2002 through 2015. As a result, these amounts are considered to be defeased and this portion of the liability had been removed from the bonds payable of the University.

Boise State University advance refunded the 1992 Series Bonds to reduce its total debt service payments over the next 25 years by approximately $201,000 to obtain an economic gain (the difference between the present values of the debt service payments on the old debt and the debt service payments on the new debt of approximately $700,000).

At June 30, 1998, debt in the amount of $12,135,500 for Boise State University (including amounts discussed above) is considered extinguished through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in government securities and placed in escrow to assure timely payments of the maturities of those prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

Boise State University had a bonds payable premium in the amount of $337,358.

In fiscal year 1998, Lewis and Clark State College issued $ 6,335,000 in tax-exempt revenue bonds with an average interest rate of 4.475 percent.

B. Discretely Presented Component Unit

Idaho Housing and Finance Association (IHFA) bonds were issued to provide sources of capital for housing persons of low or moderate incomes. The bonds are secured by mortgages, and repayments are made from the mortgage proceeds.

Bonds payable, in thousands, are:

Bond Types	Delivery Dates	Due Dates	Bond Yield	Amount	
Single Family Mortgage Purchase Bonds	3/78 to 3/83	1980 to 2015	5.80% to 9.55%	$8,785	*
Single Family Mortgage Bonds	4/88 to 6/98	1990 to 2029	4.92% to 8.31%	1,235,148	*
FHA Insured Housing Revenue Bonds	12/86 to 9/95	1993 to 2036	6.50% to 8.45%	18,408	
Insured Section 8 Assisted Housing Bonds	7/77 to 6/79	1980 to 2021	5.75% to 6.80%	20,650	*
Multifamily Housing/Refunding Bonds	5/94	1995 to 2013	6.57% to 8.12%	38,540	
General Obligation Bonds	3/90 to 3/94	1991 to 2004	5.00%	3,620	
Interest Payable				39,097	
Total				$1,364,248	

*The Idaho Legislature has authorized a continuing appropriation from the Idaho state sales tax account to the extent it is necessary to restore an annual deficiency in the Capital Reserve Funds. Of the $1,235,148,000 in Single Family Mortgage Bonds shown in the above table, $44,170,000 is subject to an appropriation of the state sales tax account to restore an annual deficiency in the capital reserve funds association with these bonds. The Capital Reserve Funds were established out of the proceeds of the previously identified bonds and are security for those bonds. As shown in the June 30, 1998, financial statements of IHFA, the bonds currently backed by the capital reserve fund totaled $64,820,000. The total principal amount of the bonds outstanding that are secured by a capital reserve fund and are entitled to a continuing appropriation from the state sales tax account shall not exceed $89,000,000. However the amount will never exceed the current outstanding bond total of $64,820,000.

Below is a schedule of IHFA principal debt maturities, in thousands, (not including interest payable) for the fiscal years subsequent to June 30, 1998:

Bonds	1999	2000	2001	2002	2003	Thereafter	Total
Single Family Mortgage Purchase Bonds	$855	$950	$990	$1,030	$1,045	$3,915	$8,785
Single Family Mortgage Bonds	69,454	30,075	34,467	34,531	37,304	1,029,317	1,235,148
FHA Insured Housing Revenue Bonds	264	196	199	202	221	17,326	18,408
Insured Section 8 Assisted Housing Bonds	620	665	700	745	785	17,135	20,650
Multifamily Housing/Refunding Bonds	1,450	835	910	1,000	1,090	33,255	38,540
General Obligation Bonds						3,620	3,620
Total	$72,643	$32,721	$37,266	$37,508	$40,445	$1,104,568	$1,325,151

Each bond issue is secured by the pledge of repayments of mortgage loans purchased with the bond proceeds and of all revenue earned relating to those bonds.

Serial bonds and term bonds are subject to redemption at the option of the Association and subject to the terms of the respective bond indenture or bond resolution, in whole or in part, on

various dates at prescribed redemption prices ranging from 100 to 103 percent. The bonds are also subject to special redemption from (i) unexpended proceeds of the bonds not committed to purchase mortgage loans, (ii) forfeited commitment fees, and (iii) early recoveries of principal and pledged receipts at any time.

IHFA also holds commercial paper in the amount of $15,000,000. This provides funds to purchase single family mortgage loans on an interim basis as well as financing for multifamily construction loans. Maturities range from 1 to 10 days and 9 to 74 days and have a weighted average interest rate of 5.585 and 5.805 percent, respectively.

NOTE 16. GRAND PRIZES RECEIVABLE AND PAYABLE

The State Lottery participates in a Multi-State Lottery Association (MUSL). Concurrent with the grand prize awards, MUSL purchased annuities to settle each of the grand prize obligations. The annuities were purchased at a discount from the total value of future payments. The discount is amortized over the 19-year life of the underlying annuity. Outstanding grand prizes have been claimed as follows:

Date Claimed	Amount Claimed
February, 1990	$2,000,000
January, 1991	$7,280,000
February, 1992	$12,323,201
November, 1992	$22,189,840
December, 1993	$1,000,000
June, 1994	$3,109,726
December, 1994	$3,666,267
June, 1995	$87,585,067
January, 1997	$48,288,730

In each instance, the winner is paid one-twentieth of the prize amount in the first year and receives 19 equal annual installments comprising the balance.

The following sets forth the remaining payments required under the grand prize obligations:

Fiscal Year Ending June 30	Amount
1999	$9,370,000
2000	9,370,000
2001	9,370,000
2002	9,370,000
2003	9,370,000
2004 and thereafter	101,671,000
	148,521,000
Amount Representing Interest	(57,688,733)
Total	**$90,832,267**

NOTE 17. CHANGES IN GENERAL LONG-TERM DEBT

The changes in the General Long-Term Debt Account Group for the fiscal year ended June 30, 1998, are summarized as follows:

	Balances at July 1, 1997 (as adjusted)	Increases	Decreases	Balances at June 30, 1998
Capital Leases	$3,702,718	$105,331	$440,141	$3,367,908
Compensated Absences	36,000,935		4,895,617	31,105,318
Notes, Bonds, and Contracts Payable	51,110,000	59,525,000	4,125,000	106,510,000
Totals	**$90,813,653**	**$59,630,331**	**$9,460,758**	**$140,983,226**

NOTE 18. RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations of fund equity represent amounts that are legally segregated and that cannot be appropriated in subsequent years. Designations of unreserved fund equity reflect tentative management plans or intent for future use of available financial resources.

Following is a list of reserves and designations used by the State and a description of each:

A. Fund Balances

At June 30, 1998, the following amounts of fund balance were reserved and designated:

Reservations and Designations of Fund Balances

	General	Special Revenue	Trust and Agency	Colleges and Universities	Totals
Fund Balances Reserved for:					
Bond Indentures				$18,384,856	$18,384,856
Capital Outlay		$51,230,087			51,230,087
Debt Service		2,566,098			2,566,098
Encumbrances	$18,783,950	77,701,054			96,485,004
Employees' Pension Benefits			$5,878,292,370		5,878,292,370
Loans and Notes	91,746	64,040,193	3,221,934	22,872,685	90,226,558
Endowment Principal			722,297,735	74,294,121	796,591,856
External Investment Fund Participants			572,932,787		572,932,787
Total Reserved Fund Balances	$18,875,696	$195,537,432	$7,176,744,826	$115,551,662	$7,506,709,616
Unreserved Fund Balances Designated for:					
Contingencies		$777,700			$777,700
Plant Funds				$18,893,296	18,893,296
Other Specified Purposes				16,651,063	16,651,063
Total Unreserved, Designated Fund Balances		$777,700		$35,544,359	$36,322,059

Changes in Reservations of Fund Balances

	General	Special Revenue	Trust and Agency	Colleges and Universities	Totals
Fund Balances - Beginning	$27,292,236	$110,562,503	$5,460,053,239	$0	$5,597,907,978
Increase (Decrease) in Reserved Fund Balances	(8,416,540)	84,974,929	1,716,691,587	115,551,662	1,908,801,638
Fund Balances - Ending	$18,875,696	$195,537,432	$7,176,744,826	$115,551,662	$7,506,709,616

The following subsections contain further descriptive information regarding the above reserved and designated components of fund balance.

Reserved for Bond Indentures - an account used to segregate a portion of fund balance for Colleges and University Funds, which relates to bond indentures.

Reserved for Capital Outlay - an account used to segregate a portion of fund balance for the blended component unit, Idaho State Building Authority, which relates to capital outlay.

Reserved for Debt Service - an account used to segregate a portion of fund balance for the blended component unit, Idaho State Building Authority, which relates to debt service.

Reserved for Encumbrances - an account used to segregate a portion of fund balance for commitments related to unperformed contracts.

Reserved for Employees' Pension Benefits - an account used to segregate a portion of fund balance for the specific future use of the retirement systems' members.

Reserved for Loans and Notes - an account used to segregate a portion of fund balance to reflect the amounts bound by contractual obligations and not available for current appropriations.

Reserved for Endowment Principal - an account used to segregate a portion of fund balance to indicate the principal amount of nonexpendable trust funds that is legally restricted for a specific future purpose.

Reserved for External Investment Fund Participants - an account used to segregate a portion of fund balance for the investments related to external participants in the Joint Exercise of Powers Trust Fund.

Designated for Contingencies - the amount of the unreserved fund balance management intends to use in the Wheat Commission for contingencies.

Designated for Plant Funds - the amount of the unreserved fund balance in the Colleges and University Funds management intends to use to finance the acquisition, construction, improvement renewal, or replacement of physical properties, and to pay debt service and retire indebtedness on institutional properties.

Designated for Other Specified Purposes - the amount of the unreserved fund balance in the Colleges and University Funds management intends to use for various operating purposes specific to individual higher education institutions.

B. Retained Earnings

At June 30, 1998, the following amounts of Retained Earnings were reserved and designated:

Reservations and Designations of Retained Earnings

	Internal Service	Component Unit
Retained Earnings Reserved for:		
Contract Requirements	$8,891,865	
Bond Indentures		$51,965,000

The following subsections contain further descriptive information regarding the above reserved and designated components of Retained Earnings:

Reserved for Contract Requirements - an account used to segregate a portion of fund equity for the contractually required life and health insurance coverages.

Reserved for Bond Indentures - an account used to segregate a portion of fund equity in the Idaho Housing and Finance Association for amounts restricted by bond indentures.

In addition to the above specific reservations and designations, management intends to use $6,387,770 of the Unreserved Retained Earnings in the Group Insurance Fund (internal service fund) as a buffer to protect the insured against significant increases in insurance premium rates. The Board of Idaho Housing and Finance Association (discretely presented component unit) has resolved to allocate $57,460,347 of the Unreserved Retained Earnings to internal reserve accounts in order to sustain expected debt issuance patterns and to maintain bond ratings at current or higher levels. Management also intends to use $5,701,653 of the Unreserved Retained Earnings for the retirement of bonds and another $6,703,000 for programmatic uses in connection with the Affordable Housing Investment Fund.

NOTE 19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The following enterprise funds are intended to be self-supporting through sales and user fees charged for various services to the general public, state, and other governmental entities:

Correctional Industries - provides employment for the inmates of the Department of Correction by producing and selling a wide range of products to wholesalers and state agencies.

Liquor Dispensary - controls the sale and distribution of liquor products in the State.

State Lottery - accounts for the operation of a state lottery to generate revenues for state buildings and public schools.

Segment information for these enterprise funds is summarized below:

Enterprise Funds Segment Information

	Correctional Industries	Liquor Dispensary	State Lottery	Total
Operating Revenues	$7,876,591	$58,185,961	$90,177,091	$156,239,643
Depreciation	183,289	60,116	497,549	740,954
Operating Income	625,283	9,665,189	20,608,319	30,898,791
Operating Transfers Out		(8,295,000)	(19,500,000)	(27,795,000)
Net Income	719,252	1,541,207	1,108,319	3,368,778
Property, Plant, and Equipment:				
Increase	337,794	5,905,724	488,110	6,731,628
Decrease	(346,914)	(3,217,578)	(497,549)	(4,062,041)
Net Increase (Decrease)	(9,120)	2,688,146	(9,439)	2,669,587
Net Working Capital	3,254,178	5,139,798	15,609,027	24,003,003
Total Assets	5,841,999	14,144,975	114,400,359	134,387,333
Bonds and Other Long-Term Liabilities		2,487,226	90,832,267	93,319,493
Total Equity	4,867,655	6,108,444	18,887,718	29,863,817

NOTE 20. LITIGATION

The State is a defendant in limited legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, and other alleged violations of state and federal laws. It is not possible, at the present time, to estimate the ultimate outcome or liability, if any, of the State in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material adverse effect on the financial condition of the State.

In ISEEO, et al. v. Evans, et al., the plaintiffs allege that the current public school system does not provide a "thorough" education as required by the Idaho Constitution. Plaintiffs allege that approximately $700 million to $1 billion in construction expenditures will be needed to bring public schools up to standards. The case has been dismissed three times by the district court and twice the Idaho Supreme Court has reversed the district court. The Idaho Supreme Court is reviewing the district court's most recent dismissal.

The State vigorously contests the allegation that Idaho's public school system is not thorough. Furthermore, the State considers it only a remote possibility that the courts would require payments that would be considered material. However, if the plaintiffs were ultimately successful, the Legislature would need to address the declaratory judgment requiring substantial expenditures by either raising revenues or reallocating expenditures.

NOTE 21. CONTINGENCIES

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 federal audits. The opinion of the State is that these refunds, if any, will not have a significant effect on the financial position of the State.

The State has received numerous letters of protest from life insurance companies doing business in the State. These letters of protest claim that the State is discriminating against foreign life insurance companies by allowing a separate premium rate for those companies with at least 25 percent of their assets invested in the State. The State vigorously contests such claims and in the opinion of the Attorney General of Idaho, it is unlikely the State would have to refund such payments if litigation were filed. Management's best estimate of contingent liabilities arising from these allegations is that such liabilities would not exceed $28,000,000 in the worst case. No accrual for these amounts has been made.

In American Trucking Assn., et al. v. Idaho Transportation Department, et al., the State is involved in a dispute over previously collected taxes in which the plaintiff claims foreign user fees are discriminatory. The State vigorously contests the claim and in the opinion of the Office of the Attorney General, it is unlikely that the State would be required to refund an estimated $55,000,000 of prior tax payments claimed.

Four separate companies have filed suit against the Idaho Potato Commission claiming damages under the anti-trust provisions of the United States Code in the amounts of $10,000,000 to $12,000,000 each. The case is in the initial stages of discovery. The Commission is vigorously defending these claims and believes there is no basis for the damages.

NOTE 22. COMMITMENTS

The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenditures. Accordingly, approximately $3.5 million of outstanding purchase orders and purchase commitments are encumbered by PERSI but not reported in the general purpose financial statements.

The State Lottery has contracted with GTECH, Inc., to install and operate the on-line lottery system. The contract, which was amended on August 6, 1997, expires June 30, 2000. Effective October 1, 1995, the State Lottery agreed to pay GTECH, Inc. 7.0 percent of gross, weekly on-line ticket sales and $6,000 per week for services related to the instant ticket validation system. The State Lottery paid $2,463,228 and $2,142,055 to GTECH, Inc. for the years ended June 30, 1998 and 1997, respectively.

The Department of Administration estimates there will be approximately $3,593,134 of additional costs to complete state buildings and other assets currently under construction. The

Departments of Correction, Parks and Recreation, and Transportation have a total of $1,684,269 in outstanding commitments for construction projects underway at year end.

The Idaho State Building Authority signed a contract for $49,986,944 with Corrections Corporation of America for the development and construction of the new prison facility. Of this amount, $5,638,710 has been expended as of June 30, 1998. The Authority also signed a $1,168,000 contract with CRSS Constructors, Inc. for project management services (CRSS Constructors will manage the construction of the new prison). Of this amount, $282,605 has been expended as of June 30, 1998. These commitments will be funded by the proceeds from the Idaho State Building Authority's 1998 Series A Building Revenue Bonds.

The Department of Correction has entered into a three-year contract with Correctional Corporation of America to operate the 1,200 bed prison that is under construction. The contract goes into effect November 1, 2000. Cost per inmate is $36.25 per day, with a potential cost for a full year at full occupancy of $15,877,500. Total potential cost for the three-year term of the contract is $47,632,500. The Department of Correction also had a contract with Correctional Medical Services that expired September 30, 1998. The remaining financial commitment under this agreement is approximately $1,500,000.

The Dairy Products Commission has entered into various agreements that commit it to $217,650 in future advertising, promotion, and research services, substantially all of which relate to services for calendar year 1998. In addition, the Commission annually commits to participate in a national advertising pool administered by Dairy Management, Inc. The Commission has specified that its 1998 advertising pool commitment will not exceed $2,300,000.

The Department of Health and Welfare administers the State Revolving Loan Fund. Clean Water loan commitments of $21,299,822 had been made but not disbursed at June 30, 1998. Clean Water loans are funded with 83 percent federal funds and 17 percent state matching dollars.

NOTE 23. YEAR 2000 DISCLOSURES

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, "Disclosures about Year 2000 Issues." The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, require the State to make disclosures about its state-of-readiness in addressing Year 2000 issues for its internal computer systems and equipment. The following required disclosure is provided under the provisions of Year 2000 Information and Readiness Disclosure Act, Public Law 105-271, which encourages the disclosure and exchange of information about computer-related issues in connection with the transition to the Year 2000 and constitutes a Year 2000 readiness disclosure under the same.

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations in the year

1999 and beyond. The Year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment containing computer chips that have date recognition features.

The State of Idaho has taken action relative to the Year 2000 problem, starting as far back as 1995. The Information Technology Resource Management Council (ITRMC) began efforts to identify, monitor and provide assistance to state agencies on mission critical systems from a statewide perspective. These activities included inventory collection, awareness training, reporting to the Legislature on Year 2000 budget requirements, mailing concerned vendor/customer questionnaires and third party compliance letters, and developing a Year 2000 audit program. By April 1997, ITRMC began its monthly agency Year 2000 project status reporting process, and is currently maintaining regular contact with individual state agencies and private industry on their respective progress.

The State has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and is subjecting those systems and equipment that are critical to conducting state operations to the following stages of work to address the Year 2000 issue:

Awareness Stage	Encompasses establishing a budget and project plan for dealing with Year 2000 issues.
Assessment Stage	The process of identifying all critical systems and individual components of these systems which may be affected by Year 2000 issues.
Remediation Stage	The process of making the changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems or switching to Year 2000-ready systems. Decisions are made on how to remediate the systems and the changes are made.
Validation/Testing	The process of validating and testing the changes made during the conversion process. This involves the development of test data and test scripts, the running of test scripts, and the review of test results. If the testing results show anomalies, the tested area is corrected and retested.

The State's Year 2000 work for its mission-critical systems and electronic equipment are in the following stages of work:

Statewide accounting and payroll systems - As of June 30, 1998, the State was remediating its statewide accounting and payroll systems. The State was validating and testing these systems as of November 30, 1998.

Statewide emergency communication systems - As of June 30, 1998, the Statewide Microwave Services System, which provides emergency two-way communication services, was in remediation. As of November 30, 1998, the State continued to remediate this system.

High frequency long-range local communication system - As of June 30, 1998, the State was remediating the high frequency long-range local communication system relied upon as backup for the National Guard. The State progressed to validating and testing this system as of November 30, 1998.

Wide Area Network (WAN) system - As of June 30, 1998, the State's primary WAN system, which is the hub of interagency connectivity and centralized internetworking resources, was in remediation. As of November 30, 1998, the State continued to remediate this system.

Health and Welfare systems - As of June 30, 1998, the State was validating and testing the mission critical systems related to its health and welfare programs. These systems included:

> FISCAL – Financial Information Systems with Cost Allocation, which is the agency accounting system used to monitor budget management, reporting, and federal grant accounting. Major subsystems include cost allocation, cash management, labor, fixed assets, and recipient-level trust management.
> MMIS – Medicaid Management Information Systems, which is the billing and payment system used to track Medicaid provider claims.
> EPICS – Eligibility Program Integrated Computer Systems, which is the primary eligibility system that tracks participants and processes cash payments.
> ICSES – Idaho Child Support Enforcement Systems, which track court orders and payments relating to child support.

As of November 30, 1998, the State continued to validate and test these systems.

Tax revenue and refund processing, and collection systems - As of June 30, 1998, the State was remediating its revenue, refund, and collection systems. The State remained in remediation of these systems as of November 30, 1998.

Warrant processing systems - As of June 30, 1998, the State was remediating its warrant redemption interface and ACH interface systems. As of November 30, 1998, the State was validating and testing these systems.

Transportation-related systems - As of June 30, 1998, the transportation-related mainframe, distributed and embedded systems were in the awareness stage. As of November 30, 1998, the State was assessing its transportation equipment with embedded systems, and remediating its mainframe and distributed systems. As of June 30, 1998, contracted amounts committed to this project totaled $290,000.

Employment-related services - As of June 30, 1998, the State's employment service system, which provides basic placement services and data tracking, was in remediation. Additionally, the unemployment insurance benefits payment system was in validation and testing. The employment service programs had progressed to validation and testing by November 30, 1998.

Idaho Law Enforcement Telecommunications System (ILETS) - As of June 30, 1998, the State was remediating the two major components of the ILETS system. As of November 30, 1998, the database server was replaced and was, along with the ILETS Message Switcher software, in the validation and testing stage.

Security systems and hardware upgrades - The security systems and the Department of Correction hardware upgrades were in the validation/testing stage at June 30, 1998. As of November 30, 1998, the State continued testing and validating these systems and hardware.

Individual agencies are solely responsible for the Year 2000 compliance of systems and equipment. Furthermore, portions of the State, which produce stand-alone financial statements (PERSI, Lottery, Boise State University, University of Idaho, Idaho State University, and Lewis and Clark State College) and certain state component units (Idaho State Building Authority, Idaho Housing and Finance Association, Idaho Life and Health Insurance Guaranty Association, and Petroleum Clean Water Trust Fund), had financial statements on which the auditor's report was dated prior to October 31, 1998. Consequently, disclosures on Year 2000 issues under GASB Technical Bulletin 98-1 for these major outside audits and component units are not included in this report.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the State and its component units are or will be Year 2000 ready, that the State's remediation efforts will be successful in whole or in part, or that parties with whom the State and its component units do business will be Year 2000 ready.

NOTE 24. ADJUSTED BEGINNING BALANCES

For the fiscal year 1998, additional information became available that required the restatement of fund equity amounts. The State re-examined the Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity," due to statutory changes. This resulted in reclassifying Petroleum Clean Water Trust Fund from an enterprise fund to a component unit and removing the State Insurance Fund, an enterprise fund, from the reporting entity. Fund balances have been adjusted accordingly. As a result, the beginning balances of Cash and Cash

Equivalents in the Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units decreased by $31,767,497 in the enterprise funds and increased by $2,130,919 in the component units. Nonexpendable trust fund beginning balance of Cash and Cash Equivalents decreased by $18,652,613 due to reclassification of Endowment refundable deposits to an agency fund. The following is a summary of prior period adjustments, which were reported in the accompanying financial statements for the year ended June 30, 1998:

Adjusted Beginning Balances

	Special Revenue	Investment Trust Fund	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	General Fixed Assets Account Group	General Long-Term Debt Account Group	College and University Funds	Component Units
A.	$304,167,832	$0	$232,187,793	$37,011,119	$635,127,254	$652,488,939	$81,013,653	$836,756,541	$122,723,967
B.		503,089,167							
C.			(31,408,344)						31,625,071
D.			(174,528,104)						
E.		1,934,009			6,251,697			232,512	2,732,406
F.	(5,142,507)		243,694	(164,500)		(6,572,646)	9,800,000		
G.	$299,025,325	$505,023,176	$26,495,039	$36,846,619	$641,378,951	$645,916,293	$90,813,653	$836,989,053	$157,081,444

A. Beginning Balances, as previously reported.
B. Change in classification of State Treasurer's external investment pool from an ageny fund to an investment trust fund in accordance with GASB 31.
C. Change in classification of Petroleum Clean Water Trust Fund in accordance with GASB 14, (due to change in Idaho Code), and accounting correction related to prior years.
D. Removal of State Insurance Fund in accordance with GASB 14 (due to change in Idaho Code).
E. Cumulative effect of change in accounting principle from reporting investments at cost to reporting investments at fair value, GASB 31.
F. Accounting corrections related to prior years.
G. Beginning Balances as adjusted.

At June 30,1997, the assets and liabilities of the State Treasurer's Joint Exercise of Powers Investment Pool were shown in an agency fund. During fiscal year 1998, the implementation of GASB 31 resulted in reporting certain investments at fair value rather than cost and reporting the external portion of the State's external investment pool in a new fund type, an investment trust fund.

At June 30, 1997, the assets and liabilities of the Sick Leave/Insurance Reserve Fund were shown in an agency fund. During fiscal year 1998, the State's portion of these monies was reclassified. Assets and liabilities of $32,949,331 are presented in the General Fund, and $5,100,000, the unfunded portion, is presented in the General Long-Term Debt Account Group at June 30, 1998. This reclassification did not affect the General Fund's beginning fund balance.

NOTE 25. SEGMENT INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

The State has three proprietary-type component units. Component units are organizations, which are legally separate, but the State is ultimately financially accountable, or the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the State and governed by separate boards or commissions. The three component units are described in the following paragraphs:

The Idaho Housing and Finance Association. The Idaho Housing and Finance Association was created by the Idaho Legislature in Idaho Code, Title 67, Chapter 62, for the purpose of building and rehabilitating residential housing for persons of low income. The Governor appoints the Board to fixed overlapping four-year terms. A financial benefit/burden relationship exists between the State and the Association. The Association is entitled to appropriation from the state sales tax account to back certain capital reserve funds for bonds outstanding. After January 1, 1996, the Association was precluded from issuing debt backed by an appropriation from the state sales tax account. As of June 30, 1998, the outstanding bonds entitled to a continuing appropriation from the state sales tax account totaled $64,820,000. The Association is presented discretely as an enterprise fund. Their audit report, dated August 21, 1998, was issued under separate cover for the year ended June 30, 1998.

Idaho Life and Health Insurance Guaranty Association. The Idaho Life and Health Insurance Guaranty Association is a nonprofit organization authorized by the Idaho Life and Health Insurance Guaranty Association Act of 1977, Idaho Code, Title 41, Chapter 43. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The Act applies to direct and supplemental life and disability policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho. The board members are selected by member insurers; however, the Director of Insurance has veto power and may dismiss management at will. Insurers may offset assessments against their premium taxes to the extent of twenty percent of the amount of such assessment for each of the five calendar years following the year in which the assessment was paid. An allowable offset, or portion thereof, not used in any calendar year cannot be carried over or back to any other year. This imposes a direct financial burden on the State. The Association is presented discretely as an enterprise fund. Their audit report, dated March 20, 1998, was issued under separate cover for the year ended December 31, 1997.

Petroleum Clean Water Trust Fund. Idaho Code, Title 41, Chapter 49, creates the Petroleum Clean Water Trust Fund to provide pollution liability insurance to eligible owners and operators of petroleum storage tanks. The Fund is subject to the direction and

supervision of the manager of the State Insurance Fund. The State approves and may modify the Fund's annual budget and thereby has the ability to impose its will on the Fund. The Fund is presented discretely as an enterprise fund. Their audit report, dated September 8, 1998, was issued under separate cover for the year ended December 31, 1997.

The following component unit financial statements include condensed information for the above component units:

Balance Sheet
Discretely Presented Component Units - Proprietary Funds
June 30, 1998

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
Assets				
Cash Equity with Treasurer			$1,973,607	$1,973,607
Cash and Cash Equivalents	$30,089,000	$597,584		30,686,584
Investments	338,373,000	13,040,637	40,441,102	391,854,739
Deferred Bond Financing Costs	17,089,000			17,089,000
Notes and Mortgages Receivable	1,131,765,000			1,131,765,000
Other Assets	1,755,000	96,876	618,983	2,470,859
Fixed Assets - Net	9,108,000	1,070	32,441	9,141,511
Total Assets	**$1,528,179,000**	**$13,736,167**	**$43,066,133**	**$1,584,981,300**
Liabilities and Fund Equity				
Liabilities				
Accounts Payable and Other Liabilities	$3,221,000	$5,653,931	$1,750,287	$10,625,218
Deposits	13,438,000			13,438,000
Deferred Revenue		5,542		5,542
Notes, Bonds, and Contract Payable	1,379,248,000			1,379,248,000
Policy Claim Liabilities		19,691	4,546,689	4,566,380
Total Liabilities	1,395,907,000	5,679,164	6,296,976	1,407,883,140
Fund Equity				
Retained Earnings				
Reserved	51,965,000			51,965,000
Unreserved	80,307,000	8,057,003	36,769,157	125,133,160
Total Fund Equity	132,272,000	8,057,003	36,769,157	177,098,160
Total Liabilities and Fund Equity	**$1,528,179,000**	**$13,736,167**	**$43,066,133**	**$1,584,981,300**

Statement of Revenues, Expenses and Changes in Retained Earnings
Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1998

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
Operating Revenues				
Licenses, Permits, and Fees	$6,209,000		$4,896,374	$11,105,374
Sales of Services, Goods, and Property		$42,133		42,133
Interest and Other Investment Income	75,008,000			75,008,000
Miscellaneous Income	867,000	1,114,469	102,962	2,084,431
Total Operating Revenues	82,084,000	1,156,602	4,999,336	88,239,938
Operating Expenses				
Personnel Costs	3,854,000	89,652		3,943,652
Services	2,978,000	80,795	2,187,670	5,246,465
Insurance, Utilities, and Rent		22,944		22,944
Miscellaneous	694,000	6,936,208		7,630,208
Depreciation	464,000	1,041	3,990	469,031
Awards, Contributions, and Claims		63,300	360,940	424,240
Total Operating Expenses	7,990,000	7,193,940	2,552,600	17,736,540
Operating Income (Loss)	74,094,000	(6,037,338)	2,446,736	70,503,398
Nonoperating Revenues (Expenses)				
Interest Income		771,104		771,104
Investment Income	16,471,000		2,457,103	18,928,103
Net Inc (Dec) in Fair Value of Investment	8,091,000	55,864	240,247	8,387,111
Interest Expense	(77,353,000)			(77,353,000)
Other	(1,220,000)			(1,220,000)
Total Nonoperating Revenues (Expenses)	(54,011,000)	826,968	2,697,350	(50,486,682)
Net Income (Loss)	20,083,000	(5,210,370)	5,144,086	20,016,716
Beginning Retained Earnings, as Adjusted	112,189,000	13,267,373	31,625,071	157,081,444
Ending Retained Earnings	**$132,272,000**	**$8,057,003**	**$36,769,157**	**$177,098,160**

NOTE 26. SUBSEQUENT EVENTS

Subsequent to June 30, 1998, the Idaho Housing and Finance Association issued Single Family Mortgage Bonds 1998 Series F and Single Family Mortgage Bonds 1998 Series G, each in the amount of $30,000,000.

Subsequent to June 30, 1998, the Idaho electorate voted to establish new procedures for handling endowment fund investments. This includes placing the Endowment Fund Investment Board under the Land Board and creates some new funds to allow proper tracking of principal and earnings in the endowment funds. This legislation is scheduled to take effect on July 1, 2000, provided the Legislature amends the Idaho Constitution. In addition, the endowment fund type classification will be reviewed in 1999.

Subsequent to June 30, 1998, Article VIII, Section 1, of the Idaho Constitution was modified to eliminate the $2 million aggregate limitation on debts or liabilities created by the Legislature. This does not apply to liabilities incurred for ordinary operating expenses, nor does it apply to debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies created by law, which have no power to levy taxes or obligate the General Fund of the State, are not debts or liabilities of the State.

Subsequent to June 30, 1998, the State negotiated a tobacco settlement, as part of a national settlement, which was approved by the state court. The court action means that the State will reach “state specific finality” on January 14, 1999, when the time for appeal has expired. The state court’s approval is the final court action required to implement the settlement agreement and restrict marketing and advertising by the tobacco industry in our state. Under the financial terms of the settlement agreement, the State will receive payments of approximately $30 million per year forever, with $712 million to be paid by the year 2025. The first payment, expected to be approximately $8.7 million, could reach Idaho as early as April 1999. The federal government may assert a claim for a part of the settlement to the extent it reflects Medicaid reimbursement.

Required Supplementary Information

CENTRAL IDAHO

Central Idaho is an endless source of enchantment, a palette of incalculable wonders whose reflections and patterns are ever changing. Streams ripple like white strings of beads. Unearthly flows of lava are frozen in time. Vast rolling acres of high meadows share a vista with alpine lakes, each cool and perfect. The profound emotional power of this land, where nature's touch is indelible, leaves one feeling smaller and stronger.

Schedules of Funding Progress
For the Fiscal Years 1993 – 1998

Actuarial Valuation Date	(1) Actuarial Market Value of Assets	(2) Accrued Liability (AAL) Entry Age	(3) PV of Future ORP Contributions	(4) Unfunded AAL (UAAL) (2) – (1) – (3)	(5) Funded Ratios (1) : (2 – 3)	(6) Annual Covered Payroll	(7) UAAL as a Percentage of Covered Payroll (4) : (6)
PERSI Plan (dollars in millions)							
7/1/93	$2,434.7	$3,206.3	$31.6	$ 740.0	76.7%	$1,309.0	56.5%
7/1/94	2,591.4	3,666.1	34.1	1,040.6	71.3	1,402.0	74.2
7/1/95	3,087.3	4,077.8	38.4	952.1	76.4	1,525.0	62.4
7/1/96	3,761.2	4,461.5	60.8	639.5	85.5	1,497.4	42.7
7/1/97	4,609.8	4,801.9	63.2	128.9	97.3	1,575.5	8.2
7/1/98	5,488.2	5,060.0	65.7	(493.9)	109.9	1,627.7	(30.3)
Firemen's Retirement Fund (dollars in millions)							
7/1/96	$132.1	$246.7		$114.6	53.5%	$24.6	465.9%
7/1/97			no valuation				
7/1/98	179.0	284.0		105.0	63.0	28.0	375.0

FRF actuarial valuations are performed biennially.

Judges' Retirement Plan (dollars in thousands)							
7/1/95	$27,075	$25,999		$ (1,076)	104.1%	$3,304	0.0%
7/1/96			no valuation				
7/1/97	39,720	29,544		(10,176)	134.4	3,611	0.0
7/1/98			no valuation				

JRP actuarial valuations are performed biennially.

Department of Labor's Retirement Plan (dollars in thousands)							
9/30/92	$ 79,514	$ 84,771		$5,257	93.8%	$8,377	62.8%
9/30/93	86,258	88,041		1,783	98.0	8,606	20.7
9/30/94	91,612	93,145		1,533	98.4	8,357	18.3
9/30/95	98,475	98,475*		0	100.0	8,036	0.0
9/30/96	104,958	104,958*		0	100.0	7,327	0.0
9/30/97	113,193	109,992*		(3,201)	102.9	7,343	0.0

* The September 30, 1995, valuation changed from an entry age cost to an aggregate cost method.

Schedules of Employer Contributions
For the Fiscal Years 1993 - 1998

PERSI Plan
Employer Contributions (dollars in millions)

Year Ended June 30	Annual Required Contribution	Annual Required Contribution %	Percentage Contributions
1993	$124.8	9.54%	100.0%
1994	146.2	10.43	100.0
1995	173.6	11.39	100.0
1996	176.5	11.63	100.0
1997	185.9	11.64	100.0
1998	172.3	10.41	100.0

Firemen's Retirement Fund
Employer Contributions (dollars in millions)

Year Ended June 30	Annual Required Contribution	Annual Required Contribution %	Percentage Contributions
1996	$7.25	15.40%	100.0%
1997	9.45	15.40	79.2
1998	9.45	17.24	84.7

FRF actuarial valuations are performed biennially.

Department of Labor Retirement Plan
Employer Contributions (dollars in thousands)

Year Ended June 30	Annual Required Contribution	Annual Required Contribution %	Percentage Contributions
1992	$1,830	12.72%	100.0%
1993	1,902	12.73	100.0
1994	1,586	11.93	100.0
1995	1,169	11.94	100.0
1996	1,058	11.89	100.0
1997	504	6.87	102.0

Notes to the Required Supplementary Schedules
For the Fiscal Year Ended June 30, 1998

The required supplementary information presented in this report was determined as part of the actuarial valuations as of the dates indicated. The following tables present the notes to the required supplementary information, which contain additional information as of the latest actuarial valuations:

1. **Actuarial Information – The PERSI Plan and Firemen's Retirement Fund**

	PERSI Plan	FRF
Valuation date	July 1, 1998	July 1, 1998
Actuarial cost method	Entry Age Actuarial Cost	Entry Age Actuarial Cost
Amortization method	Level Percentage of Projected Payroll	Level Dollar
Remaining amortization period under the open approach	Not Applicable	18.8 years
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.25%	5.25%
Postretirement benefit increase	1.00%	5.25%
Inflation rate	4.25%	0.00%

2. **Actuarial Information – Judges' Retirement Plan**

Valuation date	July 1, 1997
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Percentage of Projected Payroll
Remaining amortization period under the open approach	Not Applicable
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.00%
Postretirement benefit increase	5.00%
Inflation rate	0.00%

3. **Actuarial Information – Department of Labor's Retirement Plan**

Valuation date	September 30, 1997
Actuarial cost method	Aggregate Actuarial Cost
Amortization method	Not Applicable
Remaining amortization period under the open approach	Not Applicable
Asset valuation method	Market Value (except the Fixed Dollar Account is at cost)
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.00%
Postretirement benefit increase	4.00%
Inflation Rate	0.00%

The Aggregate Actuarial Cost Funding Method, by its nature, does not identify or separately amortize unfunded actuarial liabilities, therefore, neither the amortization method nor the amortization period in the above schedule are applicable.

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

Combining Financial Statements and Schedules

SOUTH CENTRAL IDAHO

A waterfall higher than Niagra.
Rock monoliths 60 stories tall.
The beautiful secrets of this
once forbidden land are only now
becoming known to the world.
Irrigation has made South Central Idaho
a veritable paradise, one of the richest
farming areas in America.

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

SPECIAL REVENUE FUNDS account for specific revenues designated to finance specific functions of government. The following provides a brief description of significant special revenue funds.

The FISH AND GAME FUND accounts for revenues and expenditures associated with enforcing and administering the fish and game laws in Idaho and to perpetuate and manage the State's wildlife resources. Funding is provided from dedicated user fees and federal grants.

The HEALTH AND WELFARE FUND accounts for revenues and expenditures associated with administering public assistance, medical care, foster care, child support enforcement, and other relief to the eligible citizens of Idaho. Funding is provided from the General Fund, federal grants, dedicated user fees, and various other sources.

The TRANSPORTATION FUND accounts for revenues and expenditures associated with highway construction and maintenance. Funding is provided from motor vehicle related taxes and user fees, as well as various federal highway administration funds.

The FEDERAL FUND accounts for a portion of the revenues and expenditures associated with federal grants received by the State. Federal grants are also included in the Fish and Game Fund, Health and Welfare Fund, and Transportation Fund.

The REGULATORY FUND accounts for revenues and expenditures associated with various professional licensing and monitoring functions. The major source of funding is license fees.

The AGRICULTURE AND NATURAL RESOURCES FUND accounts for revenues and expenditures associated with the maintenance, preservation, and regulation of the State's parks, water, and agricultural resources. Funding is provided from dedicated user fees, sale of services or goods, and various other sources.

The MISCELLANEOUS FUND accounts for revenues, expenditures, and other financial activities associated with general government services where the major source of funding is provided by fees, sale of services or goods, or other income restricted to expenditure for specific purposes.

The IDAHO STATE BUILDING AUTHORITY accounts for construction and financing of facilities, such as office buildings and parking garages to be used by the State. The Building Authority is a blended component unit.

Combining Balance Sheet
Special Revenue Funds
June 30, 1998

	Fish and Game	Health and Welfare	Transportation	Federal
Assets				
Cash Equity with Treasurer	$9,487,551	$47,163,781	$107,852,531	$4,018,608
Cash and Cash Equivalents				
Investments	4,962,788	4,647,394	597,286	
Accounts Receivable - Net		7,268,052	19,202,588	53,614
Due from Other Funds	63,406	27,888	33,420	200,893
Due from Other Governments	2,308,814	98,593,380	14,435,228	11,849,029
Notes/Mortgages Receivable - Net		55,251,126	362,014	
Other Assets	41,877	1,926,454	15,754	88,426
Total Assets	$16,864,436	$214,878,075	$142,498,821	$16,210,570
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Other Liabilities	$958,167	$112,302,319	$33,488,864	$6,945,325
Payroll and Compensated Absences Payable	1,779,399	9,044,359	4,574,066	2,937,831
Deposits	6,500	3,365,634	597,286	
Due to Other Funds	154,574	698,076	298,240	727,821
Due to Other Governments				
Deferred Revenue		13,384	1,084,135	1,769,169
Total Liabilities	2,898,640	125,423,772	40,042,591	12,380,146
Fund Balances				
Reserved	1,141,279	55,425,098	65,369,943	1,734,684
Unreserved	12,824,517	34,029,205	37,086,287	2,095,740
Total Fund Balances	13,965,796	89,454,303	102,456,230	3,830,424
Total Liabilities and Fund Balances	$16,864,436	$214,878,075	$142,498,821	$16,210,570

Regulatory	Agriculture and Natural Resources	Miscellaneous	Idaho State Building Authority	Total
$38,566,015	$64,041,348	$32,145,093		$303,274,927
819,732	2,925,108	3,474,525	$5,985,354	13,204,719
273,648	5,324,570	5,015,211	54,307,468	75,128,365
278,626	2,568,872	775,761		30,147,513
88,672	126,901	163,738		704,918
	1,088,002	672,110		128,946,563
23,530	8,403,523			64,040,193
37,053	1,169,796	38,472	966,757	4,284,589
$40,087,276	$85,648,120	$42,284,910	$61,259,579	$619,731,787
$564,834	$1,699,787	$1,004,928	$2,911,158	$159,875,382
937,199	1,093,823	989,651		21,356,328
44,813	6,984,076	500		10,998,809
165,378	16,054	63,388		2,123,531
	1,214			1,214
682,943	6,911,728	432,393		10,893,752
2,395,167	16,706,682	2,490,860	2,911,158	205,249,016
350,190	16,416,466	1,303,587	53,796,185	195,537,432
37,341,919	52,524,972	38,490,463	4,552,236	218,945,339
37,692,109	68,941,438	39,794,050	58,348,421	414,482,771
$40,087,276	$85,648,120	$42,284,910	$61,259,579	$619,731,787

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 1998

	Fish and Game	Health and Welfare	Transportation	Federal	Regulatory
Revenues					
Sales Tax		$4,800,000	$8		
Other Taxes		13,044,590	235,507,172		$50,739,041
Licenses, Permits, and Fees	$23,488,240	6,285,956	58,097,456	$4,164	26,776,844
Sale of Services, Goods, and Property	365,071	37,923,618	7,798,012	438,650	411,902
Grants and Contributions	20,307,406	536,905,506	123,662,569	190,442,266	54,805
Interest and Other Investment Income	868,548	3,907,424	5,206,198	32,224	608,777
Rent and Lease Income	30,384	101,014	448,768	3,421	12,491
Miscellaneous Income	2,225,238	19,186,232	1,132,924	142,555	767,966
Net Inc (Dec) in Fair Value of Investments	36,592	(4,307)			
Total Revenues	47,321,479	622,150,033	431,853,107	191,063,280	79,371,826
Expenditures					
Current					
General Government		20,630,730		290,963	1,221,410
Public Safety and Correction				15,159,360	
Agriculture and Economic Development	100,000	18,204		46,763,332	30,498,389
Natural Resources	41,278,836	22,736,025		2,928,829	377,169
Health		641,966,954			
Public Education		4,797		1,835,562	
Human Services		118,119,622		560,995	
Transportation			215,384,549		
Capital Outlay	3,921,935	6,386,059	175,264,099	5,500,434	965,768
Intergovernmental		26,513,238	3,348,091	115,404,049	
Total Expenditures	45,300,771	836,375,629	393,996,739	188,443,524	33,062,736
Revenues Over (Under) Expenditures	2,020,708	(214,225,596)	37,856,368	2,619,756	46,309,090
Other Financing Sources (Uses)					
Operating Transfers In	3,005	233,916,556		22,360	4,999,824
Operating Transfers Out			(12,766,201)	(350,089)	(50,115,585)
Proceeds from Bond Issues					
Proceeds of Refunding Bonds					
Payment to Refunded Bond Escrow Agent					
Total Other Financing Sources (Uses)	3,005	233,916,556	(12,766,201)	(327,729)	(45,115,761)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,023,713	19,690,960	25,090,167	2,292,027	1,193,329
Fund Balances - Beginning of Year, as Adjusted	11,942,083	69,763,343	77,366,063	1,538,397	36,498,780
Fund Balances - End of Year	$13,965,796	$89,454,303	$102,456,230	$3,830,424	$37,692,109

Agriculture and Natural Resources	Miscellaneous	Idaho State Building Authority	Total
$3,455	$8		$4,803,471
23,103,080	18,834,392		341,228,275
24,566,055	9,075,237		148,293,952
7,009,946	9,538,071		63,485,270
2,790,786	12,601,589		886,764,927
4,378,227	775,525	$1,421,819	17,198,742
1,049,027	197,979	6,279,414	8,122,498
2,115,166	7,484,140		33,054,221
	44,007		76,292
65,015,742	58,550,948	7,701,233	1,503,027,648
1,857,879	5,992,305	8,969,915	38,963,202
470,117	25,019,257		40,648,734
28,922,861	14,300,007		120,602,793
13,240,976	3,030,701		83,592,536
			641,966,954
	4,748,119		6,588,478
	124,838		118,805,455
682,598			216,067,147
4,339,502	3,216,961	8,176,937	207,771,695
6,125,909	10,501,488		161,892,775
55,639,842	66,933,676	17,146,852	1,636,899,769
9,375,900	(8,382,728)	(9,445,619)	(133,872,121)
1,068,076	13,491,702		253,501,523
(411,239)	(53,842)		(63,696,956)
		59,525,000	59,525,000
		6,910,000	6,910,000
		(6,910,000)	(6,910,000)
656,837	13,437,860	59,525,000	249,329,567
10,032,737	5,055,132	50,079,381	115,457,446
58,908,701	34,738,918	8,269,040	299,025,325
$68,941,438	$39,794,050	$58,348,421	$414,482,771

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis) - Special Revenue Funds
For the Fiscal Year Ended June 30, 1998

	Fish and Game		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
Revenues			
Sales Tax			
Other Taxes			
Licenses, Permits, and Fees	$23,459,112	$23,459,112	
Sale of Services, Goods, and Property	473,644	473,644	
Grants and Contributions	20,225,103	20,225,103	
Interest and Other Investment Income	838,506	838,506	
Rent and Lease Income	30,384	30,384	
Miscellaneous Income	2,160,148	2,160,148	
Total Revenues	47,186,897	47,186,897	
Expenditures			
General Government			
Public Safety and Correction			
Agriculture and Economic Development	100,000	100,000	
Natural Resources	59,135,087	45,897,483	$13,237,604
Health			
Public Education			
Human Services			
Transportation			
Total Expenditures	$59,235,087	45,997,483	$13,237,604
Revenues Over (Under) Expenditures		1,189,414	
Other Financing Sources (Uses)			
Operating Transfers In		3,005	
Operating Transfers Out			
Proceeds from Bond Issues			
Proceeds of Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Total Other Financing Sources (Uses)		3,005	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		1,192,419	
Reconciling Items			
Changes Effected by Accrued Revenues		134,582	
Changes Effected by Accrued Expenditures		696,712	
Fund Balances - Beginning of Year, as Adjusted		11,942,083	
Fund Balances - End of Year		$13,965,796	

Continued

Health and Welfare			Transportation		
Budget	**Actual**	**Variance Favorable (Unfavorable)**	**Budget**	**Actual**	**Variance Favorable (Unfavorable)**
$4,800,000	$4,800,000		$8	$8	
13,032,848	13,032,848		235,060,091	235,060,091	
5,886,620	5,886,620		58,673,754	58,673,754	
38,065,735	38,065,735		7,699,102	7,699,102	
458,244,693	458,244,693		129,350,563	129,350,563	
1,971,521	1,971,521		5,190,444	5,190,444	
112,414	112,414		247,723	247,723	
19,118,498	19,118,498		752,558	752,558	
541,232,329	541,232,329		436,974,243	436,974,243	
27,742,258	25,712,279	$2,029,979			
18,204	18,204				
57,883,711	29,585,638	28,298,073			
608,414,910	582,566,043	25,848,867			
92,828	57,103	35,725			
175,188,160	128,770,710	46,417,450			
			497,936,916	403,470,717	$94,466,199
$869,340,071	766,709,977	$102,630,094	$497,936,916	403,470,717	$94,466,199
	(225,477,648)			33,503,526	
	233,916,556			(12,766,201)	
	233,916,556			(12,766,201)	
	8,438,908			20,737,325	
	80,917,704			(5,121,136)	
	(69,665,652)			9,473,978	
	69,763,343			77,366,063	
	$89,454,303			$102,456,230	

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis) - Special Revenue Funds
For the Fiscal Year Ended June 30, 1998

	Federal		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
Revenues			
Sales Tax			
Other Taxes			
Licenses, Permits, and Fees	$4,114	$4,114	
Sale of Services, Goods, and Property	65,663	65,663	
Grants and Contributions	186,189,588	186,189,588	
Interest and Other Investment Income	32,224	32,224	
Rent and Lease Income	3,421	3,421	
Miscellaneous Income	133,349	133,349	
Total Revenues	186,428,359	186,428,359	
Expenditures			
General Government	403,598	318,111	$85,487
Public Safety and Correction	29,827,027	21,636,631	8,190,396
Agriculture and Economic Development	70,901,648	67,306,476	3,595,172
Natural Resources	5,902,786	3,667,311	2,235,475
Health			
Public Education	102,260,558	90,453,694	11,806,864
Human Services	5,905,869	5,790,723	115,146
Transportation			
Total Expenditures	$215,201,486	189,172,946	$26,028,540
Revenues Over (Under) Expenditures		(2,744,587)	
Other Financing Sources (Uses)			
Operating Transfers In		22,360	
Operating Transfers Out		(350,089)	
Proceeds from Bond Issues			
Proceeds of Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Total Other Financing Sources (Uses)		(327,729)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		(3,072,316)	
Reconciling Items			
Changes Effected by Accrued Revenues		4,634,921	
Changes Effected by Accrued Expenditures		729,422	
Fund Balances - Beginning of Year, as Adjusted		1,538,397	
Fund Balances - End of Year		$3,830,424	

Continued

Regulatory			Agriculture and Natural Resources		
Budget	**Actual**	**Variance Favorable (Unfavorable)**	**Budget**	**Actual**	**Variance Favorable (Unfavorable)**
			$3,455	$3,455	
$50,846,751	$50,846,751		22,711,992	22,711,992	
27,115,857	27,115,857		24,428,611	24,428,611	
417,911	417,911		6,633,197	6,633,197	
54,805	54,805		728,853	728,853	
610,051	610,051		4,172,227	4,172,227	
12,974	12,974		1,072,262	1,072,262	
763,199	763,199		1,632,677	1,632,677	
79,821,548	79,821,548		61,383,274	61,383,274	
1,229,245	1,229,245		2,879,773	1,767,522	$1,112,251
			8,170,000	609,390	7,560,610
31,182,652	29,033,861	$2,148,791	31,902,216	29,485,362	2,416,854
610,210	399,482	210,728	39,093,177	23,260,455	15,832,722
			926,191	858,780	67,411
$33,022,107	30,662,588	$2,359,519	$82,971,357	55,981,509	$26,989,848
	49,158,960			5,401,765	
	4,999,824			1,068,076	
	(50,115,585)			(411,239)	
	(45,115,761)			656,837	
	4,043,199			6,058,602	
	(449,722)			3,632,468	
	(2,400,148)			341,667	
	36,498,780			58,908,701	
	$37,692,109			$68,941,438	

Combining Statement Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Budgetary Basis) - Special Revenue Funds
For the Fiscal Year Ended June 30, 1998

	Miscellaneous		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
Revenues			
Sales Tax	$8	$8	
Other Taxes	16,101,440	16,101,440	
Licenses, Permits, and Fees	8,968,348	8,968,348	
Sale of Services, Goods, and Property	6,936,956	6,936,956	
Grants and Contributions	9,949,271	9,949,271	
Interest and Other Investment Income	773,323	773,323	
Rent and Lease Income	135,047	135,047	
Miscellaneous Income	7,057,669	7,057,669	
Total Revenues	49,922,062	49,922,062	
Expenditures			
General Government	6,361,376	6,208,339	$153,037
Public Safety and Correction	31,775,058	28,490,343	3,284,715
Agriculture and Economic Development	20,873,158	17,948,287	2,924,871
Natural Resources	10,353,673	8,003,265	2,350,408
Health			
Public Education	8,830,614	7,389,513	1,441,101
Human Services	179,287	140,907	38,380
Transportation			
Total Expenditures	$78,373,166	68,180,654	$10,192,512
Revenues Over (Under) Expenditures		(18,258,592)	
Other Financing Sources (Uses)			
Operating Transfers In		13,491,702	
Operating Transfers Out		(53,842)	
Proceeds from Bond Issues			
Proceeds of Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Total Other Financing Sources (Uses)		13,437,860	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		(4,820,732)	
Reconciling Items			
Changes Effected by Accrued Revenues		8,628,886	
Changes Effected by Accrued Expenditures		1,246,978	
Fund Balances - Beginning of Year, as Adjusted		34,738,918	
Fund Balances - End of Year		$39,794,050	

Idaho State Building Authority			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			$4,803,471	$4,803,471	
			337,753,122	337,753,122	
			148,536,416	148,536,416	
			60,292,208	60,292,208	
			804,742,876	804,742,876	
$1,421,819	$1,421,819		15,010,115	15,010,115	
6,279,414	6,279,414		7,893,639	7,893,639	
			31,618,098	31,618,098	
7,701,233	7,701,233		1,410,649,945	1,410,649,945	
17,146,852	17,146,852		55,763,102	52,382,348	$3,380,754
			69,772,085	50,736,364	19,035,721
			154,977,878	143,892,190	11,085,688
			172,978,644	110,813,634	62,165,010
			608,414,910	582,566,043	25,848,867
			111,184,000	97,900,310	13,283,690
			181,273,316	134,702,340	46,570,976
			498,863,107	404,329,497	94,533,610
$17,146,852	17,146,852		$1,853,227,042	1,577,322,726	$275,904,316
	(9,445,619)			(166,672,781)	
				253,501,523	
				(63,696,956)	
	59,525,000			59,525,000	
	6,910,000			6,910,000	
	(6,910,000)			(6,910,000)	
	59,525,000			249,329,567	
	50,079,381			82,656,786	
				92,377,703	
				(59,577,043)	
	8,269,040			299,025,325	
	$58,348,421			$414,482,771	

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

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

The CORRECTIONAL INDUSTRIES FUND provides employment for prisoners of the Idaho State Prison. Correctional Industries manufactures and sells a variety of items, including license plates, furniture, highway signs, printing services, dairy and meat products, and other miscellaneous products and services.

The LIQUOR DISPENSARY FUND was established by the Legislature in 1939. The Dispensary's purpose is to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. A portion of the surplus from the Fund is transferred to the State's General Fund, the Public School Income Fund, and other funds as dictated by Idaho Code. The balance, after the above authorized transfers, is then distributed 40% to counties and 60% to cities.

The STATE LOTTERY was established by the Legislature in 1988. The State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, ensure its integrity, and to maximize the net income of the lottery for the benefit of the State. Annually the State Lottery's surplus net income is distributed evenly between state buildings and public schools.

Combining Balance Sheet
Enterprise Funds
June 30, 1998

	Correctional Industries	Liquor Dispensary	State Lottery	Total
Assets				
Cash Equity with Treasurer	$1,607,625	$5,142,434	$18,034,550	$24,784,609
Cash and Cash Equivalents		24,750	180,636	205,386
Accounts Receivable - Net	260,183	30,462	1,072,962	1,363,607
Due from Other Funds	445,693			445,693
Grand Prizes Receivable			90,832,267	90,832,267
Other Assets	2,045,893	5,832,316	3,052,528	10,930,737
Fixed Assets - Net	1,482,605	3,115,013	1,227,416	5,825,034
Total Assets	$5,841,999	$14,144,975	$114,400,359	$134,387,333
Liabilities and Fund Equity				
Liabilities				
Accounts Payable and Other Liabilities	$788,492	$4,845,060	$4,457,317	$10,090,869
Payroll and Compensated Absences Payable	181,176	675,471	223,057	1,079,704
Deposits		11,000		11,000
Due to Other Funds	4,676	14,061		18,737
Deferred Revenue		3,713		3,713
Grand Prizes Payable			90,832,267	90,832,267
Capital Leases		2,487,226		2,487,226
Total Liabilities	974,344	8,036,531	95,512,641	104,523,516
Fund Equity				
Retained Earnings				
Unreserved	4,867,655	6,108,444	18,887,718	29,863,817
Total Fund Equity	4,867,655	6,108,444	18,887,718	29,863,817
Total Liabilities and Fund Equity	$5,841,999	$14,144,975	$114,400,359	$134,387,333

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Enterprise Funds
For the Fiscal Year Ended June 30, 1998

	Correctional Industries	Liquor Dispensary	State Lottery	Total
Operating Revenues				
Licenses, Permits, and Fees		$1,900		$1,900
Sale of Services, Goods, and Property	$7,721,525	58,161,389	$89,632,923	155,515,837
Miscellaneous Income	155,066	22,672	544,168	721,906
Total Operating Revenues	7,876,591	58,185,961	90,177,091	156,239,643
Operating Expenses				
Personnel Costs	1,644,681	5,241,149	1,861,503	8,747,333
Services	1,040,324	5,171,457	11,105,132	17,316,913
Travel	28,953	31,834		60,787
Supplies	3,598,264	27,654,642	2,459,285	33,712,191
Insurance, Utilities, and Rent	236,903	1,547,860	904,548	2,689,311
Miscellaneous	518,894	1,310,555	357,666	2,187,115
Depreciation	183,289	60,116	497,549	740,954
Awards and Claims			52,383,089	52,383,089
Payment as Agent		7,503,159		7,503,159
Total Operating Expenses	7,251,308	48,520,772	69,568,772	125,340,852
Operating Income (Loss)	625,283	9,665,189	20,608,319	30,898,791
Nonoperating Revenues (Expenses)				
Interest Income	94,113	302,250		396,363
Interest Expense	(144)	(122,955)		(123,099)
Loss on Sale of Fixed Assets		(8,277)		(8,277)
Total Nonoperating Revenues (Expenses)	93,969	171,018		264,987
Income (Loss) Before Operating Transfers	719,252	9,836,207	20,608,319	31,163,778
Operating Transfers Out		(8,295,000)	(19,500,000)	(27,795,000)
Net Income (Loss)	719,252	1,541,207	1,108,319	3,368,778
Beginning Retained Earnings, as Adjusted	4,148,403	4,567,237	17,779,399	26,495,039
Ending Retained Earnings	$4,867,655	$6,108,444	$18,887,718	$29,863,817

Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 1998

	Correctional Industries	Liquor Dispensary	State Lottery	Total
Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer				
Cash Flows from Operating Activites				
Receipts from Customers, Loan Interest, and Fees	$306,912	$58,173,690	$99,509,149	$157,989,751
Receipts from State Agency Customers	7,309,768			7,309,768
Payments to Suppliers	(5,729,360)	(34,629,068)	(15,081,915)	(55,440,343)
Payments to Employees for Services and Benefits	(1,687,031)	(5,249,886)	(1,838,591)	(8,775,508)
Payments to State Agency Suppliers	(50,852)	(152,424)		(203,276)
Payments of Awards and Claims			(62,578,628)	(62,578,628)
Payments as Agent		(9,634,019)		(9,634,019)
Net Cash Provided (Used) by Operating Activites	149,437	8,508,293	20,010,015	28,667,745
Cash Flows from Noncapital Financing Activities				
Operating Transfers Out		(8,295,000)	(19,500,000)	(27,795,000)
Net Cash Provided (Used) by Noncapital Financing Activities		(8,295,000)	(19,500,000)	(27,795,000)
Cash Flows from Capital and Related Financing Activities				
Proceeds from Disposition of Capital Assets		22,597		22,597
Acquisition and Construction of Capital Assets	(43,043)	(518,399)	(488,110)	(1,049,552)
Net Cash Provided (Used) by Capital and Related Financing Activities	(43,043)	(495,802)	(488,110)	(1,026,955)
Cash Flows from Investing Activities				
Receipt of Interest and Dividends	94,113	302,250		396,363
Other Investing Activities			9,676	9,676
Net Cash Provided (Used) by Investing Activities	94,113	302,250	9,676	406,039
Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer	200,507	19,741	31,581	251,829
Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer	1,407,118	5,147,443	18,183,605	24,738,166
Ending Cash, Cash Equivalents, and Cash Equity with Treasurer	$1,607,625	$5,167,184	$18,215,186	$24,989,995

	Correctional Industries	Liquor Dispensary	State Lottery	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$625,283	$9,665,189	$20,608,319	$30,898,791
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	183,289	60,116	497,549	740,954
(Increase) Decrease in Accounts Receivable, Net	(104,197)	12,207	(95,517)	(187,507)
(Increase) Decrease in Due from Other Funds	(16,252)			(16,252)
(Increase) Decrease in Other Assets	(1,226,963)	(1,145,875)	324,804	(2,048,034)
Increase (Decrease) in Accounts Payable and Other Liabilities	503,611	(772,329)	(509,569)	(778,287)
Increase (Decrease) in Grand Prizes Payable			(815,571)	(815,571)
Increase (Decrease) in Due to Agents	3,490	9,801		13,291
Increase (Decrease) in Deferred Revenue		3,713		3,713
Increase (Decrease) in Compensated Absences	181,176	675,471		856,647
Total Adjustments	(475,846)	(1,156,896)	(598,304)	(2,231,046)
Net Cash Provided (Used) by Operating Activities	$149,437	$8,508,293	$20,010,015	$28,667,745

Noncash Transactions:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: The State Lottery reported accretion of grand prize annuities receivable from the Multi-State Lottery Association, with a corresponding increase in the Grand Prizes Payable, totaling $6,210,256 for the current fiscal year. The Liquor Dispensary acquired fixed assets through capital leases in the amount of $2,500,000.

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

The GENERAL SERVICES FUND accounts for statewide accounting, auditing, payroll and treasury services, surplus property redistribution and sale, copying services, purchasing, mail services for state agencies, and voice and data communication services.

The DATA PROCESSING SERVICE FUND accounts for data processing services provided by the Office of the State Controller to the various state agencies. In addition, the State Department of Education provides data processing services to local school districts and some state agencies.

The GROUP INSURANCE FUND administers the Group Insurance Act by providing health insurance to all state employees and optional coverage for dependents and retirees. The Fund also provides life insurance and short-term and long-term disability coverage.

The RISK MANAGEMENT FUND accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using an optimal combination of self-insurance and private excess insurance.

Combining Balance Sheet
Internal Service Funds
June 30, 1998

	General Services	Data Processing Services	Group Insurance	Risk Management	Total
Assets					
Cash Equity with Treasurer	$5,528,490	$696,819	$42,749,110	$17,097,221	$66,071,640
Accounts Receivable - Net	254,126	3,737	8	50	257,921
Due from Other Funds	759,512	555,956		10	1,315,478
Other Assets	460,719	1,036,815		251,556	1,749,090
Fixed Assets - Net	3,900,549	1,936,657	9,263		5,846,469
Total Assets	$10,903,396	$4,229,984	$42,758,381	$17,348,837	$75,240,598
Liabilities and Fund Equity					
Liabilities					
Accounts Payable and Other Liabilities	$468,979	$28,444	$1,349,363	$467,410	$2,314,196
Payroll and Compensated Absences Payable	1,624,130	238,644	14,046	28,335	1,905,155
Due to Other Funds	230,602	6,348	4,669	20,141	261,760
Deferred Revenue	103,250	9,500	5,570,668		5,683,418
Policy Claim Liabilities			20,540,000	11,108,432	31,648,432
Capital Leases	261,026	1,038,286			1,299,312
Total Liabilities	2,687,987	1,321,222	27,478,746	11,624,318	43,112,273
Fund Equity					
Contributed Capital	2,962,307	14,500			2,976,807
Retained Earnings					
Reserved			8,891,865		8,891,865
Unreserved	5,253,102	2,894,262	6,387,770	5,724,519	20,259,653
Total Fund Equity	8,215,409	2,908,762	15,279,635	5,724,519	32,128,325
Total Liabilities and Fund Equity	$10,903,396	$4,229,984	$42,758,381	$17,348,837	$75,240,598

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Internal Service Funds For the Fiscal Year Ended June 30, 1998

	General Services	Data Processing Services	Group Insurance	Risk Management	Total
Operating Revenues					
Licenses, Permits, and Fees	$12,747				$12,747
Sale of Services, Goods, and Property	20,680,016	$6,229,425	$74,320,059	$3,684,025	104,913,525
Rent and Lease Income	5,174,185				5,174,185
Miscellaneous Income	3,560,015		1,770,889	645	5,331,549
Total Operating Revenues	29,426,963	6,229,425	76,090,948	3,684,670	115,432,006
Operating Expenses					
Personnel Costs	12,471,742	2,406,733	129,830	259,069	15,267,374
Services	11,109,623	1,346,527	187,598	119,086	12,762,834
Travel	151,868	28,387	3,863	5,484	189,602
Supplies	1,685,147	200,658	3,984	23,575	1,913,364
Insurance, Utilities, and Rent	1,607,880	5,311	2,660	1,271,644	2,887,495
Miscellaneous	737,399	16,189	8,022	564	762,174
Depreciation	1,072,795	960,398	2,342	6,194	2,041,729
Awards and Claims	7,031		86,106,289	3,570,672	89,683,992
Total Operating Expenses	28,843,485	4,964,203	86,444,588	5,256,288	125,508,564
Operating Income (Loss)	583,478	1,265,222	(10,353,640)	(1,571,618)	(10,076,558)
Nonoperating Revenues (Expenses)					
Interest Income	368,128	67,811	2,384,854	998,922	3,819,715
Interest Expense	(124,108)	(35,200)			(159,308)
Loss on Sale of Fixed Assets	(4,000)	(196,300)			(200,300)
Total Nonoperating Revenues (Expenses)	240,020	(163,689)	2,384,854	998,922	3,460,107
Income (Loss) Before Operating Transfers	823,498	1,101,533	(7,968,786)	(572,696)	(6,616,451)
Operating Transfers Out	(1,078,650)				(1,078,650)
Net Income (Loss)	(255,152)	1,101,533	(7,968,786)	(572,696)	(7,695,101)
Beginning Retained Earnings, as Adjusted	5,508,254	1,792,729	23,248,421	6,297,215	36,846,619
Ending Retained Earnings	$5,253,102	$2,894,262	$15,279,635	$5,724,519	$29,151,518

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 1998

	General Services	Data Processing Services	Group Insurance
Increase (Decrease) in Cash Equity with Treasurer			
Cash Flows from Operating Activites			
Receipts from Customers, Loan Interest, and Fees	$4,314,378		
Receipts from State Agency Customers	25,379,470	$6,262,065	$76,446,635
Payments to Suppliers	(12,245,826)	(2,347,482)	(143,800)
Payments to Employees for Services and Benefits	(12,699,515)	(2,413,768)	(132,027)
Payments to State Agency Suppliers	(2,958,037)	(47,589)	(59,160)
Payments of Awards and Claims			(81,389,254)
Net Cash Provided (Used) by Operating Activites	1,790,470	1,453,226	(5,277,606)
Cash Flows from Noncapital Financing Activities			
Operating Transfers In			
Operating Transfers Out	(1,078,650)		
Net Cash Provided (Used) by Noncapital Financing Activities	(1,078,650)		
Cash Flows from Capital and Related Financing Activities			
Proceeds from Disposition of Capital Assets	12,312		
Acquisition and Construction of Capital Assets	(775,101)	(1,407,253)	(11,727)
Net Cash Provided (Used) by Capital and Related Financing Activities	(762,789)	(1,407,253)	(11,727)
Cash Flows from Investing Activities			
Receipt of Interest and Dividends	368,128	67,811	2,384,854
Net Cash Provided (Used) by Investing Activities	368,128	67,811	2,384,854
Net Increase (Decrease) in Cash Equity with Treasurer	317,159	113,784	(2,904,479)
Beginning Cash Equity with Treasurer	5,211,331	583,035	45,653,589
Ending Cash Equity with Treasurer	$5,528,490	$696,819	$42,749,110

Risk Management	Total
$133,454	$4,447,832
3,644,084	111,732,254
(1,491,461)	(16,228,569)
(261,884)	(15,507,194)
(67,997)	(3,132,783)
(3,340,974)	(84,730,228)
(1,384,778)	(3,418,688)
	(1,078,650)
	(1,078,650)
	12,312
(18,553)	(2,212,634)
(18,553)	(2,200,322)
998,922	3,819,715
998,922	3,819,715
(404,409)	(2,877,945)
17,501,630	68,949,585
$17,097,221	$66,071,640

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 1998

	General Services	Data Processing Services	Group Insurance
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	583,478	1,265,222	(10,353,640)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	1,072,795	960,398	2,342
(Increase) Decrease in Accounts Receivable, Net	92,425	165	
(Increase) Decrease in Due from Other Funds	136,005	23,299	3,874
(Increase) Decrease in Other Assets	158,296	(751,668)	
Increase (Decrease) in Accounts Payable and Other Liabilities	(2,006,665)	(164,684)	(633,349)
Increase (Decrease) in Due to Agents	44,958	3,460	(2,098)
Increase (Decrease) in Deferred Revenue	85,048	585	351,814
Increase (Decrease) in Compensated Absences	1,624,130	116,449	14,046
Increase (Decrease) in Policy Claim Liabilities			5,339,405
Total Adjustments	1,206,992	188,004	5,076,034
Net Cash Provided (Used) by Operating Activities	$1,790,470	$1,453,226	($5,277,606)

Noncash Transactions:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions ocurred during the year: Data processing services acquired fixed assets through capital leases in the amount of $1,750,000. General Services received contributions of fixed assets with a fair market value of $2,812,307.

Risk Management	Total
(1,571,618)	(10,076,558)
6,194	2,041,729
88,508	181,098
4,360	167,538
(162,997)	(756,369)
208,008	(2,596,690)
(10,867)	35,453
	437,447
28,335	1,782,960
25,299	5,364,704
186,840	6,657,870
($1,384,778)	($3,418,688)

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TRUST AND AGENCY FUNDS are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as trustee or agent. The following provides a brief description of the State's significant trust and agency funds.

The TRUST FUNDS:

The EXPENDABLE TRUST FUND pays claims for unemployment to eligible recipients through employer contributions, employer reimbursements, and federal grants**.**

The INVESTMENT TRUST FUND is used to account for the investments of external participants in the Joint Exercise of Powers.

The NONEXPENDABLE TRUST FUNDS account for land grants and the sale or lease of such lands received from the federal Enabling Act. The principal in the fund is perpetual with the earnings used to support education, mental health, corrections, and public buildings.

The PENSION TRUST FUNDS account for transactions, assets, liabilities, and net assets available for plan benefits of the State's retirement systems.

The AGENCY FUNDS:

Other Custodial accounts for the receipts and disbursements of monies collected by the State and distributed to other entities.

Payroll accounts for state and federal withholding, social security taxes, and voluntary employee deductions related to the State's payroll.

The Sick Leave/Insurance Reserve Fund provides payment of postretirement health insurance premiums on behalf of school districts in Idaho based on unused accumulated sick leave at their retirement date. The Fund accounts for the receipts and disbursements related to the above.

Combining Balance Sheet
Trust and Agency Funds
June 30, 1998

	Expendable Trust Fund	Investment Trust Fund		
	Unemployment Compensation	Joint Exercise of Powers	Nonexpendable Trust Funds	Pension Trust Funds
Assets				
Cash Equity with Treasurer	$29,224,910	$106,707,993	$60,030	$1,122,685
Cash and Cash Equivalents	261,845,749			422,179
Investments	45,848,743	461,023,840	715,275,568	5,819,853,139
Accounts Receivable - Net	26,508,173		5,695,055	16,255,664
Notes/Mortgages Receivable - Net			3,221,934	
Other Assets	248,037	5,222,832	1,267,082	40,928,912
Fixed Assets - Net				5,746,895
Total Assets	$363,675,612	$572,954,665	$725,519,669	$5,884,329,474
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Other Liabilities	$337,137	$21,878		$6,037,104
Payroll and Compensated Absences Payable				
Deposits				
Due to Other Governments				
Total Liabilities	337,137	21,878		6,037,104
Fund Balances				
Reserved		572,932,787	$725,519,669	5,878,292,370
Unreserved	363,338,475			
Total Fund Balances	363,338,475	572,932,787	725,519,669	5,878,292,370
Total Liabilities and Fund Balances	$363,675,612	$572,954,665	$725,519,669	$5,884,329,474

Agency Funds	Total
$22,431,662	$159,547,280
867,786	263,135,714
52,185,486	7,094,186,776
700,511	49,159,403
	3,221,934
	47,666,863
	5,746,895
$76,185,445	$7,622,664,865
$4,848,516	$11,244,635
17,217	17,217
18,159,189	18,159,189
53,160,523	53,160,523
76,185,445	82,581,564
	7,176,744,826
	363,338,475
	7,540,083,301
$76,185,445	$7,622,664,865

Combining Balance Sheet
Nonexpendable Trust Funds
June 30, 1998

	Public School Endowment	Pooled Endowments	Total Endowment
Assets			
Cash Equity with Treasurer		$60,030	$60,030
Investments	$490,482,076	224,793,492	715,275,568
Accounts Receivable - Net	4,382,904	1,312,151	5,695,055
Notes/Mortgages Receivable - Net	2,936,793	285,141	3,221,934
Other Assets	892,601	374,481	1,267,082
Total Assets	$498,694,374	$226,825,295	$725,519,669
Fund Balances			
Reserved	498,694,374	226,825,295	725,519,669
Total Fund Balances	498,694,374	226,825,295	725,519,669
Total Liabilities and Fund Balances	$498,694,374	$226,825,295	$725,519,669

Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1998

	Public School Endowment	Pooled Endowments	Total Endowment
Operating Revenues			
Sale of Services, Goods, and Property	$45,153,308	$15,523,438	$60,676,746
Total Operating Revenues	45,153,308	15,523,438	60,676,746
Operating Income (Loss)	45,153,308	15,523,438	60,676,746
Nonoperating Revenues (Expenses)			
Net Inc (Dec) in Fair Value of Investments	15,076,841	8,387,131	23,463,972
Total Nonoperating Revenues (Expenses)	15,076,841	8,387,131	23,463,972
Net Income (Loss)	60,230,149	23,910,569	84,140,718
Fund Balances - Beginning of Year, as Adjusted	438,464,225	202,914,726	641,378,951
Fund Balances - End of Year	$498,694,374	$226,825,295	$725,519,669

Combining Statement of Cash Flows
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1998

	Public School Endowment	Pooled Endowments	Total Endowment
Increase (Decrease) in Cash Equity with Treasurer			
Cash Flows from Operating Activites			
Receipts from Customers, Loan Interest, and Fees	$37,833,611	$13,926,146	$51,759,757
Net Cash Provided (Used) by Operating Activites	37,833,611	13,926,146	51,759,757
Cash Flows from Investing Activities			
Purchase of Investments	(4,006,067,178)	(1,349,047,773)	(5,355,114,951)
Redemption of Investments	3,968,231,679	1,335,148,773	5,303,380,452
Net Cash Provided (Used) by Investing Activities	(37,835,499)	(13,899,000)	(51,734,499)
Net Increase (Decrease) in Cash Equity with Treasurer	(1,888)	27,146	25,258
Beginning Cash Equity with Treasurer	1,888	32,884	34,772
Ending Cash Equity with Treasurer	$0	$60,030	$60,030

	Public School Endowment	Pooled Endowments	Total Endowment
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$45,153,308	$15,523,438	$60,676,746
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
(Increase) Decrease in Accounts Receivable, Net	(4,335,030)	(309,634)	(4,644,664)
(Increase) Decrease in Other Assets	(892,601)	(374,481)	(1,267,082)
Increase (Decrease) in Accounts Payable and Other Liabilities	(2,092,066)	(913,177)	(3,005,243)
Total Adjustments	(7,319,697)	(1,597,292)	(8,916,989)
Net Cash Provided (Used) by Operating Activities	$37,833,611	$13,926,146	$51,759,757

Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 1998

	Public Employee Retirement System of Idaho Plan	Firemen's Retirement Fund	Idaho Super Saver - 401(k) Plan
Assets			
Cash Equity with Treasurer	$1,039,573		
Cash and Cash Equivalents	136,815	$38,364	
Investments	5,452,379,589	177,810,517	$9,486,315
Accounts Receivable - Net	13,093,267	475,044	
Other Assets	39,840,146	821,569	
Fixed Assets - Net	5,746,895		
Total Assets	$5,512,236,285	$179,145,494	$9,486,315
Liabilities			
Accounts Payable and Other Liabilities	$5,856,372	$135,825	
Total Liabilities	5,856,372	135,825	
Net Assets Held in Trust for Employees' Pension Benefits	$5,506,379,913	$179,009,669	$9,486,315

Judges' Retirement Plan	Labor Retirement Plan	Total
$83,112		$1,122,685
	$247,000	422,179
49,282,842	130,893,876	5,819,853,139
152,998	2,534,355	16,255,664
267,197		40,928,912
		5,746,895
$49,786,149	$133,675,231	$5,884,329,474
$44,907		$6,037,104
44,907		6,037,104
$49,741,242	$133,675,231	$5,878,292,370

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 1998

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Other Custodial				
Assets				
Cash Equity with Treasurer	$23,739,605	$96,072,386	$97,485,386	$22,326,605
Cash and Cash Equivalents		865,550		865,550
Investments		1,123,650	1,284,650	(161,000)
Total Assets	$23,739,605	$98,061,586	$98,770,036	$23,031,155
Liabilities				
Accounts Payable and Other Liabilities	$4,039,727	$17,540,803	$16,826,616	$4,753,914
Deposits	18,689,303	865,550	1,395,664	18,159,189
Due to Other Funds		16,539	16,539	
Due to Other Governments	1,010,575	4,300,441	5,192,964	118,052
Total Liabilities	$23,739,605	$22,723,333	$23,431,783	$23,031,155
Payroll				
Assets				
Cash Equity with Treasurer	$472,870	$862,138,972	$862,506,785	$105,057
Total Assets	$472,870	$862,138,972	$862,506,785	$105,057
Liabilities				
Accounts Payable and Other Liabilities	$453,455	$133,141,745	$133,507,360	$87,840
Payroll and Compensated Absences Payable	19,415	751,851,506	751,853,704	17,217
Total Liabilities	$472,870	$884,993,251	$885,361,064	$105,057
Sick Leave/Insurance Reserve				
Assets				
Cash and Cash Equivalents	$17,953	$8,025,461	$8,041,178	$2,236
Investments	39,057,356	13,289,130		52,346,486
Accounts Receivable, Net	653,050	8,058,995	8,011,534	700,511
Total Assets	$39,728,359	$29,373,586	$16,052,712	$53,049,233
Liabilities				
Accounts Payable and Other Liabilities	$6,146	$27,589	$26,973	$6,762
Due to Other Governments	39,722,213	16,117,386	2,797,128	53,042,471
Total Liabilities	$39,728,359	$16,144,975	$2,824,101	$53,049,233

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Total for all Agency Funds				
Assets				
Cash Equity with Treasurer	$24,212,475	$958,211,358	$959,992,171	$22,431,662
Cash and Cash Equivalents	17,953	8,891,011	8,041,178	867,786
Investments	39,057,356	13,128,130		52,185,486
Accounts Receivable, Net	653,050	8,058,995	8,011,534	700,511
Total Assets	$63,940,834	$988,289,494	$976,044,883	$76,185,445
Liabilities				
Accounts Payable and Other Liabilities	$4,499,328	$150,710,137	$150,360,949	$4,848,516
Payroll and Compensated Absences Payable	19,415	751,851,506	751,853,704	17,217
Deposits	18,689,303	865,550	1,395,664	18,159,189
Due to Other Funds		16,539	16,539	
Due to Other Governments	40,732,788	20,417,827	7,990,092	53,160,523
Total Liabilities	$63,940,834	$923,861,559	$911,616,948	$76,185,445

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ALL COLLEGE AND UNIVERSITY FUNDS account for the financial position and operations of the State's colleges and universities in accordance with existing authoritative accounting and reporting principles as prescribed in the AICPA Industry Guide. Accordingly, college and university funds are an aggregation of the following funds:

The CURRENT FUNDS account for resources that will be expended for performing the primary and support objectives of the institution, i.e., instruction, academic support, student services, institutional support, operations and maintenance of plant, scholarships and fellowships, and auxiliary activities.

STUDENT LOAN FUNDS account for transactions of related resources obtained and used for loans to students.

ENDOWMENT FUNDS account for resources held by the institutions that must be administered in accordance with trust agreements.

PLANT FUNDS account for resources available for acquisition, renewal and replacement of institutional properties, resources available to service debt incurred to acquire such properties, and the fixed assets acquired or constructed for use by the institutions.

AGENCY FUNDS account for amounts held in custody for students, institution-related organizations, and others.

Combining Balance Sheet
All College and University Funds
For the Fiscal Year Ended June 30, 1998

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Student Loan
Assets				
Cash and Cash Equivalents	$26,833,536	$9,995,153	($118,373)	$1,463,896
Investments	22,876,042			718,862
Accounts Receivable - Net	21,358,540	4,106,933	20,683,941	166,335
Due from Other Funds	13,011,072	1,494,159	1,074,988	65,963
Deferred Bond Financing Costs				
Notes/Mortgages Receivable - Net				20,212,160
Other Assets	3,213,134	3,372,489		338,229
Fixed Assets - Net				
Total Assets	87,292,324	18,968,734	21,640,556	22,965,445
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Other Liabilities	$35,502,463	$3,392,751	$6,267,045	$874
Deposits	480	591,007		91,886
Due to Other Funds	4,070,205	791,969	8,566,359	
Deferred Revenue	6,785,899	471,705		
Notes/Bonds/Contracts Payable				
Capital Leases				
Total Liabilities	46,359,047	5,247,432	14,833,404	92,760
Fund Balances				
Investment in General Fixed Assets				
Reserved				22,872,685
Unreserved	40,933,277	13,721,302	6,807,152	
Total Fund Balances	40,933,277	13,721,302	6,807,152	22,872,685
Total Liabilities and Fund Balances	$87,292,324	$18,968,734	$21,640,556	$22,965,445

Endowment	Plant	Agency	Total
$5,261,519	$26,856,269	$265,065	$70,557,065
68,215,806	53,306,027	6,182,386	151,299,123
10,322	354,415	268,633	46,949,119
4,484	17,000	2,199	15,669,865
	3,929,043		3,929,043
1,490,290			21,702,450
1,903,047	501,278		9,328,177
	834,968,662		834,968,662
76,885,468	919,932,694	6,718,283	1,154,403,504
$392,588	$2,765,498	$6,675,710	$54,996,929
			683,373
2,198,759		42,573	15,669,865
			7,257,604
	168,170,625		168,170,625
	4,841,112		4,841,112
2,591,347	175,777,235	6,718,283	251,619,508
	706,877,307		706,877,307
74,294,121	18,384,856		115,551,662
	18,893,296		80,355,027
74,294,121	744,155,459		902,783,996
$76,885,468	$919,932,694	$6,718,283	$1,154,403,504

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

COMPONENT UNITS

EASTERN IDAHO

Eastern Idaho has for centuries been a beacon to the adventurer. This land, once the yearly rendezvous for fur trappers, now offers everything from stunning vistas of the Grand Tetons to the country's first atomic power.

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

The DISCRETELY PRESENTED COMPONENT UNITS – PROPRIETARY FUNDS are organizations, which are legally separate from the State of Idaho for which the State is financially accountable, or for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

The IDAHO HOUSING and FINANCE ASSOCIATION is empowered by Idaho Code, Chapter 62, Title 67, to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons of limited income residing in the State of Idaho.

The IDAHO LIFE and HEALTH INSURANCE GUARANTY ASSOCIATION is a nonprofit organization formed by the Idaho Life and Health Insurance Guaranty Association Act of 1977. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The Act applies to direct and supplemental life and health policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho.

The PETROLEUM CLEAN WATER TRUST FUND per Idaho Code, Title 41, Chapter 49, provides pollution liability insurance to eligible owners and operators of petroleum storage tanks.

Combining Balance Sheet
Discretely Presented Component Units - Proprietary Funds
June 30, 1998

	Idaho Housing and Finance	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
Assets				
Cash Equity with Treasurer			$1,973,607	$1,973,607
Cash and Cash Equivalents	$30,089,000	$597,584		30,686,584
Investments	338,373,000	13,040,637	40,441,102	391,854,739
Deferred Bond Financing Costs	17,089,000			17,089,000
Notes/Mortgages Receivable - Net	1,131,765,000			1,131,765,000
Other Assets	1,755,000	96,876	618,983	2,470,859
Fixed Assets - Net	9,108,000	1,070	32,441	9,141,511
Total Assets	$1,528,179,000	$13,736,167	$43,066,133	$1,584,981,300
Liabilities and Fund Equity				
Liabilities				
Accounts Payable and Other Liabilities	$3,221,000	$5,653,931	$1,750,287	$10,625,218
Deposits	13,438,000			13,438,000
Deferred Revenue		5,542		5,542
Notes/Bonds/Contracts Payable	1,379,248,000			1,379,248,000
Policy Claim Liabilities		19,691	4,546,689	4,566,380
Total Liabilities	1,395,907,000	5,679,164	6,296,976	1,407,883,140
Fund Equity				
Retained Earnings				
Reserved	51,965,000			51,965,000
Unreserved	80,307,000	8,057,003	36,769,157	125,133,160
Total Fund Equity	132,272,000	8,057,003	36,769,157	177,098,160
Total Liabilities and Fund Equity	$1,528,179,000	$13,736,167	$43,066,133	$1,584,981,300

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1998

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
Operating Revenues				
Licenses, Permits, and Fees	$6,209,000		$4,896,374	$11,105,374
Sale of Services, Goods, and Property		$42,133		42,133
Interest and Other Investment Income	75,008,000			75,008,000
Miscellaneous Income	867,000	1,114,469	102,962	2,084,431
Total Operating Revenues	82,084,000	1,156,602	4,999,336	88,239,938
Operating Expenses				
Personnel Costs	3,854,000	89,652		3,943,652
Services	2,978,000	80,795	2,187,670	5,246,465
Insurance, Utilities, and Rent		22,944		22,944
Miscellaneous	694,000	6,936,208		7,630,208
Depreciation	464,000	1,041	3,990	469,031
Awards and Claims		63,300	360,940	424,240
Total Operating Expenses	7,990,000	7,193,940	2,552,600	17,736,540
Operating Income (Loss)	74,094,000	(6,037,338)	2,446,736	70,503,398
Nonoperating Revenues (Expenses)				
Interest Income		771,104		771,104
Investment Income	16,471,000		2,457,103	18,928,103
Net Inc (Dec) in Fair Value of Investments	8,091,000	55,864	240,247	8,387,111
Interest Expense	(77,353,000)			(77,353,000)
Other	(1,220,000)			(1,220,000)
Total Nonoperating Revenues (Expenses)	(54,011,000)	826,968	2,697,350	(50,486,682)
Net Income (Loss)	20,083,000	(5,210,370)	5,144,086	20,016,716
Beginning Retained Earnings, as Adjusted	112,189,000	13,267,373	31,625,071	157,081,444
Ending Retained Earnings	$132,272,000	$8,057,003	$36,769,157	$177,098,160

Combining Statement of Cash Flows
Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1998

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer				
Cash Flows from Operating Activites				
Receipts from Customers, Loan Interest, and Fees	$76,542,000	$1,157,779	$4,667,181	$82,366,960
Loan Principal Payments	120,320,000			120,320,000
Payments to Suppliers	(3,703,000)	(115,459)	(1,065,659)	(4,884,118)
Payments to Employees for Services and Benefits	(3,854,000)	(89,652)		(3,943,652)
Payments of Awards and Claims		(2,200,156)	(1,662,890)	(3,863,046)
Loan Principal Additions	(255,040,000)			(255,040,000)
Net Cash Provided (Used) by Operating Activites	(65,735,000)	(1,247,488)	1,938,632	(65,043,856)
Cash Flows from Noncapital Financing Activities				
Deferred Bond Financing Cost	(3,330,000)			(3,330,000)
Interest Paid	(71,753,000)			(71,753,000)
Payment of Bonds	(100,540,000)			(100,540,000)
Bonds Issued	270,000,000			270,000,000
Net Cash Provided (Used) by Noncapital Financing Activities	94,377,000			94,377,000
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(821,000)	(1,010)		(822,010)
Net Cash Provided (Used) by Capital and Related Financing Activities	(821,000)	(1,010)		(822,010)
Cash Flows from Investing Activities				
Purchase of Investments	(887,206,000)	(5,077,486)	(58,940,729)	(951,224,215)
Redemption of Investments	844,400,000	5,980,000	54,119,123	904,499,123
Investment Income			2,725,662	2,725,662
Other Investing Activities	16,572,000	714,642		17,286,642
Net Cash Provided (Used) by Investing Activities	(26,234,000)	1,617,156	(2,095,944)	(26,712,788)
Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer	1,587,000	368,658	(157,312)	1,798,346
Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer	28,502,000	228,926	2,130,919	30,861,845
Ending Cash, Cash Equivalents, and Cash Equity with Treasurer	$30,089,000	$597,584	$1,973,607	$32,660,191

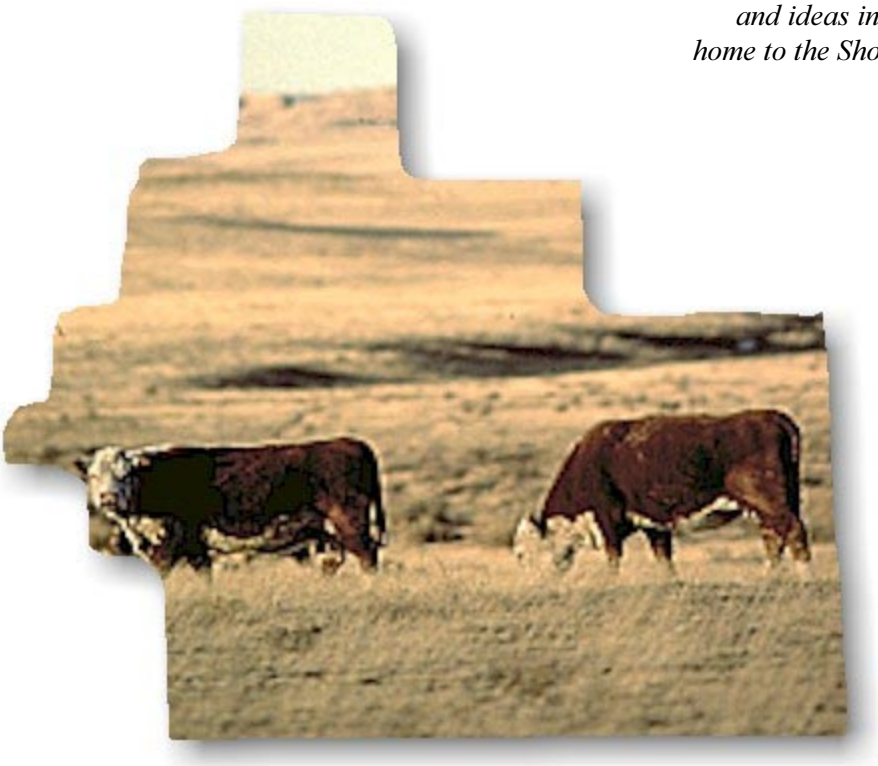
	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$74,094,000	($6,037,338)	$2,446,736	$70,503,398
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Amortization of Deferred Loan Discounts	(2,398,000)			(2,398,000)
Depreciation	464,000	1,041	3,990	469,031
(Increase) Decrease in Accounts Receivable, Net	(600,000)			(600,000)
(Increase) Decrease in Notes and Mortgages Receivable	120,320,000			120,320,000
(Increase) Decrease in Other Assets	(725,000)		(332,056)	(1,057,056)
(Increase) Decrease in Customer Loan Principal	(255,040,000)			(255,040,000)
Increase (Decrease) in Accounts Payable and Other Liabilities		4,788,809		4,788,809
Increase (Decrease) in Interest Payable	694,000			694,000
Increase (Decrease) in Other Liabilities			(180,038)	(180,038)
Increase (Decrease) in Deposits	(2,544,000)			(2,544,000)
Total Adjustments	(139,829,000)	4,789,850	(508,104)	(135,547,254)
Net Cash Provided (Used) by Operating Activities	($65,735,000)	($1,247,488)	$1,938,632	($65,043,856)

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

STATISTICAL SECTION

SOUTHEASTERN IDAHO

The sands of time have settled unevenly and relatively recently on Southeastern Idaho. The advent of the railroad set off a transformation that ultimately brought home crops, technicians, materials, and ideas into this country that had long been home to the Shoshone and Bannock Indian tribes.



Coeur d'Alene
NORTH
Lewiston
NORTH CENTRAL
Boise
Sun Valley
Idaho Falls
EASTERN
CENTRAL
Pocatello
Twin Falls
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN

Schedule 1 - Revenues by Source

General Governmental Revenues

Fiscal Years 1993-1998

	%	1998	1997	1996	1995	1994	1993*
Sales Taxes	19.58 %	$663,853,087	$623,959,683	$605,411,579	$575,751,536	$541,502,894	$481,357,865
Individual and Corporate Income Taxes	31.07 %	1,053,058,815	971,289,474	947,764,467	877,443,490	774,013,653	692,813,852
Other Taxes	11.14 %	377,753,377	368,926,269	303,609,358	424,512,185	414,493,763	370,835,449
Licenses, Permits, and Fees	4.67 %	158,195,562	143,406,694	151,296,763	141,958,958	123,267,206	105,966,763
Sales of Services, Goods, and Property	1.94 %	65,628,212	42,817,941	44,156,317	42,555,089	38,991,497	23,669,227
Grants and Contributions	26.64 %	903,019,402	895,013,029	805,440,878	724,364,466	676,788,795	634,969,669
Interest and Other Investment Income	2.88 %	97,611,588	80,233,205	72,386,195	63,264,871	22,190,217	24,082,507
Rent and Lease Income	0.40 %	13,511,766	12,320,261	5,155,123	6,998,254	11,173,620	10,771,374
Miscellaneous Income	1.68 %	57,195,065	41,997,956	89,625,995	95,064,332	121,591,734	88,297,287
TOTAL REVENUES	100.00 %	$3,389,826,874	$3,179,964,512	$3,024,846,675	$2,951,913,181	$2,724,013,379	$2,432,763,993

This schedule was prepared on a budgetary basis for years prior to 1996 and on a GAAP basis for 1996-1998.

Schedule 2 - Expenditures by Function

General Governmental Expenditures

Fiscal Years 1993-1998

	%	1998	1997	1996	1995	1994	1993*
General Government	12.41%	$413,320,914	$383,209,137	$350,097,056	$358,242,784	$316,548,733	$300,495,156
Public Safety and Corrections	5.23%	174,167,058	157,465,319	137,896,622	128,787,631	104,678,504	95,926,701
Agriculture and Economic Development	4.34%	144,528,919	137,852,628	111,593,306	141,439,539	120,435,892	119,022,911
Natural Resources	3.27%	108,869,327	110,698,917	113,096,458	139,543,089	114,435,265	102,221,944
Health and Social Services	23.20%	772,569,087	736,386,951	698,069,406	637,770,958	566,482,282	563,747,114
Education	30.18%	1,005,488,377	989,014,311	938,745,436	999,299,701	1,036,956,975	969,223,655
Transportation	6.74%	224,352,261	251,156,403	199,094,940	383,907,339	311,694,499	293,952,674
Capital Outlay**	8.01%	266,672,080	258,696,798	251,088,976			
Intergovernmental**	6.62%	220,346,150	189,671,236	197,942,396			
TOTAL EXPENDITURES	100.00%	$3,330,314,173	$3,214,151,700	$2,997,624,596	$2,788,991,041	$2,571,232,150	$2,444,590,155

This schedule was prepared on a budgetary basis for years prior to 1996 and on a GAAP basis for 1996-1998.

* The State of Idaho converted to a new accounting system that was fully implemented in FY 93. Comparable information for prior years is not available.

** Classification structure changed in FY 96 and data from prior years for these new classification is not available.

Schedule 3 - Property Taxes by Taxing District and Category of Property

The State of Idaho does not levy property taxes. Information is for other taxing entities within the State.

Property Taxes by Taxing District

Tax Levy Years 1991-1997 (dollars in millions)

	1997	1996	1995*	1994	1993	1992	1991
County	$180.4	$172.7	$162.3	$155.3	$146.9	$134.9	$118.3
City	159.2	149.1	136.8	127.3	116.5	109.6	100.6
School	327.7	301.2	277.0	285.3	253.1	233.9	217.9
Roads/Highways	42.3	40.6	38.8	36.2	34.2	33.5	31.7
Community College	9.0	9.8	9.5	9.4	8.7	7.4	6.6
All Others	45.1	41.6	39.8	38.1	33.8	30.3	27.6
Total Tax	$763.7	$715.0	$644.2	$651.6	$593.2	$549.6	$502.7

Property Taxes by Category of Property

Tax Levy Years 1991-1997

	1997	1996	1995*	1994	1993	1992	1991
Residential	54.8 %	54.9 %	54.4 %	52.1 %	50.3 %	49.3 %	47.9 %
Commercial/Industrial	30.4 %	30.0 %	30.2 %	31.0 %	32.3 %	32.6 %	33.1 %
Agricultural	6.6 %	6.8 %	7.3 %	8.0 %	8.5 %	9.1 %	9.5 %
Timber	1.6 %	1.5 %	1.4 %	1.5 %	1.2 %	1.1 %	1.1 %
Mining	0.3 %	0.3 %	0.3 %	0.2 %	0.4 %	0.4 %	0.8 %
Operating	6.3 %	6.5 %	6.4 %	7.2 %	7.3 %	7.5 %	7.6 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Urban	60.3 %	60.6 %	59.7 %	58.9 %	59.4 %	59.1 %	58.3 %
Rural	39.7 %	39.4 %	40.3 %	41.1 %	40.6 %	40.9 %	41.7 %
% Change Total Tax Collections	6.8 %	7.6 %	1.9 %	9.8 %	8.0 %	9.3 %	9.1 %
Amount Tax Collections (millions)	$763.7	$715.0	$664.2	$651.6	$593.2	$549.5	$502.7
Amount Market Value (billions)	$52.9	$48.8	$44.2	$38.7	$34.7	$31.5	$29.5
Average Tax Rate	1.444 %	1.466 %	1.502 %	1.683 %	1.708 %	1.744 %	1.702 %

*HB156 became law in 1995. This included $40.8M of school Maintenance and Operations (M&O) property tax relief as a result of reducing the maximum M&O tax rate from .4% to .3%. Also other local M&O taxing district budgets were capped at a 3% increase plus the previous year's M&O tax rate times the taxable value of any new construction. The school tax relief was paid by state sales tax collections.

Source: Associated Taxpayers of Idaho

Schedule 4 - State Sales Tax Revenues

Fiscal Years 1989-1998 (dollars in millions)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Total Sales	$36,572	$34,900	$32,338	$29,615	$26,911	$24,866	$22,277	$20,240	$19,058	$16,962
Nontaxable	24,398	23,230	21,167	18,992	16,834	15,936	14,142	12,714	11,938	10,534
Net Taxable	12,174	11,670	11,171	10,623	10,077	8,930	8,135	7,526	7,120	6,428
Use Tax	795	764	802	768	670	654	536	502	489	427
Total Taxable	$12,969	$12,434	$11,973	$11,391	$10,747	$9,584	$8,671	$8,028	$7,609	$6,855
Tax Amount Received	$652	$624	$600	$574	$540	$475	$421	$398	$374	$347

Source: Idaho State Tax Commission

Schedule 5 - Total Resident Population and Components of Change

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Population (in thousands)	1,233.0	1,211.0	1,186.7	1,159.9	1,131.0	1,098.4	1,068.1	1,037.5	1,010.7	996.7
Population % Change	1.8 %	2.0 %	2.3 %	2.6 %	3.0 %	2.8 %	2.9 %	2.7 %	1.4 %	0.8 %
Births Number	19,068	18,865	18,482	17,915	17,690	17,575	17,197	16,741	16,423	15,863
Deaths Number	9,014	8,853	8,679	8,553	8,478	8,277	7,887	7,644	7,358	7,389
Net Migration Number	11,967	14,207	16,982	19,563	23,411	20,977	21,365	17,628	4,984	(251)

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 6 - Residential Building Activity

Housing Starts

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Idaho	10,019	8,868	9,232	9,368	12,771	11,457	9,583	6,600	5,831	4,674
% Change	13.0 %	(3.9)%	(1.5)%	(26.6)%	11.5 %	19.6 %	45.2 %	13.2 %	24.8 %	40.2 %
National (millions)	1.594	1.478	1.470	1.361	1.446	1.292	1.201	1.009	1.203	1.382
% Change	7.8 %	0.5 %	8.0 %	(5.9)%	11.9 %	7.6 %	19.0 %	(16.1)%	(13.0)%	(7.1)%

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 7 - Domestic Financial Institutions Deposits

Calendar Years 1991-1997 (dollars in thousands)

Institution Type	No. of Branches	1997	1996	1995	1994	1993	1992	1991
Banks	335	$8,576,288	$9,125,149	$8,991,366	$8,423,993	$7,847,252	$7,493,972	$7,246,733
Savings & Loans	50	911,940	898,827	854,042	860,648	865,864	869,357	824,832
Credit Unions	85	1,190,898	1,129,960	1,005,891	989,061	934,884	891,843	821,089
FDIC Savings Banks	3	25,501	-	-	-	-	-	-
Total for Idaho	473	$10,704,627	$11,153,936	$10,851,299	$10,273,702	$9,648,000	$9,255,172	$8,892,654

Source: 1998/Sheshunoff Information Services, Inc.

Schedule 8 - Ten Largest Private Employers in Idaho

Dec 1, 1997

Major Idaho Employers	Employees
Albertsons, Inc.	5,000-8,000
Lockheed Idaho Martin Technologies Co.	5,000-8,000
Micron Technology	5,000-8,000
Hewlett-Packard Co.	3,000-5,000
J.R. Simplot Co.	3,000-5,000
Potlatch Corporation	3,000-5,000
Micron Electronics, Inc.	2,000-3,000
St. Alphonsus Regional Medical Center	2,000-3,000
St. Luke's Regional Medical Center	2,000-3,000
Wal-Mart Associates Inc.	2,000-3,000

Source: Idaho Department of Labor

Schedule 9 - Employment Comparison

Calendar Years 1988-1997

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Idaho Civilian Labor Force	633,600	619,304	601,194	591,463	547,678	531,994	508,687	492,619	489,000	479,000
% Change	2.3 %	3.0 %	1.6 %	8.0 %	2.9 %	4.6 %	3.3 %	0.7 %	2.1 %	1.3 %
U.S. Civilian Labor Force										
(in thousands)	136,297	133,944	132,304	131,056	129,200	128,105	126,346	125,840	123,869	121,669
% Change	1.8 %	1.2 %	1.0 %	1.4 %	0.9 %	1.4 %	0.4 %	1.6 %	1.8 %	1.5 %
Idaho Employment	599,800	586,874	568,801	558,589	513,653	497,343	477,070	463,484	464,000	451,000
%Change	2.2 %	3.2 %	1.8 %	8.7 %	3.3 %	4.2 %	2.9 %	(0.1)%	2.9 %	3.7 %
U.S. Employment										
(in thousands)	129,558	126,708	124,900	123,060	120,259	118,492	117,718	118,793	117,342	114,968
% Change	2.2 %	1.4 %	1.5 %	2.3 %	1.5 %	0.7 %	(0.9)%	1.2 %	2.1 %	2.2 %

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 10 - Labor Force and Employment by Sector

Calendar Years 1988-1997

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Resident Civilian Labor Force and Employment in Idaho										
Civilian Labor Force	633,600	619,304	601,194	591,463	547,678	531,994	508,687	492,619	489,000	479,000
Unemployment	33,800	32,430	32,393	32,874	34,025	34,651	31,617	29,135	25,000	28,000
Total Employment	599,800	586,874	568,801	558,589	513,653	497,343	477,070	463,484	464,000	451,000
Unemployment Percentage Rate	5.3 %	5.2 %	5.4 %	5.6 %	6.2 %	6.5 %	6.2 %	5.9 %	5.1 %	5.8 %
Nonagricultral Wage and Salary Workers Employed in Idaho										
Goods Producing Industries										
Mining	3,068	3,067	2,725	2,423	2,198	2,603	3,076	3,873	3,677	3,279
Construction	31,870	30,615	29,642	29,017	24,699	22,153	20,152	18,760	16,119	14,210
Manufacturing-Durable Goods	45,567	44,063	42,111	40,615	37,482	34,775	33,143	34,041	32,184	29,570
Manufacturing-Nondurable Goods	29,012	28,831	28,907	31,256	31,759	30,963	30,082	28,827	28,402	28,577
Total Goods Producing Industries	109,517	106,576	103,385	103,311	96,138	90,494	86,453	85,501	80,382	75,636
Service Producing Industries										
Transportation, Comm., and Utilit.	24,271	23,409	22,707	21,882	20,880	20,341	20,029	19,790	19,262	18,491
Trade	129,197	125,199	121,408	116,708	109,395	105,916	101,000	97,092	93,129	87,348
Finance, Insurance, and Real Estate	25,430	25,183	24,981	24,108	22,759	21,474	20,624	19,836	19,299	19,265
Service	122,515	116,019	110,130	102,853	97,234	90,399	85,637	81,772	76,202	71,830
State and Local Government	84,983	82,582	81,693	79,040	76,839	74,524	71,432	68,362	65,188	63,159
Federal Government	12,901	12,895	13,109	13,486	13,572	13,456	12,908	13,051	12,708	12,471
Total Service Producing Industries	399,297	385,287	374,028	358,077	340,679	326,110	311,630	299,903	285,788	272,564
Nonfarm Wage & Salary Employment	508,814	491,863	477,413	461,388	436,817	416,604	398,083	385,404	366,170	348,200

Source: Idaho Department of Labor

Schedule 11 - Average Annual Wage

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Idaho	$25,482	$24,747	$24,073	$23,623	$22,747	$21,980	$21,472	$20,549	$19,761	$18,891
% Change	3.0 %	2.8 %	1.9 %	3.9 %	3.5 %	2.4 %	4.5 %	4.0 %	4.6 %	3.1 %
National	$33,004	$31,708	$30,363	$29,257	$28,394	$27,912	$27,501	$26,120	$25,205	$24,083
% Change	4.1 %	4.4 %	3.8 %	3.0 %	1.7 %	1.5 %	5.3 %	3.6 %	4.7 %	3.3 %

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 12 - Personal Income Comparison
Idaho vs. National

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
In Current Dollars										
Idaho (millions)	$25,935	$24,799	$23,592	$22,365	$20,737	$19,591	$17,765	$16,313	$15,551	$14,216
% Change	4.6 %	5.1 %	5.5 %	7.8 %	5.9 %	10.3 %	8.9 %	4.9 %	9.4 %	9.9 %
National (billions)	$7,123	$6,784	$6,425	$6,072	$5,758	$5,481	$5,266	$4,982	$4,804	$4,501
% Change	5.0 %	5.6 %	5.8 %	5.5 %	5.1 %	4.1 %	5.7 %	3.7 %	6.7 %	7.6 %
In 1992 Dollars										
Idaho (millions)	$22,991	$22,179	$21,496	$20,791	$19,719	$19,080	$17,763	$16,848	$16,737	$16,072
% Change	3.7 %	3.2 %	3.4 %	5.4 %	3.4 %	7.4 %	5.4 %	0.7 %	4.1 %	4.8 %
National (billions)	$6,315	$6,068	$5,854	$5,645	$5,476	$5,339	$5,266	$5,145	$5,171	$5,089
% Change	4.1 %	3.6 %	3.7 %	3.1 %	2.6 %	1.4 %	2.3 %	(0.5)%	1.6 %	2.5 %

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 13 - Personal Income by Component

Calendar Years 1989-1998 (dollars in millions)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Total Personal Income	$25,935	$24,799	$23,592	$22,365	$20,737	$19,591	$17,765	$16,313	$15,551	$14,216
% Change	4.6 %	5.1 %	5.5 %	7.9 %	5.8 %	10.3 %	8.9 %	4.9 %	9.4 %	9.9 %
Wage and Salaries	13,758	13,076	12,314	11,735	10,926	9,994	9,309	8,531	7,969	7,247
% Change	5.2 %	6.2 %	4.9 %	7.4 %	9.3 %	7.4 %	9.1 %	7.1 %	10.0 %	8.2 %
Farm Proprietors Income	262	323	467	368	365	914	606	604	774	685
% Change	(18.9)%	(30.8)%	26.9 %	0.8 %	(60.1)%	50.8 %	0.3 %	(22.0)%	13.0 %	44.8 %
Nonfarm Proprietors Income	2,862	2,682	2,564	2,477	2,307	2,071	1,775	1,478	1,530	1,457
% Change	6.7 %	4.6 %	3.5 %	7.4 %	11.4 %	16.7 %	20.1 %	(3.4)%	5.0 %	7.6 %
Dividends, Rent, Interest	4,464	4,318	4,068	3,831	3,412	3,124	2,879	2,819	2,702	2,517
% Change	3.4 %	6.1 %	6.2 %	12.3 %	9.2 %	8.5 %	2.1 %	4.3 %	7.4 %	11.1 %
Other Labor Income	1,401	1,391	1,372	1,372	1,361	1,218	1,088	964	867	755
% Change	0.7 %	1.4 %	0.0 %	0.8 %	11.7 %	11.9 %	12.9 %	11.2 %	14.8 %	11.3 %
Govt. Transfers to Individuals	4,171	3,968	3,742	3,494	3,222	3,038	2,790	2,539	2,278	2,086
% Change	5.1 %	6.0 %	7.1 %	8.4 %	6.1 %	8.9 %	9.9 %	11.5 %	9.2 %	7.5 %
Contribution for Social Insurance	1,262	1,210	1,154	1,100	1,017	919	850	787	719	661
% Change	4.3 %	4.9 %	4.9 %	8.2 %	10.7 %	8.1 %	8.0 %	9.5 %	8.8 %	11.6 %
Residence Adjustment	280	252	219	187	161	151	167	165	150	130
% Change	11.1 %	15.1 %	17.1 %	16.1 %	6.6 %	(9.6)%	1.2 %	10.0 %	15.4 %	11.8 %

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 14 - Per Capita Personal Income Comparison
Idaho vs. National

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
In Current Dollars										
Idaho	$21,034	$20,478	$19,879	$19,280	$18,333	$17,833	$16,630	$15,723	$15,385	$14,262
% Change	2.7 %	3.0 %	3.1 %	5.2 %	2.8 %	7.2 %	5.8 %	2.2 %	7.9 %	9.0 %
National	$26,328	$25,296	$24,177	$23,058	$22,069	$21,212	$20,589	$19,688	$19,196	$18,174
% Change	4.1 %	4.6 %	4.9 %	4.5 %	4.0 %	3.0 %	4.6 %	2.6 %	5.6 %	6.5 %
In 1992 Dollars										
Idaho	$18,647	$18,315	$18,113	$17,924	$17,434	$17,369	$16,629	$16,240	$16,560	$16,126
% Change	1.8 %	1.1 %	1.1 %	2.8 %	0.4 %	4.5 %	2.4 %	(1.9)%	2.7 %	3.9 %
National	$23,342	$22,625	$22,029	$21,437	$20,988	$20,661	$20,590	$20,335	$20,660	$20,550
% Change	3.2 %	2.7 %	2.8 %	2.1 %	1.6 %	0.3 %	1.3 %	(1.6)%	0.5 %	1.6 %

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 15 - Full-Time Equivalent Positions - State Employees

Fiscal Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
State Board of Education	4,719	4,692	4,683	4,605	4,502	4,436	4,383	4,252	4,077	3,961
Health & Welfare	3,621	3,623	3,657	4,105	4,073	3,856	3,804	3,163	2,853	2,690
Department of Transportation	1,745	1,813	1,811	1,820	1,814	1,812	1,781	1,773	1,758	1,749
Department of Correction	1,312	1,109	1,150	1,078	1,046	922	899	883	752	574
Executive Office of the Governor	680	666	652	650	656	636	623	595	557	533
Department of Fish & Game	505	505	523	523	521	526	486	476	440	406
Department of Law Enforcement	494	488	486	489	486	489	495	471	454	442
Revenue & Taxation	378	378	376	375	372	370	381	369	352	346
All Other	2,473	2,408	2,368	2,160	2,123	2,095	2,058	1,926	1,880	1,822
State Total	**15,927**	**15,682**	**15,706**	**15,805**	**15,593**	**15,142**	**14,910**	**13,908**	**13,123**	**12,523**

Source: Executive Budget FY 1999, FY 1997, FY 1995, FY 1993

Schedule 16 - Public School Enrollment Grades K-12

Academic Years 1988/89 - 1997/98

	1997-98*	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89
Elementary	130,080	129,525	129,570	129,031	128,339	126,562	124,959	125,782	124,209	123,213
Secondary	114,323	115,727	113,627	111,417	108,435	105,106	100,721	96,887	93,060	91,402
Total All Grades	244,403	245,252	243,197	240,448	236,774	231,668	225,680	222,669	217,269	214,615

* In academic year 1997/98 the reporting date changed from the last Friday in September to the first Friday in November.

Source: Idaho Department of Education

Schedule 17 - Public Higher Education Enrollment

Student Headcount (Calendar Years 1989-1998)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Boise State University	15,744	15,467	15,137	14,969	15,099	15,296	14,908	14,254	13,529	12,586
Idaho State University	12,232	11,870	12,139	12,027	11,875	10,781	10,755	10,048	9,139	8,028
University of Idaho	11,437	11,027	11,133	11,727	11,730	11,543	11,448	10,941	10,544	10,019
Lewis-Clark State College	2,972	3,008	2,967	3,118	3,330	3,226	3,029	2,816	2,667	2,540
Total Colleges and Universities	42,385	41,372	41,376	41,841	42,034	40,846	40,140	38,059	35,879	33,173
College of Southern Idaho	4,871	4,872	4,270	4,359	4,108	3,820	3,523	3,128	2,827	2,811
North Idaho College	3,469	3,597	3,610	3,276	3,317	3,339	3,074	3,093	2,989	2,669
Total Community Colleges	8,340	8,469	7,880	7,635	7,425	7,159	6,597	6,221	5,816	5,480
Eastern Idaho Technical College	601	540	374	409	368	297	339	327	315	338
Total System	51,326	50,381	49,630	49,885	49,827	48,302	47,076	44,607	42,010	38,991

Note: Total Headcount includes academic full-time, academic part-time, and vocational.
Source: Idaho State Board of Education

Schedule 18 - Number of Teachers, Average Salary, and Number of High School Graduates

Academic Years 1987-1996

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Number of Teachers[1]										
Elementary	6.6	6.5	6.3	6.2	6.1	6.1	5.9	5.6	5.4	5.4
Secondary	6.2	6.1	5.7	5.6	5.5	5.1	5.2	4.9	4.9	4.9
Total	12.8	12.6	12	11.8	11.6	11.2	11.1	10.5	10.3	10.3
Average Annual Teacher's Salary[2]										
Elementary	30.8	29.7	27.6	26.8	26.0	25.0	23.4	22.3	22.0	20.8
Secondary	31.0	29.9	27.9	27.2	26.8	26.0	24.3	23.4	23.6	22.3
All Teachers	30.90	29.80	27.75	27.00	26.40	25.50	23.85	22.85	22.80	21.55
Rank Among All States[3]	41	42	45	46	47	45	45	44	44	44
Number of High School Graduates[1]	14.5[a]	14.2	13.3	13.0	12.7	12.0	12.0	12.5	12.4	12.2

[1]In thousands
[2]In thousands of dollars
[3]Includes Washington D.C.
[a]Estimate

Source: Statistical Abstract of the United States 1987-1996

Schedule 19 - 1997 School District Information

School District Size	Number of Districts	Total Enrollment	Student-Teacher Ratio	Expenditure Per Student
Over 5,000 Students	13	131,519	19.37	$4,217
2,500 to 4,999 Students	13	45,376	18.74	4,126
1,000 to 2,499 Students	28	43,498	18.20	4,174
500 to 999 Students	22	15,175	16.01	4,942
Less than 500 Students	36	8,835	13.39	5,651
Statewide Total	112	244,403	13.50	$4,622

Source: 1998 Idaho Fiscal Facts, Legislative Services Office

Schedule 20 - Idaho's Rank in the Nation's Agriculture

Calendar Year 1997

Commodity	Rank Among States	Production	Unit	% of U.S.
Crops:				
Austrian Winter Peas	1	108,000	cwt.	94 %
Potatoes	1	135,430,000	cwt.	29 %
Wrinkled Seed Peas	2	286,000	cwt.	42 %
Lentils	2	900,000	cwt.	38 %
Dry Edible Peas	2	1,554,000	cwt.	27 %
Sugarbeets	2	5,210,000	ton	17 %
All Mint	3	2,330,000	lb.	18 %
Barley	3	60,040,000	bu.	16 %
Onions (Summer Storage)	3	5,658,000	cwt.	15 %
Hops	3	5,484,100	lb.	7 %
Prunes and Plums (Fresh)[1]	4	4,500	ton	16 %
Other Spring Wheat	5	44,460,000	bu.	8 %
Alfalfa Hay	5	4,488,000	ton	6 %
Sweet Cherries	5	1,300	ton	1 %
Sweet Corn for Processing	6	135,850	ton	4 %
Dry Edible Beans	7	2,215,000	cwt.	8 %
All Wheat	7	114,060,000	bu.	5 %
Winter Wheat	8	69,600,000	bu.	4 %
Apples	10	110,000,000	lb.	1 %
All Hay	12	5,148,000	ton	3 %
Livestock and Livestock Products				
Foodsize Trout[2]	1	42,000,000	lb.	74 %
American Cheese	4	427,952,000	lb.	13 %
All Sheep and Lambs[3]	8	285,000	head	4 %
Honey	8	7,680,000	lb.	4 %
Wool	9	2,265,000	lb.	4 %
Milk Cows[4]	9	272,000	head	3 %
Milk Production	9	5,193	mil. lb.	3 %
All Cattle and Calves[3]	17	1,770,000	head	2 %

[1]Includes only Idaho, Washington, Michigan, and Oregon - Fresh basis.
[2]Foodsize fish are defined as being 12 inches long or longer.
[3]January 1, 1998, inventory.
[4]Average number during year; excluding heifers not yet fresh.

Source: Idaho Agricultural Statistics Service

Schedule 21 - Export Statistics

Idaho Export Statistics by Category

Calendar Years 1988-1997 (dollars in millions)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Non-Agriculture	$1,408.4	$1,328.3	$1,628.1	$1,322.8	$1,061.4	$939.3	$827.6	$763.7	$633.7	$508.9
Agriculture	844.8	901.2	1,108.3	891.5	824.3	779.8	657.2	646.4	724.2	505.7
Total	$2,253.2	$2,229.5	$2,736.4	$2,214.3	$1,885.7	$1,719.1	$1,484.8	$1,410.1	$1,357.9	$1,014.6

Idaho Non-Agriculture Exports by Major Market

Calendar Years 1988-1997 (dollars in millions)

Country	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
European Union	$438.3	$404.1	$507.7	$411.9	$353.9	$210.8	$225.1	$152.7	$142.9	$111.3
United Kingdom	167.2	113.2	188.8	183.4	139.8	75.5	49.0	56.8	63.5	54.2
Germany	131.9	91.5	82.7	82.1	78.2	64.2	110.2	37.6	21.1	21.2
Netherlands	66.2	66.9	50.4	10.4	49.0	8.2	4.9	2.6	6.5	5.6
Canada	222.3	229.7	245.0	161.1	120.3	138.8	123.6	143.5	108.4	91.2
Japan	185.4	197.3	246.9	266.8	212.0	391.0	318.4	327.1	231.1	128.7
Singapore	119.8	154.3	206.2	148.9	85.4	42.0	16.2	17.5	6.9	4.1
Taiwan	85.1	45.3	115.7	98.9	69.5	20.8	19.5	4.0	9.2	16.8
Philippines	72.7	119.5	40.7	17.6	9.3	27.6	28.1	46.1	64.2	63.3
Hong Kong	70.4	34.6	39.3	29.1	27.3	19.8	14.9	7.1	2.2	1.0
Malaysia	51.5	41.3	40.6	17.6	9.4	1.3	>1.0	>1.0	>1.0	>1.0
Mexico	23.7	21.3	16.8	23.7	26.7	22.3	26.4	25.5	18.4	33.6
Australia	13.6	6.1	16.6	15.4	23.2	14.6	15.9	15.6	16.3	14.9

Source Idaho Department of Commerce

Schedule 22 - Idaho's Gross Domestic Product

Calendar Years 1989-1998 (dollars in billions)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Current Dollars	$8,483.6	$8,110.9	$7,661.6	$7,269.6	$6,947.0	$6,558.1	$6,244.5	$5,916.7	$5,743.8	$5,438.7
% Change	4.6 %	5.9 %	5.4 %	4.6 %	5.9 %	5.0 %	5.5 %	3.0 %	5.6 %	7.7 %
1992 Chain-Weighted	$7,515.7	$7,269.8	$6,994.8	$6,761.7	$6,610.7	$6,389.5	$6,244.4	$6,079.4	$6,136.3	$6,062.0
% Change	3.4 %	3.9 %	3.4 %	2.3 %	3.5 %	2.3 %	2.7 %	(0.9)%	1.2 %	3.4 %

Note: 1998 numbers are estimates.
Source: Division of Financial Management, Economic Analysis Bureau, Vol. XX, No. 4, October, 1998

Schedule 23 - Idaho's 1995* Tax Ranking Among the 50 States and D.C.

Lower ranking equals higher taxes, with 1 being the highest and 51 being the lowest.

		Income Basis for Ranking						Per Capita Basis for Ranking					
Type of Tax	States w/ Tax	FY 1995	FY 1994	FY 1993	FY 1992	FY 1991	FY 1990	FY 1995	FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
Property	51	35	37	37	37	35	35	37	38	38	39	37	37
Sales	47	25	22	27	24	28	28	36	34	34	35	36	37
Individual Income	44	16	15	16	15	13	18	27	24	26	25	24	24
Corporate Income	47	15	21	25	24	26	20	18	24	28	24	28	24
Motor Vehicle	51	9	6	6	7	9	9	16	9	12	13	11	10
Overall	51	23	25	33	29	28	27	40	38	39	40	42	44
Per Capita Income Raking		42	40	40	40	45	41						

*1995 Most Current Year Available
Source: Idaho Tax Commission

Schedule 24 - Revenue from the Lottery

Fiscal Years 1990-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990
Type of Ticket (millions)									
Scratch	$58.8	$61.2	$63.7	$57.4	$42.2	$31.3	$32.8	$36.6	$58.6
On-Line	$29.2	$23.8	$25.4	$28.9	$28.5	$24.3	$17.4	$14.6	$7.4
Break Open	$1.6	$2.0	$2.0	$1.7	$1.4	$1.2	$1.5	-	-
Other Income (thousands)	$544	$662	$501	$474	$395	$349	$326	$321	$281
Gross Revenue (millions)	$90.1	$87.6	$91.6	$88.4	$72.5	$57.1	$51.9	$51.4	$66.2
Prizes	$52.4	$53.3	$55.2	$52.9	$41.3	$31.4	$28.1	$25.8	$32.1
Administration	$17.1	$15.9	$16.6	$16.9	$15.6	$13.2	$11.2	$10.6	$10.8
Proceeds	$20.6	$18.4	$19.8	$18.6	$15.6	$12.5	$12.6	$15.0	$23.3

Source: Idaho State Lottery

Schedule 25 - Assets, Liabilities, and Fund Balances
General Fund Accounts
June 30, 1998

	State General Account	Permanent Building Fund	Warrant Deficiency Fund	Legislative	Budget Reserve	Constitutional Defense Fund
Assets						
Cash Equity with Treasurer	$45,443,482	$65,325,140	$162,987	$2,738,447	$36,030,195	$809,453
Cash and Cash Equivalents	97,798					
Investments	33,124,475					
Accounts Receivable - Net	101,244,102	980,275	30,145			
Due from Other Funds	107	351,862				
Due from Other Governments						
Notes/Mortgages Receivable - Net						
Other Assets	120,436					
Total Assets	180,030,400	66,657,277	193,132	2,738,447	36,030,195	809,453
Liabilities						
Accounts Payable and Other Liabilities	$10,107,800	$3,691,011				
Payroll and Compensated Absences Payable	43,142,391	55,579	$368,638	$94,147		
Deposits	687,842					
Due to Other Funds	366,813	18,535	64	2,366		
Due to Other Governments						
Deferred Revenue	58,191	1,589,433				
Total Liabilities	54,363,037	5,354,558	368,702	96,513		
Fund Balances						
Reserved	3,993,237	12,906				
Unreserved	121,674,126	61,289,813	(175,570)	2,641,934	$36,030,195	$809,453
Total Fund Balances	125,667,363	61,302,719	(175,570)	2,641,934	36,030,195	809,453
Total Liabilities and Fund Balance	$180,030,400	$66,657,277	$193,132	$2,738,447	$36,030,195	$809,453

Catastrophic Health Care	Governor's Residence	Endowment Earnings	Sales Tax	Income Tax Refunds	Miscellaneous	Total
$3,622,039	$1,127,328	$21,245,120	$22,364,987	$1,649,468	$4,807,141	$205,325,787
						97,798
		642,250			482,334	34,249,059
		18,275	344,186	888,382		103,505,365
					1,145	353,114
					1,745,004	1,745,004
		91,746				91,746
		3,374,764				3,495,200
3,622,039	1,127,328	25,372,155	22,709,173	2,537,850	7,035,624	348,863,073
$47,927		$296,265	$22,236	$8,557,980	$2,765,399	$25,488,618
		17,580			237,095	43,915,430
		292,291				980,133
104		14,743			12,550	415,175
		12,386,223				12,386,223
		1,765,868				3,413,492
48,031		14,772,970	22,236	8,557,980	3,015,044	86,599,071
		14,706,196			163,357	18,875,696
3,574,008	$1,127,328	(4,107,011)	22,686,937	(6,020,130)	3,857,223	243,388,306
3,574,008	1,127,328	10,599,185	22,686,937	(6,020,130)	4,020,580	262,264,002
$3,622,039	$1,127,328	$25,372,155	$22,709,173	$2,537,850	$7,035,624	$348,863,073

Schedule 26 - Revenues, Expenditures, and Changes in Fund Balances
General Fund Accounts
For the Fiscal Year Ended June 30, 1998

	State General Account	Permanent Building Fund	Warrant Deficiency Fund	Legislative	Budget Reserve	Constitutional Defense Fund	Catastrophic Health Care
Revenues							
Sales Tax	$505,612,447	$500,000					
Individual and Corporate Taxes	838,655,225	5,101,002					
Other Taxes	14,665,791	8,081,328					
Licenses, Permits, and Fees	6,536,219		$104,133				
Sale of Services, Goods, and Property	135,934	10,138	4,301	$3,701			$791,612
Grants and Contributions							
Interest and Other Investment Income	31,826,750	1,603,255					467,645
Rent and Lease Income	122,044	114,146					
Miscellaneous Income	113,522	14,342,105	139,839				
Total Revenues	1,397,667,932	29,751,974	248,273	3,701			1,259,257
Expenditures							
Current							
General Government	43,107,902			3,904,500	$357,700		
Public Safety and Correction	127,812,574						
Agriculture and Economic Development	13,379,406		79,960				10,028,777
Natural Resources	23,561,871		1,286,247				
Health	7,729,800						
Public Education	223,232,552						
Human Services	520,500						
Transportation	1,881,600	6,403,514					
Capital Outlay	17,937,959	39,897,749	286	346,420			
Intergovernmental	42,959,874						
Total Expenditures	502,124,038	46,301,263	1,366,493	4,250,920	357,700		10,028,777
Revenues Over (Under) Expenditures	895,543,894	(16,549,289)	(1,118,220)	(4,247,219)	(357,700)		(8,769,520)
Other Financing Sources (Uses)							
Operating Transfers In	108,095,416	10,794,536	271,364	4,386,638	8,500,000		9,764,600
Operating Transfers Out	(964,744,303)			(36,638)			
Capital Leases Incurred	105,331						
Total Other Financing Sources (Uses)	(856,543,556)	10,794,536	271,364	4,350,000	8,500,000		9,764,600
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	39,000,338	(5,754,753)	(846,856)	102,781	8,142,300		995,080
Fund Balances - Beginning of Year	86,667,025	67,057,472	671,286	2,539,153	27,887,895	809,453	2,578,928
Fund Balances - End of Year	$125,667,363	$61,302,719	($175,570)	$2,641,934	$36,030,195	$809,453	$3,574,008

Governor's Residence	Endowment Earnings	Sales Tax	Income Tax Refunds	Miscellaneous	Total
		$150,311,566	$2,031,126	$594,477	$659,049,616
			209,178,625	123,963	1,053,058,815
	$4,841,062		8,936,921		36,525,102
	1,236,752			2,024,506	9,901,610
	257,725			939,531	2,142,942
	4,333			16,250,142	16,254,475
$3,708	46,474,429			37,059	80,412,846
	5,084,851			68,227	5,389,268
55,787	7,656,515			1,756,784	24,064,552
59,495	65,555,667	150,311,566	220,146,672	21,794,689	1,886,799,226
17,395		149,404,249	174,618,947	2,947,019	374,357,712
	1,976,310			3,729,440	133,518,324
				437,983	23,926,126
				428,673	25,276,791
	3,546,378				11,276,178
	765,615,844			10,051,503	998,899,899
					520,500
					8,285,114
	460,849			257,122	58,900,385
	1,470			15,492,031	58,453,375
17,395	771,600,851	149,404,249	174,618,947	33,343,771	1,693,414,404
42,100	(706,045,184)	907,317	45,527,725	(11,549,082)	193,384,822
	731,042,909			13,985,365	886,840,828
	(24,582,258)		(56,247,026)	(2,161,696)	(1,047,771,921)
					105,331
	706,460,651		(56,247,026)	11,823,669	(160,825,762)
42,100	415,467	907,317	(10,719,301)	274,587	32,559,060
1,085,228	10,183,718	21,779,620	4,699,171	3,745,993	229,704,942
$1,127,328	$10,599,185	$22,686,937	($6,020,130)	$4,020,580	$262,264,002

Miscellaneous Statistics

State Capitol: Boise
Admitted to the Union: July 3, 1890
Nickname: The "Gem State"
Motto: "Esto Perpetua" (Let It Be Perpetual)
1997 Population Estimate: 1,210,232
Highest Elevation Point:
Mt. Borah; 12,662 Feet Above Sea Level
Lowest Elevation Point:
Snake River, Lewiston; 770 feet Above Sea Level
Number of Lakes: More Than 2,000
State Song: "Here We Have Idaho"
State Insect: Monarch Butterfly
State Fish: Cutthroat Trout
State Bird: Mountain Bluebird
State Horse: Appaloosa
State Tree: Western White Pine
State Gem Stone: Idaho Star Garnet
State Flower: Syringa

Source: Idaho Blue Book, 1997-1998
Idaho Department of Commerce (Population Estimate)

LAND AREA AND USE
(in square miles)

Total Area:	84,437
Land Area:	83,557
Water Area:	880
Federal Land:	52,699
Total Non-Federal Land:	30,858
Total Rural Land:	78,768
Agricultural Land:	12,170
Range Land:	34,353
Forest Land:	32,245

* Federal Land, Total Non-Federal Land, and Total Rural Land and all subsections were converted from square acres to square miles at 640 acres to the mile.

Source: Idaho Blue Book, 1997-1998

COMMUNITIES IN IDAHO WITH POPULATIONS OVER 10,000

Boise	152,737
Pocatello	51,344
Idaho Falls	48,079
Nampa	37,558
Twin Falls	31,989
Coeur d'Alene	31,076
Lewiston	30,271
Caldwell	21,089
Meridian	20,627
Moscow	20,101
Post Falls	14,303
Rexburg	14,204
Blackfoot	10,406

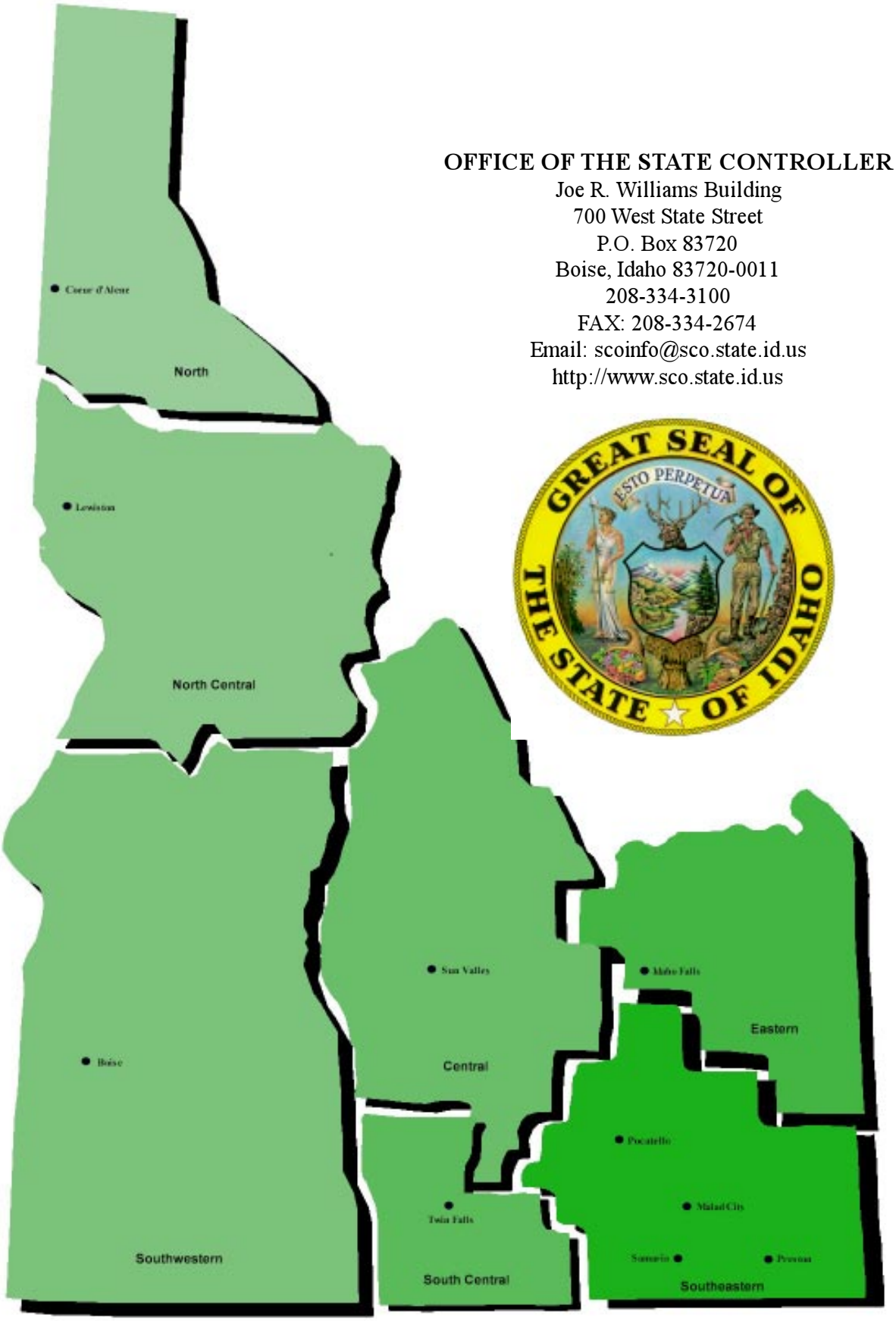
Source: Idaho Department of Commerce

The Following Statistics are from Calendar Year 1997

Number of:	
Licensed Hospitals:	50
Optometrists:	174
Chiropractic Physicians:	289
Physicians:	2,063
Dentists:	764
Public Schools	
Elementary:	355
Secondary:	259
Non-Public Schools	
Elementary:	56
Secondary:	26
Colleges and Universities:	10
Public Libraries:	141

Source: Idaho Department of Commerce

NORTH
NORTH CENTRAL
CENTRAL
EASTERN
SOUTHWESTERN
SOUTH CENTRAL
SOUTHEASTERN



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