

STATE OF IDAHO

Comprehensive

Annual

Financial

Report

Fiscal

Year

Ended

JUNE 30, 1996



Idaho State Controller's Office

MISSION

To ensure that state government is accountable to every Idaho citizen.

MISSION STATEMENT

To make Idaho state government financially accountable to our citizens by providing effective leadership in accounting, payroll, and computer processing services utilizing state-of-the-art technology and highly trained employees committed to delivering the best available services at the lowest possible cost.

PHILOSOPHY

We believe in:

Excellence and performing our duties in an open, honest, ethical and responsive manner to ensure that our office is accountable to those we serve.

High performance and always striving to effectively deliver more services at lower costs by constantly reviewing and improving the efficiency of our workmanship so that the public's tax dollars are spent wisely.

The inestimable value of our employees and encouraging them through increased training and teamwork with others to seek and use new technologies in order to continue delivering quality service to our citizens.

The value of our relationships with others and striving to cooperate and support those we work with to help us all reach our potential.

Doing what we say and delivering what we promise.

CODE OF ETHICS

We are committed to:

Taking great pride in serving the citizens of our state by promoting awareness that public service is a public trust.

Discharging our duties with integrity, objectivity, discretion and a genuine effort to serve the public.

Conducting ourselves in a professional manner in carrying out our obligation to serve the public accurately and efficiently.

Assuming individually that an obligation of self-discipline is above and beyond the requirements of laws and regulations.

Maintaining a balance between the public's right to know and requirements of confidentiality involving any records.

Being accountable as individuals and as part of an elected office to our bosses who are the citizens of Idaho.



In an effort to reduce the costs of printing, if you wish your name to be deleted from our mailing list or if your present address has changed, contact the Division of Statewide Accounting at (208) 334-3150 or at Office of the State Controller, Division of Statewide Accounting, PO Box 83720, Boise, ID 83720. If you would like to receive a copy electronically it can be viewed and/or downloaded at our website: <http://www.sco.state.id.us>

STATE OF IDAHO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 1996

Prepared by the Office of the State Controller
J.D. Williams

J.D. Williams
State Controller

Phil Batt
Governor

STATE OF IDAHO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

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STATE INSECT

The Monarch Butterfly (*Danaus plexippus*) was adopted as the state insect by the state legislature in 1992. The Monarch Butterfly is a unique insect. It is a great migrator, traveling many miles during its lifetime, which can be from a few weeks up to a year. Monarchs go through a complete metamorphosis in three to six weeks.

I N T R O D U C T O R Y

SECTION



J. D. WILLIAMS
STATE CONTROLLER

OFFICE OF THE STATE CONTROLLER

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LAIRD A. JUSTIN
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DIVISION COMPUTER SERVICES
J. GREGORY WHITE
DEPUTY
DIVISION STATEWIDE ACCOUNTING

To the Citizens of Idaho:

October 6, 1997

To: **The Honorable Philip E. Batt, Governor**
Members of the State Legislature
Citizens of Idaho

It is with great pleasure that I present you with the State of Idaho's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1996. This is our second CAFR and the first that has been prepared in accordance with generally accepted accounting principles (GAAP). It is also the first to have an unqualified audit opinion. This report represents our State's continued commitment to sound financial management and responsible financial reporting based on recognized standards. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Office of State Controller. I am confident the data presented is accurate in all material respects. It is presented in a manner which 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.

Accountability is the cornerstone of government financial reporting. It compels the justification for the raising of public resources and the purpose for which these are used. It is based on the belief that the public has a right to know, through openly and clearly declared facts that encourage public debate. Accountability is imperative for government to assist Idahoans in assessing whether current year revenues are sufficient to pay for the services provided and whether future taxpayers will be required to assume burdens for services provided to past generations. This is the ultimate reason for producing the CAFR.

Certainly, there are many reasons, which compel the timely issuance of an annual CAFR. These include the following:

Credit Rating - Both Moody and Standard and Poor's have indicated that governments which prepare timely CAFRs in accordance with generally accepted accounting principles (GAAP) will receive a better credit rating than those which do not. Although we are in the fortunate position of having only to borrow on tax anticipation notes issued by the Treasurer for cash flow purposes, we want to continue to receive the highest rating possible on those notes.

Efficiency and Effectiveness - Timely financial reporting and reliance on GAAP not only facilitate decision-making and improve the ability of governments to manage affairs in a prudent and efficient manner, but also instill a discipline and rigor to the processes which safeguard State assets and assure only authorized transactions are executed.

National Recognition - GAAP financial reporting and the issuance of a timely CAFR is fast becoming the norm for state governments. More than half the states have achieved this goal. All the remainder, including Idaho, have active projects underway to achieve this end.

Enormous strides in statewide financial reporting have been made in Idaho during the past few years. I want to see that trend continue. 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 overall CAFR is presented in three sections: Introductory, Financial, and Statistical.

The Introductory Section includes this transmittal letter, financial highlights, economic outlook, the State's organizational chart and a list of principal officials.

The Financial Section includes the Auditor's opinion, general purpose financial statements, combining financial statements, supporting schedules, and fund descriptions.

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

In addition to the CAFR, the Office of the State Controller issues other special purpose 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 special purpose reports are described as follows:

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.

“Fiscal Facts in a Nutshell” - 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 the report.

Reporting Entity

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 assistance, 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, we have included component unit 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. Criteria used to determine if a particular entity is financially accountable are: (1) a state official appoints a voting majority of an organization's governing body or; (2) the State has ability to impose its will on that entity, or the entity has the potential to provide specific financial benefits to, or impose specific financial burdens on, the State. The component units that are a part of this report include, but are not limited to, the Idaho State Building Authority, Idaho Housing and Finance Association, Idaho Health Facility, Idaho State Bar, and the Idaho Life and Health Insurance Guaranty Association.

Economic Condition and Outlook

According to the Division of Financial Management's January 1997 Economic Forecast, Idaho's economic growth rate is expected to moderate between 1996 and 2000. The improving economic conditions in nearby states will bring Idaho's economic performance closer to the national average and away from the top five that Idaho has enjoyed with other Intermountain and Northwest states through the first half of this decade. Of immediate concern to Idaho's economic outlook is the possible expense attributed to the extensive flooding in 1996. The final cost to Idaho as a result of these natural disasters is undetermined. Idaho's non-farm employment is projected to increase by an average of 2.7% annually, personal income should grow between 5.3% and 6.6% per year and population growth is expected to stabilize at about 2.0% annually.

Unlike last year's turbulent economic conditions, 1997 should reflect a more moderate economy. As recently as 18 months ago the industry employment growth report contained almost entirely positive growth rates for Idaho. Currently though, these reports contain a mixture of positive and negative growth rates. Sectors showing the greatest signs of strength are communications, trade, services and food processing. Idaho's weakest employment categories are lumber and wood products, federal government, construction, and chemicals. The number of Idaho housing starts is projected to continue to decline in 1997.

Growth in the remaining years of the decade will vary by sector. Employment in the lumber and wood products sector will continue to fall off as housing starts continue to decline due to the expected soft markets for wood products and the continued uncertainty of the timber supply from public lands. However, substantial increases will be seen in the service industry as the aging population in the United States continues to increase the need for such services as health care, recreation, and long-term care.

Last year's memory chip price collapse caused Micron Technology to initiate a hiring freeze. Also, the restructuring of Hewlett-Packard's Boise plant led to a net loss of 500 jobs and a decrease in corporate income tax revenues. These events, in part, caused the Governor to call for a 2% reduction in state spending. Many experts feel that the memory chip business has reached the bottom of its current cycle and prices will begin to stabilize. Micron has now lifted its hiring freeze.

Idaho's employment growth for federal, state, and local governments will continue to decline. Cost-cutting plans to balance the federal budget are expected to cause federal employment in Idaho to decline by 1.2% annually. Ongoing efforts to streamline state government will continue and local government budget caps will limit employment at those levels as well.

It is important to keep Idaho's future economic performance in proper perspective. Although growth is expected to slow from the torrid pace of the early 1990s, it is not expected to stop or decline. Idaho's economy will not continue to match the phenomenal growth it experienced in the first half of the decade, but it will continue to outpace the rest of the nation. Thus while Idaho may grow a little more slowly it will continue to move forward at a rate most states would envy.

Source: Idaho Economic Forecast 1996 -2000, Division of Financial Management, Vol. XVIII No. 1, January 1997.

Major Initiatives

The Department of Health and Welfare has begun implementation of welfare reforms as recommended by the Governor's Welfare Reform Advisory Council. These recommendations included promoting self-sufficiency by requiring clients to participate in work and training programs, setting lifetime limits on eligibility and new tools to enhance child support collections. The State Controller's Office worked very closely with the Department of Health and Welfare to implement the Idaho Child Support Enforcement System (ICSES) which tracks and identifies delinquent parents who subsequently could lose driver licenses, occupational licenses and other privileges for non-payment of child support.

The Governor appointed an Endowment Fund Investment Task Force to study ways of increasing financial returns on endowment lands through changes in its investment strategies and diversification of the State's portfolio. The recommendations of the Task Force involve both statutory and constitutional changes. Actual results will not be apparent for some time.

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 protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements. Administrative and financial internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. 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 in the Statewide Accounting and Reporting System (STARS). The annual budget of the State is established through separate appropriations to 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 unexpended appropriation balance is available for the expenditure. STARS also performs various edits to assure appropriation authorizations are not exceeded. 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 on a daily basis, 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 that have independent powers to manage and invest their own cash) the State Treasurer is responsible for investing the State's cash and investment pools. The State Treasurer's investments are made in compliance with the provisions of the Idaho Code, title 67 chapter 12. The State Treasurer also manages an investment pool for local governments' cash balances under the same investment provisions. Legal requirements for the investment of funds maintained in the State's cash and investments pool are discussed in Note 1 to the Financial Statements.

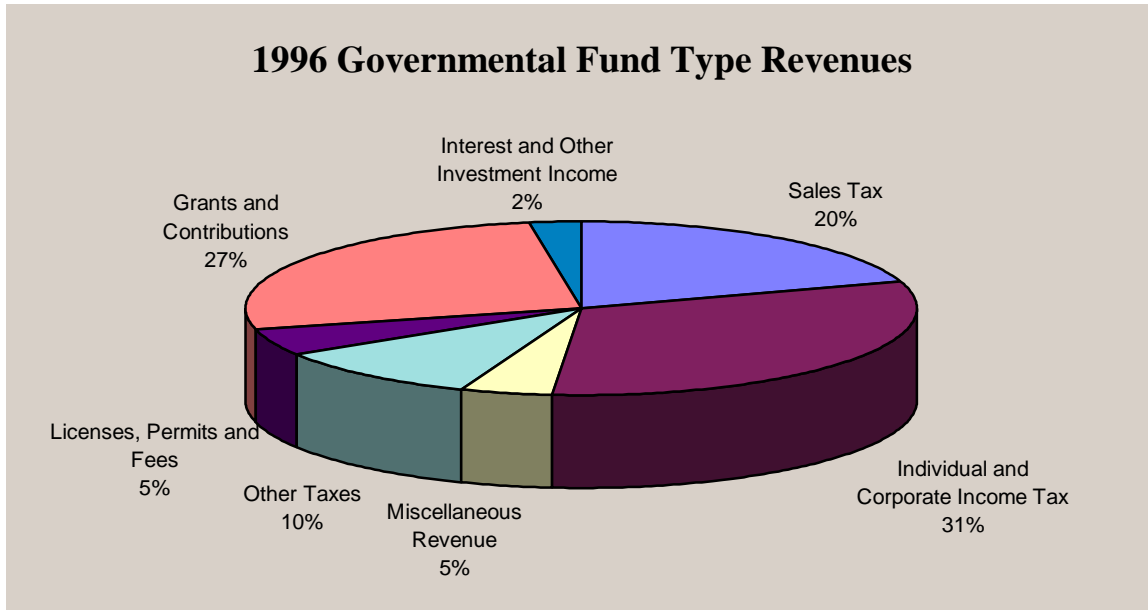
Each month the State Treasurer allocates interest income earned on the investment pool to various funds designated by law to receive the earnings. The allocation is calculated in accordance with a formula based on average daily cash balances invested over the month.

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, 1996:

| Revenues by Source: | | Percent of Total |
|--------------------------------------|------------------------|-----------------------------|
| Sales Tax | \$605,411,579 | 20% |
| Individual and Corporate Income Tax | 947,764,467 | 31% |
| Miscellaneous Revenue | 138,937,435 | 5% |
| Other Taxes | 303,609,358 | 10% |
| Licenses, Permits and Fees | 151,296,763 | 5% |
| Grants and Contributions | 805,440,878 | 27% |
| Interest and Other Investment Income | 72,386,195 | 2% |
| Total Revenues | \$3,024,846,675 | 100% |

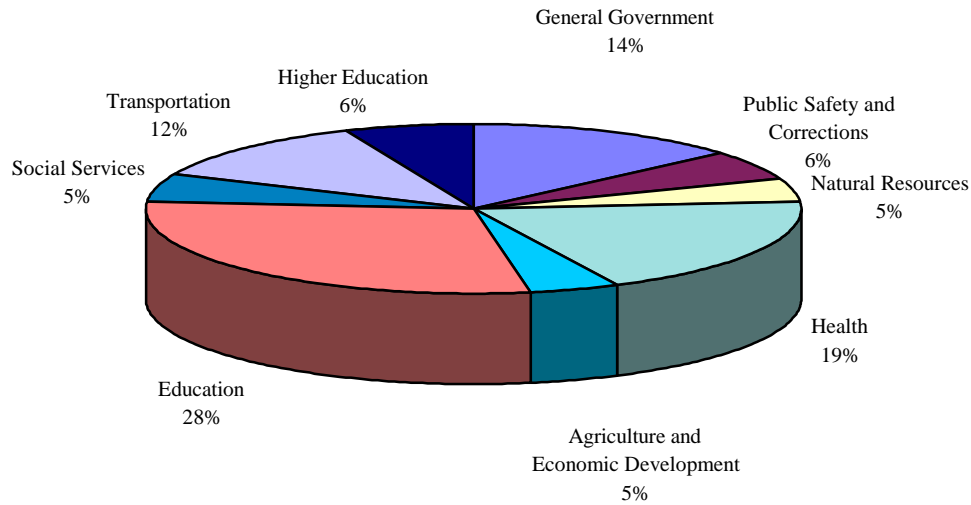


Expenditures

The following is a summary of the general government expenditures for all governmental fund types for the fiscal year ended June 30, 1996:

| Expenditures By Function: | | Percent of Total |
|--------------------------------------|-----------------|-----------------------------|
| General Government | \$407,620,582 | 14% |
| Public Safety and Corrections | 166,200,659 | 6% |
| Natural Resources | 136,436,068 | 5% |
| Health | 572,247,692 | 19% |
| Agriculture and Economic Development | 136,710,026 | 5% |
| Education | 867,783,110 | 28% |
| Social Services | 160,402,151 | 5% |
| Transportation | 356,204,176 | 12% |
| Higher Education | 194,020,132 | 6% |
| | \$2,997,624,596 | 100% |

1996 Governmental Fund Type Expenditures



Proprietary Operations. Activities of a 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 the services provided. The enterprise fund having the largest revenue in the State is the State Insurance Fund, which provides workers compensation insurance coverage to the general public as well as the various state entities. The Idaho State Lottery Commission has the second largest enterprise fund. Revenues generated by the Lottery, after allowances for prizes and expenses, are distributed evenly between the Permanent Building Fund and the Public School Income Funds.

Internal Service Funds provide services to state and local governments and are financed through user charges. Most funds attempt to operate on a break-even basis. Rates are adjusted annually for over or under recovery of cost. The State's internal services funds reside primarily with the Department of Administration, including Group Insurance, Risk Management, postal and communication services, and the Office of the State Controller which includes 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, nonexpendable, pension trust and agency funds. They are established through trust agreements that specify how the funds will operate. Expendable trust funds, such as the Employment Trust Fund from which unemployment benefits are paid, are funds 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 pension trust funds are the Public Employees' Retirement System, which administers the retirement benefits held in trust for public employees and the Judges Retirement Fund, which administers retirement benefits held in trust for certain members of the Judicial Branch.

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. However, it 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).

Debt Administration

The State has no outstanding general obligation debt.

Risk Management

The State establishes reserves for potential claims arising from the State's traditional health care plan, workers' compensation, vehicle liability, property losses, and tort liability. Pre-funded reserves are established for property and casualty claims. This funding is obtained through charges to various State agencies. Commercial insurance is obtained above the self-insured retention for property claims (maximum limit \$150,000,000) and employee good faith performance (maximum limit \$5,000,000). Incidental policies are obtained on behalf of the State in those cases where necessary.

Independent Audit

In accordance with Idaho Code, Section 67-429, Legislative Audits have audited the State's financial statements for the year ended June 30, 1996. 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-128 is performed at the statewide level. The Schedule of Federal Financial Assistance and related auditor's opinion will be issued at a later date.

Conclusion

This report reflects the continued commitment of the State's leaders to provide excellence in financial reporting. 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.

Acknowledgments

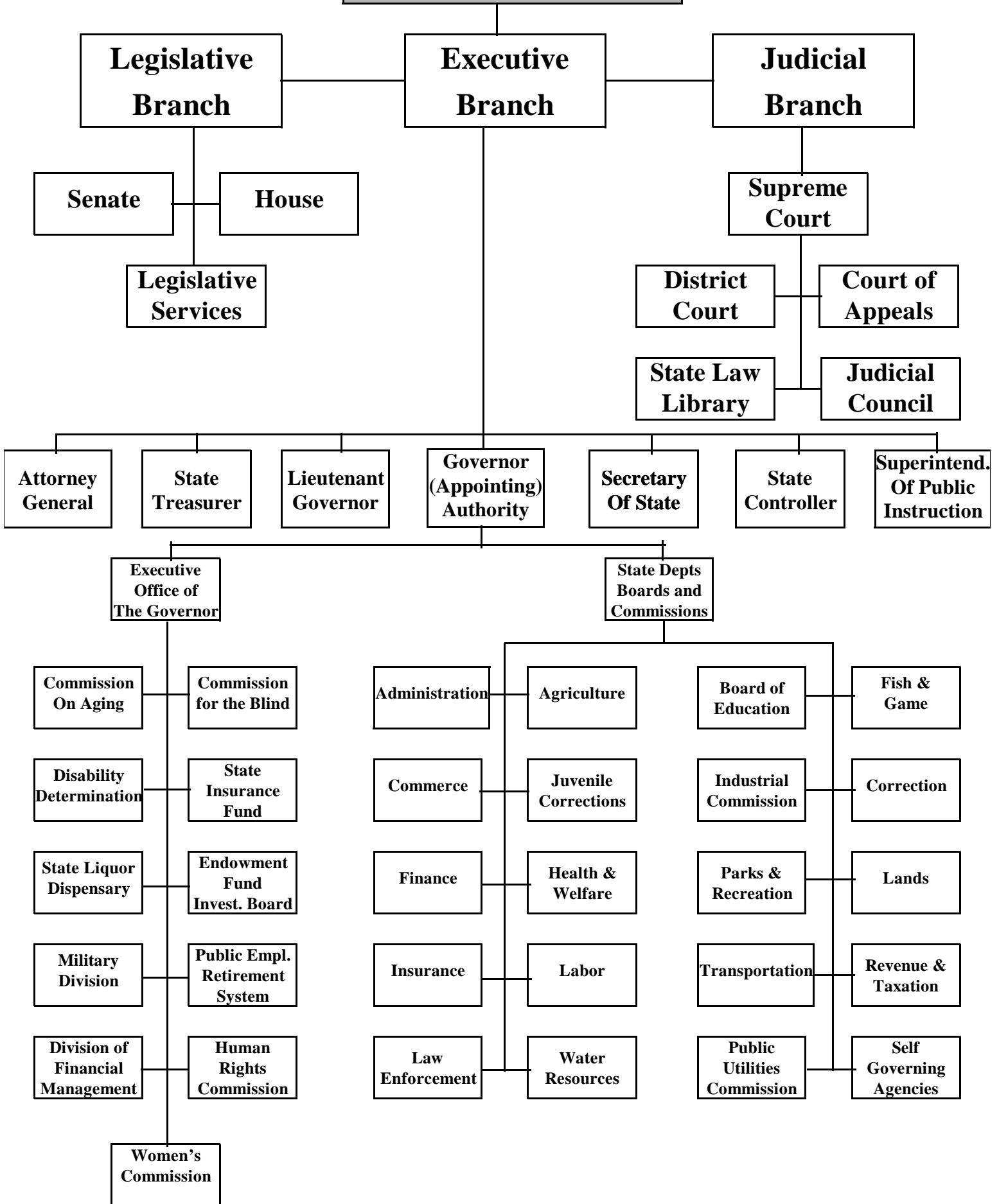
Sincere appreciation is extended to the budget and accounting officers throughout State government and to the staff of the State Controller's Office for their collective dedicated efforts in preparing this report. In addition, without the strong support of the Legislature and our past two Governors during the last eight years, we would not have been able to issue such a Comprehensive Annual Financial Report. Much of the credit for our success goes to them.

Respectfully submitted,

J. D. Williams

J. D. Williams
State Controller

Citizens of Idaho



ELECTED OFFICIALS OF THE STATE OF IDAHO



PHILIP E. BATT
Governor



C.L. "BUTCH" OTTER
Lieutenant Governor



PETE T. CENARRUSA
Secretary of State



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. TWIGGS
President, Pro Tempore
Idaho State Senate



CHARLES F. McDEVITT
Chief Justice,
Supreme Court



STATE FLOWER

The Syringa (*Philadelphus lewisii*) was designated the state flower of Idaho by the legislature in 1931. It is a branching shrub with clusters of white, fragrant flowers. The blossoms are similar to the mock orange, have four petals, and the flowers grow at the ends of short, leafy branches.

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SECTION



Legislative Services Office Idaho State Legislature

Carl F. Bianchi
Director

State Capitol
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Boise, ID 83720-0054
208/334-2475; Fax 334-212

October 6, 1997

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, 1996, 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 certain blended component units, which statements reflect the indicated percent of total assets and total revenues, respectively, of the enterprise (26% and 32%) pension trust (99% and 99%), colleges and universities (100% and 100%), nonexpendable trust (95% and 65%). In addition, we 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 entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Governmental 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 the discretely presented component units identified in Note 19, and the Idaho Building Authority were not audited in accordance with *Governmental 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.

Research & Legislation
Mike Nugent, Supervisor
208/334-2475; Fax 334-2125

Budget & Policy Analysis
Jeff Youtz, Supervisor
208/334-3531; Fax 334-2668

Legislative Audit
Larry Kirk, Supervisor
208/334-3540; Fax 334-2125

Serving Idaho's Citizen Legislature

Independent Auditor's Report

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, 1996, and the results of its operations, the cash flows of its proprietary fund types, and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we will issue a report dated October 6, 1997, on our consideration of the State of Idaho's internal control structure and a report dated October 6, 1997, on its compliance with laws and regulations. Those reports will be included in the State's single audit report.

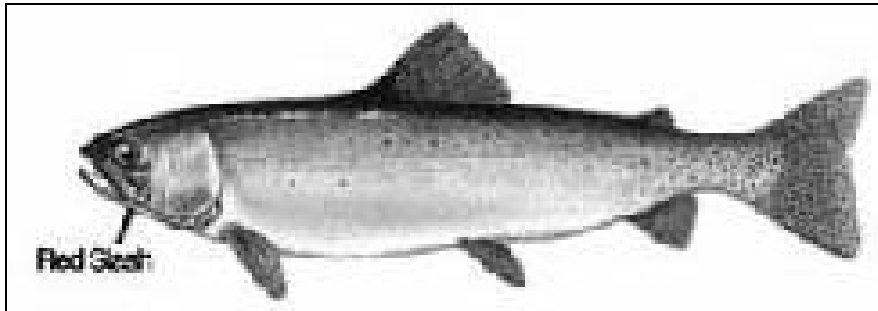
Our report was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose 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 R Kirk
Larry R. Kirk, CPA
Audit Supervisor

GENERAL PURPOSE



STATE FISH

The Cutthroat trout was designated the state fish by the 1990 legislature. The Cutthroat, along with the Rainbow and Bull Trout, is native to Idaho. The body color varies with the back ranging from steel gray to olive green.

The sides may be yellow brown with red or pink along the belly. The Cutthroat's name comes from the distinctive red to orange slash on the underside of its lower jaw.

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STATEMENTS

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the State have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), except where noted. GASB is the standard-setting body for governmental accounting and financial reporting principles.

The financial statements of the university funds have been prepared in conformity with GASB Statement 15, as prescribed by the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, "Audits of Colleges and Universities".

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 relationship 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 (1) the State appoints a voting majority of the organization's governing board and (2) the State is able to impose its will on the organization, or 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. Complete financial statements of the individual component units, or state agencies or funds, which issued separate financial statements, as noted below, can be obtained from their respective administrative offices.

State Agencies or Funds

State of Idaho Endowment Funds, administered by the Endowment Fund Investment Board - These funds are the permanent endowment funds held for the benefit of certain State of Idaho institutions. Their audit report, dated August 2, 1996, was issued under separate cover for the year ended June 30, 1996.

Public Employee Retirement System of Idaho (PERSI) - The agency administers a multiple-employer cost-sharing public employee retirement system established by the State to provide pension benefits for employees of its state and local governments. PERSI's audit report, dated November 11, 1996, was issued under separate cover for the year ended June 30, 1996.

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Idaho Lottery - The agency accounts for the State Lottery as administered by the Idaho Lottery Commission. The Idaho Lottery's audit report, dated August 2, 1996, was issued under separate cover for the year ended June 30, 1996.

State Board of Education and Board of Regents of the University of Idaho - These boards have oversight responsibility for Boise State University, Idaho State University, the University of Idaho, Lewis and Clark State College, and Eastern Idaho Technical College. The institutions' reports were issued under separate covers for the year ended June 30, 1996. The audit reports were dated October 11, September 27, September 11, September 27, and August 30, 1996 respectively.

State Insurance Fund - The Agency administers the Worker's Compensation Fund and the Petroleum Clean Water Fund for the State. Separate annual reports and audits are issued for each fund, as they represent two separate legal entities. The agency reports its operations on a calendar year basis. The financial information in each report is for the year ended December 31, 1995. The individual audit reports, dated April 24, 1996, were issued under separate cover for each fund.

These audits were prepared in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Department of Insurance of the State of Idaho. Adjustments were made to convert the financial statements to generally accepted governmental accounting principles. Significant adjustments for the State Insurance Fund included \$8,763,432 to reduce investments from market to cost; \$2,819,435 to capitalize acquisition costs as other assets; \$2,724,065 to amortize acquisition costs of the prior year; and \$9,205,252 to eliminate statutorily calculated excess reserves.

Also, Statutory Accounting Principles require the classification of short-term investments with a maturity date of 12 months from the date of purchase as cash equivalents. In order to be in accordance with GAAP, an adjustment was made to reclassify those investments, currently presented as cash equivalents, with maturity date of more than 3 months from the date of purchase to investments. The adjustment is also reflected on the Statement of Cash Flows. This type of adjustment, in the amount of \$1,976,843, was made for the Petroleum Clean Water Fund.

Blended Component Unit - Enterprise Fund

The following component unit is legally separate from the State, but is so intertwined with the State that it is, in substance, the same as the State. It 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 to finance and construct facilities such as office buildings and parking garages to be used by the State. It is reported as part of the primary government because it provides services almost entirely to the primary government. It is blended into the Enterprise

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Funds and the Account Groups. Their audit report, dated September 24, 1996, was issued under separate cover for the fiscal year ended June 30, 1996.

Discretely Presented Component Units

The Component Units described in Note 19 are entities 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 governed by separate boards.

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).

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 obligations.

1. The State's governmental funds are used to account for the State's general activities, including collection and disbursement of earmarked moneys (special revenue funds), acquisition or construction of general fixed assets, and servicing of general long-term debt and include:

The General Fund is the principal operating fund of the State. It is used to account for resources which are not required to be accounted for in other funds. These services include, among others, general government, education (other than those reported in the University Funds), health and social services, public safety, natural resources, and transportation. Certain resources obtained from federal grants and used to support general

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governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue Funds are used to account for transactions related to resources obtained from specific revenue sources (other than for 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 the Department of Fish and Game, the Department of Health and Welfare, the Idaho Transportation Department, and other Miscellaneous Funds legally restricted to expenditures for specified purposes.

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, 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. Proprietary fund types are described as follows:

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. These funds are used to account for the financing, acquisition, operation, and capital maintenance of governmental facilities where the determination of net income is appropriate. Enterprise funds include Correctional Industries, the Liquor Dispensary, the Idaho Lottery Commission, Petroleum Clean Water Fund, and the State Insurance Fund.

Internal Service Funds are 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, Group Insurance, Risk Management, and Data Processing Services.

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3. Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms nonexpendable” and “expendable” refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds are custodial in nature and are generally used to account for assets the government holds on behalf of others, as their agent. Fiduciary fund types include the following:

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 expendable trust fund for the State is Unemployment Compensation.

Nonexpendable Trust Funds account for the transactions, assets, liabilities, and fund equity of the State Endowment Fund. The Endowment Funds were created from federal Enabling Act land grants and the sale of such lands. 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 colleges and universities in accordance with existing authoritative accounting and reporting principles as prescribed in the AICPA Industry Audit Guide. Accordingly, college and university funds are an aggregation of the following funds:

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. These include “unrestricted” funds over which the institution’s governing board retains full control in achieving institutional purposes and “restricted” funds which may be utilized only for purposes designated by a donor or other external organization. Unrestricted funds include general fund appropriations and various fees charged to students. Auxiliary enterprise funds 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, intercollegiate athletics, food services, and bookstores.

Loan Funds account for transactions of related resources obtained and used for loans to students, staff, and faculty.

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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.

Unexpended - This subgroup is used to account for the unexpended resources derived from various sources to finance the acquisition of university fixed assets and the associated liabilities.

Renewals and Replacements - The resources of this subgroup provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

Retirement of Indebtedness - This represents bond sinking funds used to provide for payment of principal and interest pursuant to terms of bond indentures.

Investment in Plant - Except for long-lived assets held as investments in endowment and similar funds and their associated liabilities, this subgroup includes all long-lived assets in the service of the institution and all construction in progress (unless carried in the Unexpended Plant Fund or Fund for Renewals and Replacements subgroup, until completion of the project) and all associated liabilities.

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

5. Account groups consist of the following:

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 college and universities are accounted for separately in their respective funds.

General Long-Term Obligation Account Group accounts for the State's unmatured long-term obligations related to capital lease obligations and compensated absences. 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:

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Governmental Funds, Expendable Trust Funds, and Agency Funds

All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet.

All governmental funds, expendable trust funds, 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 and related fund liabilities are recognized upon receipt of goods or services.

Proprietary Funds, Nonexpendable Trust Funds, and Pension Trust Funds

All proprietary funds, nonexpendable trust funds, 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.

All proprietary funds, nonexpendable trust funds, and pension trust funds 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 (i.e., net assets) is segregated into contributed capital and retained earnings components for proprietary funds and fund balance for nonexpendable trust and pension trust funds.

College and University Funds

The accounts of 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.

Change in Accounting Principle

The Public Employee Retirement System of Idaho adopted Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25), Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, effective for fiscal year ending June 30, 1996. Adoption of this statement, among other provisions, resulted in a change from reporting investments at cost to reporting investments at fair market value and depreciating assets used in plan operations. The

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financial information has been restated in accordance with the provisions of GASB No. 25.

F. Budgetary Process

By November of each year, all agencies of the state submit requests for appropriations to the Governor's Office, Division of Financial Management, and the Legislature so a budget may be prepared for the up-coming legislative session. The budget is generally prepared by agency, fund, program, and object. 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 is presented to the legislature for review, change, and preparation of the annual appropriation acts for the various agencies. The legislature enacts annual appropriations (budgets) for the majority of funds held in the state treasury. These 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 10 days after the end of the session if not signed by the Governor.

Once the budget has been adopted, limitations may exist regarding the extent to which management may make modifications. 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(c), 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% 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% cumulative change must be approved by legislative appropriation.

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

The State's books and records and other official reports are maintained on a cash basis which is the basis of accounting used in 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

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legal compliance to the budget. A copy of this report may be obtained by contacting the Office of the State Controller.

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 an expenditure, but reduce spending authority.

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

As part of the budgetary process, agencies may request additional, or supplemental appropriation, for the current year. A schedule of supplemental appropriations follows:

| | |
|------------------------|---------------------|
| General Fund | \$24,822,000 |
| Special Revenue Funds | |
| Health and Welfare | (217,400) |
| Transportation | 6,000,000 |
| Miscellaneous | 2,042,700 |
| Enterprise Funds | |
| Lottery | 1,238,200 |
| Internal Service Funds | |
| Professional Services | 251,000 |
| Data Processing | <u>903,400</u> |
| Total | <u>\$35,039,900</u> |

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) may 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 and Cash Equivalents

Cash and cash equivalents consist of bank accounts, petty cash, and short term investments. Cash balances of most State funds are pooled together and invested by the State Treasurer. Interest earned on pooled cash is allocated to the Internal Service Funds, Expendable Trust Funds, 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 2, is pledged by the various banks and securities dealers to secure State

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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 equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments

The State Treasurer may invest State funds and funds of other qualified entities within the State in accordance with Sections 67-1210 through 67-1222 of the Idaho Code. Allowed investments include certificates of deposit with banks and savings and loan institutions, commercial paper, repurchase agreements, United States Treasury Bills and Notes, and government-backed mortgages and loans. Investments are generally recorded at amortized cost. Interest from short-term interest bearing securities is recognized when earned.

The Public Employee Retirement System of Idaho (PERSI) is permitted to make investments in accordance with the Prudent Man Investment Act, Sections 68-501 through 68-506 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 in accordance with GASB Statement 25.

Accounts Receivable

Accounts receivable in governmental and fiduciary funds primarily consist of timber sales and interest (both of 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. The public assistance receivables have a low realization expectation, therefore the receivable is offset by a large allowance for uncollectible receivables. Other receivables include amounts collectible for investments sold and for accrued interest income as well as contributions receivable in the pension trust funds. Proprietary fund receivables occur as part of the ordinary course of business. University fund receivables include money due from the federal government, tuition, fees, loans, and accrued interest income. A schedule of these balances follows:

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| Fund | Accounts Receivable | Allowance for Doubtful Accounts | Net Accounts Receivable |
|-----------------------------|--------------------------------|--|------------------------------------|
| General Fund | \$91,770,384 | \$676,573 | \$91,093,811 |
| Special Revenue Funds | | | |
| Fish and Game | 9,672 | | 9,672 |
| Health and Welfare | 109,366,548 | 47,008,092 | 62,358,456 |
| Transportation | 19,970,324 | | 19,970,324 |
| Miscellaneous | 3,704,286 | 703,311 | 3,000,975 |
| Enterprise Funds | | | |
| Correctional Industries | 76,672 | | 76,672 |
| Liquor Dispensary | 58,673 | | 58,673 |
| Idaho Lottery | 8,138,338 | | 8,138,338 |
| Petroleum Clean Water Trust | 648,737 | | 648,737 |
| State Insurance Fund | 6,551,827 | | 6,551,827 |
| Idaho Building Authority | 48,355 | | 48,355 |
| Internal Service Funds | | | |
| Data Processing Services | 252 | | 252 |
| General Services | 164,387 | | 164,387 |
| Fiduciary Funds | | | |
| Unemployment Compensation | 35,045,338 | | 35,045,338 |
| Endowment Fund | 8,304,774 | | 8,304,774 |
| Public Emp Retirement Sys | 35,876,420 | | 35,876,420 |
| Colleges and Universities | <u>22,226,648</u> | <u>515,599</u> | <u>21,711,049</u> |
| Total | <u>\$341,961,635</u> | <u>\$48,903,575</u> | <u>\$293,058,060</u> |

Due From/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” or “due to other funds” on the balance sheet. With the exception of intrafund operating transfers, no eliminating entries have been made for transactions occurring between funds. A schedule of these balances follows:

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| Fund | Due From | Due To |
|---------------------------|----------------------------|----------------------------|
| General Fund | \$2,966,674 | \$437,227 |
| Special Revenue | | |
| Transportation | 67,808 | 222,597 |
| Health and Welfare | 2,815 | 754,548 |
| Fish and Game | | 204,369 |
| Miscellaneous | 308,375 | 490,933 |
| Enterprise Funds | | |
| Correctional Industries | 302,164 | 8,136 |
| Liquor Dispensary | | 2,012 |
| Idaho Lottery | | |
| Internal Service Funds | | |
| Data Processing Services | 557,521 | 2,329 |
| General Services | 808,128 | 183,240 |
| Risk Management | 98,237 | 42,257 |
| Group Insurance | 21,261 | 231 |
| Fiduciary Funds | | |
| Pension Trust | | 4,706 |
| Agency | | 28,747 |
| Colleges and Universities | <u>12,361,314</u> | <u>15,112,342</u> |
| Total Primary Government | 17,494,297 | 17,494,297 |
| Component Units | <u>32,825</u> | <u>32,825</u> |
| Total Reporting Entity | <u><u>\$17,527,122</u></u> | <u><u>\$17,527,122</u></u> |

Due From Other Governments

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

Prepaid Expenses

Prepaid expenses shown in the proprietary fund types represent amounts paid in the current period for goods or services which will be received in the future. 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.

Inventories

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 are recorded as expenditures at the time of purchase.

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Notes and Mortgages Receivables

Long term receivables are reported as notes and mortgages receivables and are offset equally by a reserve of fund equity. The fund balance is reserved to indicate it is not an available, expendable resource. The most significant balance in this account is for grand prize annuities receivable from the Multi State Lottery for winning lottery claims.

Other Assets

Other assets include transfer fees, deposits ceded for reinsurance, and other miscellaneous items.

Fixed Assets

Fixed assets used in governmental fund type operations are recorded as expenditures in the governmental funds and in the general fixed assets account group at cost or estimated historical cost if actual cost is not available. 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.

Assets with a cost in excess of \$5,000 and a useful life of 2 or more years are capitalized. Interest incurred during construction is capitalized.

Land was recorded at historical cost or fair market value at date of acquisition. In cases where historical cost was not available, land was valued using comparables indexed forward or back with the consumer price index (CPI).

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. The cost of land associated with infrastructure is not included. Buildings and Improvements, Machinery and Equipment, and improvements other than buildings are depreciated in the proprietary and similar trust fund types using the following schedule:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 30 |
| Improvements Other Than Buildings | 5-40 |
| Machinery, Equipment and Other | 7-13 |

The College and University funds account for fixed asset acquisition at cost. Construction projects are included in the plant fund as "Construction in progress" while the project is being constructed. Depreciation is not included for University funds.

Escheat property, the reversion of property to a governmental entity in the absence of legal claimants or heirs, is included in the general fund as revenue when received. Estimated future claims for the property is recorded as a fund liability.

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The following is a schedule of the State's general fixed assets:

| FUNCTION AND ACTIVITY | GENERAL FIXED ASSETS JUNE 30, 1995 | ADDITIONS | DELETIONS | GENERAL FIXED ASSETS JUNE 30, 1996 |
|---|--|----------------------------|----------------------------|--|
| GENERAL GOVERNMENT: | | | | |
| EXECUTIVE ADMINISTRATION | \$605,078 | \$67,595 | \$338,666 | \$334,007 |
| FINANCIAL ADMINISTRATION | 187,484, 7,218 | 135 | 194,567 | |
| TAX ADMINISTRATION | 1,851,727 | 158,941 | 133,967 | 1,876,701 |
| LEGAL ADMINISTRATION | 380,507 | | 0 | 380,507 |
| LEGISLATIVE | 300,372 | 117,231 | 27,502 | 390,101 |
| OTHER INTERNAL OPERATIONS | 24,904,205 | 23,076,518 | 0 | 47,980,723 |
| PUBLIC SAFETY: | | | | |
| COURT SYSTEM | 1,483,526 | 487,412 | 290,649 | 1,680,289 |
| POLICE SERVICES | 10,088,478 | 2,678,237 | 158,084 | 12,608,631 |
| CIVIL DEFENSE | 8,784,205 | 271,603 | 0 | 9,055,808 |
| ADULT AND JUVENILE CORRECTIONS | 33,507,501 | 12,458,931 | 752,312 | 45,214,120 |
| ECONOMIC DEVELOPMENT: | | | | |
| EMPLOYMENT AND REHABILITATION | 10,247,922 | 2,332,531 | 539,981 | 12,040,472 |
| ECONOMIC DEVELOPMENT | 2,067,558 | 0 | 0 | 2,067,558 |
| BUSINESS AND PROFESSIONAL REG | 8,171,940 | 645,610 | 593,785 | 8,223,765 |
| NATURAL RESOURCES: | | | | |
| NATURAL RESOURCES & REC. MGMT | 172,263,083 | 1,996,345 | 98,535 | 174,160,893 |
| ENERGY MANAGEMENT | 14,000 | 0 | 0 | 14,000 |
| ENVIRONMENTAL HEALTH | 259,950 | 5,334 | 0 | 265,284 |
| HEALTH: | | | | |
| PHYSICAL HEALTH | 3,106,825 | 288,853 | 0 | 3,395,678 |
| MENTAL HEALTH | 972,048 | 0 | 0 | 972,048 |
| MEDICAL ASSISTANCE | 258,151 | 0 | 0 | 258,151 |
| INSTITUTIONAL AND RESIDENTIAL CARE | 60,216,157 | 381,903 | 0 | 60,598,060 |
| EDUCATION: | | | | |
| EDUCATION POLICY DEVELOPMENT | 51,055 | 0 | 0 | 51,055 |
| ELEMENTARY & SECONDARY ED | 304,762 | 149,903 | 79,840 | 374,825 |
| VOCATIONAL EDUCATION | 80,284 | 25,200 | 0 | 105,484 |
| CULTURAL AFFAIRS | 10,911,993 | 345,075 | 54,358 | 11,202,710 |
| SOCIAL SERVICES: | | | | |
| INDIVIDUAL INCOME ASSISTANCE | 917,992 | 21,907 | 0 | 939,899 |
| OTHER SOCIAL SERVICES | 1,378,718 | 120,779 | 0 | 1,499,497 |
| TRANSPORTATION & INFRASTRUCTURE: | | | | |
| CAPITAL BUDGET | 68,564,004 | 4,931,784 | 1,412,206 | 72,083,582 |
| HIGHWAYS | 80,572,158 | 8,091,359 | 7,002,948 | 81,660,569 |
| AERONAUTICS | 710,451 | 0 | 0 | 710,451 |
| OTHER TRANSPORTATION | <u>151,820</u> | <u>18</u> | <u>0</u> | <u>152,000</u> |
| TOTAL GENERAL FIXED ASSETS | <u><u>\$503,313,954</u></u> | <u><u>\$58,660,449</u></u> | <u><u>\$11,482,968</u></u> | <u><u>\$550,491,435</u></u> |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Taxes Payable

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

Accounts Payable and Accrued Items

Accounts payable consists of amounts due for goods or services received but not paid for at June 30, 1996. Other accrued expenses consist of lottery prizes payable, State Insurance Fund policyholder dividends declared but not paid, unsettled trades, licenses, and fees.

Deposits

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

Due To Other Governments

The State Treasurer maintains an investment pool for non-State governmental entities. These amounts are recorded as due to other governments. Also reported are amounts collected from the federal government but not disbursed to subgrantee governmental units.

Accrued Compensated Absences

Employees earn the right to be compensated during absences for vacation or illness. Unused vacation benefits are paid to employees upon separation from the State's service. Within limits established by law, retirees receive supplemental health insurance in an amount based on the value of unused sick leave upon retirement. The supplemental health insurance plan is administered for the retiree through the State's retirement system. Agencies remit a percentage of payroll to PERSI to fund future insurance premiums.

Deferred Revenue

Deferred revenues arise when potential revenue does not meet the "available" criterion for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant moneys are received prior to incurring qualifying expenditures or when premiums are received for workers' compensation insurance prior to the beginning of the policy period. 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 combined balance sheet and revenue is recognized.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Notes, Bonds and Contracts Payable

Notes, bonds and contracts payable consist of lottery grand prizes payable, loans made from the recovery of petroleum price violations, revenue bonds, and unsecured notes held by the Colleges and Universities.

Policy Claim Liabilities

Policy claims liabilities relate to the State Insurance Fund, the Petroleum Clean Water 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, and any material estimated recoveries are deducted from the liability for unpaid claims.

H. Fund Balance Reserves

Reservations of fund balance are established to identify the existence of assets that are not available for subsequent year appropriations (e.g. prepaid items and inventories) or have been legally segregated for specific purposes. Reservations of fund balances are also established for assets that are not current in nature, such as long-term loans receivable.

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 of the 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.

J. Change in Accounting Principles

The State implemented GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. The effect of this change was to increase revenues and expenditures by \$61,312,745 in the Health and Welfare Fund. This change in accounting principle had no effect on beginning fund balances.

Additionally, the Idaho Building Authority, pursuant to inclusion in the State's Comprehensive Annual Financial Report as a blended component unit retroactively changed its accounting to depreciate facilities leased to the State over the terms of the related bond issues (which approximate the lives of the facilities). The cumulative effect of this change has caused a deficit fund balance.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

NOTE 2. CASH AND CASH EQUIVALENTS

DEPOSITS AND INVESTMENTS

Authority for deposits and investments: The State maintains a cash and investment pool that is available for use by all funds; the pool has deposits and other investments. The State Treasurer is the investment officer for the funds on deposit in the State Treasury; investment policies of the State Treasurer are governed by Idaho Code 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 account.

The State Treasurer maintains an investment pool for local governments. Money deposited and determined to be in excess of immediate needs, is invested in short-term highly liquid investments. These local government investments are included in this report.

Fiscal Year-End Disparities: All cash and investment amounts represent audited financial statement balances. The financial statements are based on a fiscal year ending June 30, 1996, except for the following:

| | |
|--|----------|
| Idaho State Insurance Fund | 12/31/95 |
| Component Units: | |
| Idaho Health Facilities Authority | 08/31/96 |
| Idaho Small Employer and Individual Health Reinsurance Program | 12/31/95 |
| Idaho Life and Health Insurance Guaranty Association | 12/31/95 |
| Western Guaranty Fund Services | 12/31/95 |
| Idaho Forest Products Commission | 12/31/95 |
| Idaho State Bar | 12/31/95 |

Deposits: Cash and cash equivalents are deposited with thirteen financial institutions and are carried at cost. Idaho Code does not require collateralization of deposits. The Treasurer controls receipt and disbursement of amounts owned by agencies included in the primary government other than the Endowment Funds, the State Insurance Fund, the Petroleum Clean Water Fund, the Idaho State Lottery Commission, the Public Employees Retirement System of Idaho (PERSI), and some of the College and University funds. Certain discretely presented component units control receipt and disbursement of their own funds, typically through a trustee. The following summary presents the amount of primary government and discretely presented component units deposits which are fully insured or collateralized with securities held by the State or its agent in the State’s name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution’s trust department or agent in the State’s name (Category 2), and those 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 (Category 3), expressed in thousands.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Primary Government

| | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Total Balance</u> |
|---------------------------|-------------------|-------------------|-------------------|--------------------------|
| Cash and Cash Equivalents | \$749,548 | \$163,795 | \$ 20,697 | \$934,040 |

Discretely Presented Component Units

| | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Total Balance</u> |
|---------------------------|-------------------|-------------------|-------------------|--------------------------|
| Cash and Cash Equivalents | \$30,410 | | \$ 1,150 | \$ 31,560 |

NOTE 3. 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; and
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.

Although not presented in this financial statement, certain investments may not be categorized because securities are not used as evidence of the investment. These uncategorized investments would include ownership interests in mutual funds and in mortgage, real estate and venture capital pools.

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 certain specific programs.

Pooled fund investments are stated at cost; market values include accrued interest only. All primary government investments susceptible to credit risk are in category one. The following summaries identify the level of credit risk assumed by the State and the total carrying amount and market value of State investments at fiscal year end (expressed in thousands).

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Primary Government

| | Risk Category | | | Carrying Amount | Market Value |
|--|--------------------|----------------|----------------|--------------------|--------------------|
| | 1 | 2 | 3 | | |
| <u>Classified as to Risk</u> | | | | | |
| Money Market Accounts | \$532,270 | \$3,314 | | \$535,584 | \$535,584 |
| Certificates of Deposit | 7,846 | \$3,200 | 11,046 | 10,846 | |
| Repurchase Agreements | | | 0 | | |
| U.S. Government Obligations | 37,657 | | | 37,657 | 37,926 |
| U.S. Agency Obligations | 83,229 | 4,240 | 4,222 | 91,691 | 95,766 |
| Investment Agreements | | | | 0 | |
| Securities | 4,240,670 | | | 4,240,670 | 4,246,378 |
| Other | <u>461</u> | <u>0</u> | <u>0</u> | <u>461</u> | <u>461</u> |
| Risk Classified Investments | <u>\$4,902,133</u> | <u>\$7,554</u> | <u>\$7,422</u> | \$4,917,109 | \$4,926,961 |
| Investments not subject to categorization due to their nature: | | | | | |
| Short-term investments | | | | \$270,397 | \$270,397 |
| Idaho commercial mortgage | | | | 164,385 | 164,385 |
| Real estate | | | | 153,037 | 153,037 |
| Private Equity | | | | 10,282 | 10,282 |
| Mutual Fund Holdings in 401K Plan | | | | 1,985 | 1,985 |
| Net settlements payable to brokers | | | | <u>(35,046)</u> | <u>(35,046)</u> |
| Total Non-Classified Investments | | | | <u>\$565,040</u> | <u>\$565,040</u> |
| Total Investments | | | | <u>\$5,482,149</u> | <u>\$5,492,001</u> |

Discretely Presented Component Units

| | Risk Category | | | Carrying Amount | Market Value |
|------------------------------|------------------|-----------------|--------------|------------------|------------------|
| | 1 | 2 | 3 | | |
| <u>Classified as to Risk</u> | | | | | |
| Money Market Accounts | \$98 | | | \$98 | \$98 |
| Certificates of Deposit | 28 | | \$450 | 478 | 450 |
| Repurchase Agreements | 41,394 | | | 41,394 | 41,394 |
| U.S. Government Obligations | 88,604 | | | 88,604 | 88,604 |
| U.S. Agency Obligations | 54,761 | | | 54,761 | 54,761 |
| Investment Agreements | | \$61,235 | | 61,235 | 61,235 |
| Other | <u>1,983</u> | <u>34,965</u> | <u>235</u> | <u>37,183</u> | <u>37,188</u> |
| Risk Classified Investments | <u>\$186,868</u> | <u>\$96,200</u> | <u>\$685</u> | <u>\$283,753</u> | <u>\$285,064</u> |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Repurchase Agreements: Repurchase agreements are a purchase of securities with a simultaneous agreement 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. An economic loss could occur if there was default or if the obligation value exceeded the collateralized value.

NOTE 4. RETIREMENT PLANS

Eligible State employees are covered by one of four retirement plans. These are the Public Employees' Retirement System of Idaho (PERSI), the Judges Retirement Plan, the Department of Employment Retirement Plan, and the College and Universities Optional Retirement Plan. Each plan is administered independently.

PERSI administers 3 defined benefit retirement plans and 1 defined contribution plan intended to provide retirement benefits to employees of its employer members. By State law, the State and school districts are employer members of the system. Political subdivisions, such as county and city governments; water, sewer and health districts; hospitals; and libraries have also chosen to participate in the system. All State employees not covered by the other plans described below, which 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 PERSI.

After five years of credited service (5 months for elected or appointed officials), members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification or a combination of age plus service. For each year of credited service, the monthly retirement benefit increases by 1.917% (2.225% for police and firefighters) of the average monthly salary for the highest consecutive 42 months.

PERSI's funding policy provides for periodic employer contributions at actuarially determined rates, expressed as percentages of annual covered payroll, to accumulate sufficient assets to pay benefits when due. At June 30, 1996 the employer and employee contribution rates as a percentage of salary are as follows:

| <u>Employee Group</u> | <u>Employer</u> | <u>Employee</u> |
|---------------------------------------|-----------------|-----------------|
| General Member | 11.61% | 6.97% |
| Police and Fire | 11.85% | 8.53% |
| Certain employees of Higher Education | 3.03% | |

Contributions totaling \$95,113,283 (\$58,410,703 by employer and \$36,702,579 by employees) were made in 1996, in accordance with actuarially determined contribution requirements determined through actuarial valuations performed at the beginning of the year. The employer and employee contributions represented 11.63% and 7.31% of the \$502,040,430 in covered State

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

payroll. Firemen’s Retirement Fund employer and employee contribution rates for firemen hired before October 1, 1980 are 24.05% and 2.92%, respectively, instead of the PERSI Police and Fire rates shown previously. The employer contribution rate for firemen hired after October 1, 1980 is 15.40%, in addition to the PERSI Police and Fire rates shown previously.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System’s funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. PERSI’s pension benefit obligation was determined as part of an actuarial valuation at June 30, 1996. The unfunded pension benefit obligation at June 30, 1996 is listed below:

| | |
|--|-----------------------|
| Total pension benefit obligations | \$4,461,500,000 |
| Net assets available for benefits, at market | <u>3,761,200,000</u> |
| Unfunded pension benefit obligations | <u>\$ 700,300,000</u> |

The Judges Retirement Plan provides retirement benefits for Judges of the Supreme Court, Court of Appeals, and District Courts. The Idaho Supreme Court administers the defined benefit plan. As of June 30, 1996, contributions to the plan consist of mandatory payroll deductions from covered employees’ gross earnings of 6% and employer contributions of 7% as well as \$18 from each civil filing fee paid in the State. Total contributions to the plan for the year ending June 30, 1996 were \$1,586,560.

The Department of Labor (formerly the Department of Employment) Retirement Plan covers individuals employed by the Department prior to October 1, 1980. Under the Department administered plan, Prudential Life Insurance Company manages the investment of funds under a group annuity contract within the parameters established by the Department of Labor. Funds are used to purchase an annuity contract from Prudential when the employee retires. At June 30, 1996, there were 169 Department employees covered by this plan. As of June 30, 1996, mandatory deductions to this plan from covered employees’ gross earnings were 7% and the Department of Labor contributed 11.89% for total contributions of \$1,400,979 during FY96 (\$877,192 by the employer and \$523,787 by the employees). Prior to September 30, 1995 the actuarial accrued liabilities was the actuarial present value of benefits less the actuarial present value of future normal costs based on the entry age actuarial cost method. The Plan changed to the aggregate actuarial cost method at September 30, 1995. As of that date the aggregate actuarial liabilities were equal to the actuarial value of assets. As a consequence, there is no unfunded actuarial accrued liability. This was also true for September 30, 1996. The actuarial value of assets at September 30, 1996 totaled \$104,958,000. All employees hired by the Department of Labor after September 30, 1980 are covered by PERSI, as described above.

Effective July 1, 1990, the Idaho State Legislature authorized an Optional Retirement Plan (ORP), a defined contribution plan, for College and University faculty and exempt employees.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

The employee contribution requirement for the ORP is based on a percentage of total payrolls. The State of Idaho determines employer contributions. New faculty and exempt employees hired July 1, 1990 or thereafter automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990 had a one-time opportunity to enroll in the ORP. Although enrollees in the ORP no longer belong to PERSI, the employer is required to contribute 3.03% of the annual covered payroll to PERSI through July 1, 2015. For details of employee and employer contributions to ORP and PERSI, refer to the separately published audited financial statements of the State's colleges and universities.

The Idaho Super Saver, State of Idaho 401(k) Plan is a qualified 401 (k) defined contribution pension plan, open to all employees of the State of Idaho. The plan is administered by PERSI and it currently allows participants to contribute 1-5% of their gross salary tax-deferred. As of June 30, 1996, there were 1,327 participants in the 401-(k) plan, and the net assets held in trust by PERSI for the plan amount to \$1,985,182.

NOTE 5. TAX ANTICIPATION NOTES

Per Idaho Code Title 63, Chapter 32, the State Treasurer, upon approval of the State Board of Examiners, is authorized 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% 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 6, 1995 in the principal amount of \$220,000,000. These notes were redeemed on June 27, 1996. The interest expense incurred and paid was \$9,652,500.

Internal Tax Anticipation notes (issued by the general fund to borrow from other available State funds or accounts) were issued during fiscal year 1996, as follows:

| Amount Issued | Date Issued | Date Redeemed |
|---------------|-------------|---------------|
| \$50,000,000 | 12-24-95 | 12-27-95 |
| \$120,000,000 | 4-19-96 | 6-25-96 |
| \$15,000,000 | 6-11-96 | 6-25-96 |

Idaho Code Section 67-1210 states interest on investments, unless specified by law, shall be deposited to the general fund. Therefore, no interest was paid on the Internal Tax Anticipation Notes issued.

NOTE 6. RISK MANAGEMENT AND GROUP INSURANCE

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.

The Risk Management Fund manages general property and liability risk. The general liability, property, auto physical damage, and inland marine coverages are self-insured. Most claims filed

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

in-state are subject to the Tort Claims Act that limits claims to \$500,000 per occurrence for indemnification. The State has commercial excess liability insurance to cover certain claims not subject to the tort claims limitation.

All state agencies participate in the Group Insurance Fund that manages the health insurance programs. The group medical, dental, life and disability coverages are fully insured. For Fiscal Year 1996 the State is responsible for up to an additional 14% of the annual premium (100%-114%), if claims exceed 100% of premium. The insurance carrier assumes the risk for all losses above 114% of the premium.

Liability for the State is determined using annual independent actuarial studies based on past, current, and estimated loss experiences. The following table presents changes in liability balances for fiscal years ending June 30, 1995, and June 30, 1996. The Risk Management details reflect changes in reserves for estimated claims liability. The Group Insurance details reflect changes in premium reserve requirements.

| Fiscal Year | Beginning Balance | Increases | Decreases | Ending Balance |
|------------------------|--------------------------|------------------|------------------|-----------------------|
| Risk Management | | | | |
| 1995 | \$10,493,399 | \$2,875,731 | (\$3,095,362) | \$10,273,768 |
| 1996 | \$10,273,768 | \$3,625,429 | (\$2,935,198) | \$10,963,999 |
| Group Insurance | | | | |
| 1995 | \$29,050,965 | \$1,916,964 | \$0 | \$30,967,929 |
| 1996 | \$30,967,929 | \$7,339,871 | \$0 | \$38,307,800 |

The Workers Compensation fund, an enterprise fund, is administered by the State Insurance Fund, which is a State agency for reporting purposes. The Fund is self-supported from premium and investment earnings. The Idaho Supreme Court has ruled that all monies held by the Workers Compensation Fund belong to its policyholders. The fund is subject to the same rules and regulations as the other workers compensation carriers in the State, except it does not pay federal income tax. A catastrophe reserve component of the Fund's surplus has been designated by the manager of the Fund as provided by Idaho Code 72-911 to cover catastrophic losses and other unanticipated losses. The amount designated was \$6,000,000 at December 31, 1995.

NOTE 7. 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.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

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:

| Fund | Transfers In | Transfers Out |
|---------------------------------|------------------------|------------------------|
| General Fund | \$807,318,203 | \$959,343,360 |
| Special Revenue Funds | | |
| Transportation | 115,087 | 12,197,277 |
| Health and Welfare | 219,877,125 | 61,153 |
| Fish and Game | (530) | 33,044 |
| Miscellaneous | 12,725,614 | 40,815,354 |
| Enterprise Funds | | |
| Liquor Dispensary | | 8,295,000 |
| Idaho Lottery | | 19,000,000 |
| Internal Service Fund | | |
| General Services | | 294,439 |
| Expendable Trust Fund | | |
| Unemployment Compensation | 367,507 | 363,379 |
| Nonexpendable Trust Fund | | |
| Endowment | 57,241,756 | 57,241,756 |
| Total Transfers | <u>\$1,097,644,762</u> | <u>\$1,097,644,762</u> |

NOTE 8. COMPENSATED ABSENCES

Employees earn vacation and sick leave based on hours worked, and compensatory time based on hours worked in excess of forty hours per week. Leave is expensed when taken. Upon termination of employment, an employee is paid for unused vacation time and earned administrative leave. All non-clerical employees are paid for compensatory time only if used prior to termination.

Employees are not paid for unused sick leave. However, upon retirement 50% of an employee's unused sick leave value (not to exceed 336 hours) is used to purchase supplemental health insurance for the retiree.

Compensated absence liabilities related to the governmental funds are recorded in the Long-Term Debt Account Group. The long-term portion of the compensated absence liability accrual is not recognized in the governmental funds because it is not expected to be funded from current available resources. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. There is no accrual made for sick leave, because the State is not obligated to pay the balance if the employee terminates prior to retirement.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

As of June 30, 1996, the total value of vacation and compensatory time accrued by employees of the State was \$30,547,054. This amount does not include the college and universities or the audited agencies of the state that do not show the amount as a separate line item.

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and office and 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.

Operating Leases

Operating leases are leases for which the State will not gain title to the asset, and therefore the lease agreements are not reflected in the State's balance sheets. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred.

Capital Leases

Capital leases are leases the State has entered into that are in substance an installment sale. 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 Asset Account Group and the General Long-Term Debt Account Group. Capital lease obligations for proprietary fund types are reported in the respective funds as long-term obligations.

Future minimum lease commitments for noncancelable operating and capital leases as of June 30, 1996 were as follows:

| Fiscal Year | Operating Leases | | | Capital Leases | | | |
|-------------------------------------|---------------------|-------------------------|------------------------|--------------------|--------------------|-------------------------|--------------------|
| | Primary Government | Colleges & Universities | Total Operating Leases | Primary Government | | | Total |
| | | | | Debt Account Group | Enterprise Funds | Colleges & Universities | |
| 1997 | \$16,950,114 | \$14,001 | \$16,964,115 | \$93,081 | \$986,818 | \$1,312,084 | \$2,391,983 |
| 1998 | 17,106,032 | 14,001 | 17,120,033 | 93,081 | 612,897 | 1,309,915 | 2,015,893 |
| 1999 | 16,909,141 | 14,001 | 16,923,142 | 80,496 | 617,584 | 987,941 | 1,686,021 |
| 2000 | 16,771,876 | 14,001 | 16,785,877 | 46,956 | 347,237 | 769,661 | 1,163,854 |
| 2001 | 16,550,655 | 14,001 | 16,564,656 | - | 347,237 | 595,148 | 942,385 |
| Thereafter | <u>2,371,690</u> | <u>182,013</u> | <u>2,553,703</u> | <u>-</u> | <u>-</u> | <u>7,196,140</u> | <u>7,196,140</u> |
| Total Payments | 86,659,508 | 252,018 | 86,911,526 | 313,614 | 2,911,773 | 12,170,889 | 15,396,276 |
| Amount representing Interest | <u>0</u> | <u>0</u> | <u>0</u> | <u>62,559</u> | <u>289,525</u> | <u>5,120,237</u> | <u>5,472,321</u> |
| Total Future Minimum Lease Payments | <u>\$86,659,508</u> | <u>\$252,018</u> | <u>\$86,911,526</u> | <u>\$251,055</u> | <u>\$2,622,248</u> | <u>\$7,050,652</u> | <u>\$9,923,955</u> |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

NOTE 10. BONDS AND NOTES PAYABLE

A. Primary Government

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 secured by land, equipment, and student fees:

| <u>Bonds Payable</u> | <u>Maturity Dates</u> | <u>Interest Rate</u> | <u>Balance at June 30, 1996</u> |
|----------------------|-----------------------|----------------------|---------------------------------|
| Series A | 2004 | 3.60% | \$400,000 |
| Series 1987 | 2001 to 2010 | 5.8% to 8.55% | 16,010,000 |
| Series 1992 | 2004 to 2016 | 4.9% to 6.85% | 41,845,000 |
| Series 1993 | 2005 to 2017 | 4.4% to 5.5% | 11,820,000 |
| Series 1994 | 2008 to 2016 | 3.6% to 6.5% | 21,460,000 |
| Series 1995 | 2020 | 4.6% to 5.8% | 6,250,000 |
| Series 1996 | 2001 to 2011 | 4.1% to 8.5% | <u>17,250,000</u> |
| Total Bonds Payable | | | <u>\$115,035,000</u> |

| <u>Notes Payable</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance at June 30, 1996</u> |
|------------------------------|----------------------|----------------------|---------------------------------|
| Unsecured | 8-12-1996 | 5.1% to 7.65% | \$1,451,183 |
| Unsecured | 1996 | 8.00% | 9,000 |
| Secured by land and building | 12-22-1997 | 8.40% | 7,714 |
| Secured by future revenue | 7-20-1999 | 8.20% | 48,596 |
| Secured by future revenue | 2004 | 5.43% | 477,632 |
| Unsecured | 2005 | 5.14% | 1,300,000 |
| Unsecured | 2010 | 3.00% | 138,128 |

Other notes payable through the year 2017 with interest rates ranging from 5% to 6% 1,854,704

Total Notes Payable \$ 5,286,957

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

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

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

| Years | Principal Payable |
|------------|----------------------|
| 1997 | \$5,725,135 |
| 1998 | 4,395,257 |
| 1999 | 4,667,781 |
| 2000 | 4,906,408 |
| 2001 | 6,256,401 |
| Thereafter | <u>94,370,975</u> |
| Total | <u>\$120,321,957</u> |

The University of Idaho advance refunded 1986 Series and 1993 Series bonds to reduce its total debt service payments over the next 17 years by approximately \$1 million 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 \$850,000.

At June 30, 1996, debt in the amount of \$17,189,000 for the University of Idaho (including amounts discussed above) 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.

B. Component Units

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.

Idaho Housing And Finance Agency
Amounts in Thousands

| <u>Bond Types</u> | <u>Delivery Dates</u> | <u>Due Dates</u> | <u>Bond Yield</u> | <u>Amount</u> |
|--|-----------------------|------------------|-------------------|-------------------------|
| Single Family Mortgage Purchase Bonds | 3/78 to 3/83 | 2009 to 2015 | 5.6% to 9.4% | \$11,785,000 |
| Single Family Mortgage Bonds | 4/88 to 5/96 | 2000 to 2028 | 5.3% to 8.1% | 903,345,000 |
| FHA Insured Housing Revenue Bonds | 12/83 to 9/95 | 2026 to 2036 | 6.5% to 10.7% | 18,580,000 |
| Insured Section 8 Assisted Housing Bonds | 7/77 to 6/79 | 2011 to 2021 | 5.7% to 6.8% | 22,035,000 |
| Multifamily Housing /Refunding Bonds | 5/94 | 2013 to 2024 | 6.5% to 7.9% | 39,690,000 |
| General Obligation Bonds | 9/88 to 3/94 | 1997 to 2004 | 5.0% to 6.5% | 3,835,000 |
| Interest Payable | | | | <u>31,118,000</u> |
| Total | | | | <u>\$ 1,030,388,000</u> |

*The Idaho Legislature has authorized a continuing appropriation from the Idaho State Sales Tax Account to the extent, if any necessary, to restore a deficiency in the Capital Reserve Fund. The Capital Reserve Fund was established out of the proceeds of the above-identified bonds and are

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

security for those bonds. As shown in the June 30, 1996 financial statements of IHFA, the bonds currently backed by the capital reserve fund totaled \$83,365,000.

Below is a schedule of IHFA principal debt maturities over the next five fiscal years.

| Bonds | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | Thereafter | Total |
|--|----------|----------|----------|----------|----------|------------|-----------|
| Single Family Mortgage Purchase Bonds | \$1,525 | \$1,475 | \$860 | \$950 | \$985 | \$5,990 | \$11,785 |
| Single Family Mortgage Bonds | 51,375 | 16,880 | 20,721 | 25,161 | 27,629 | 761,579 | 903,345 |
| FHA Insured Housing Revenue Bonds | 135 | 157 | 152 | 163 | 164 | 17,809 | 18,580 |
| Insured Section 8 Assisted Housing Bonds | 575 | 610 | 640 | 685 | 625 | 18,900 | 22,035 |
| Multifamily Housing /Refunding Bonds | 545 | 605 | 685 | 765 | 835 | 36,255 | 39,690 |
| General Obligation Bonds | 105 | 110 | 0 | 0 | 0 | 3,620 | 3,835 |
| Total | \$54,260 | \$19,837 | \$23,058 | \$27,724 | \$30,238 | \$844,153 | \$999,270 |

Idaho Health Facilities Authority issues conduit debt for various health institutions in the State. The Authority's obligation on its bonds and notes is limited to a pledge to the bondholder or note holder of the Authority's right to receive payment from the health institution. The conduit debt agreements entered into by the Authority are not considered obligations of the State. The Authority currently has outstanding \$277,065,000 and \$5,286,783 in revenue bonds and notes payable respectively.

Idaho Building Authority issues notes and bonds to finance construction or acquisition of facilities for lease to the State of Idaho subject to prior legislative approval. The properties of the Authority are exempt from state taxation and the obligations of the Authority shall not become an indebtedness or obligation of the State or any of its entities. Bonds payable are as follows:

| Bond Description | Maturity Date | Interest Rate | Balance at June 30, 1996 |
|-------------------------------------|---------------|----------------|--------------------------|
| 1986 Series A Revenue Refunding Bo | 9/1/97 | 6.1% to 7.0% | \$ 680,000 |
| 1987 Series B Revenue Bonds | 9/1/97 | 5.6% to 6.6% | 155,000 |
| 1988 Series A Revenue Bonds | 9/1/98 | 5.5% to 6.7% | 2,080,000 |
| 1992 Series A Refunding Revenue Bo | 9/1/02 | 2.8% to 5.4% | 5,200,000 |
| 1992 Series B Refunding Revenue Bo | 9/1/06 | 2.8% to 5.75% | 2,820,000 |
| 1992 Series C Refunding Revenue Bo | 9/1/07 | 2.7% to 5.7% | 17,254,157 |
| 1992 Series C Refunding Revenue Bo | 9/1/07 | 5.4% to 5.85% | 4,356,783 |
| 1992 Series D Revenue Bonds | 9/1/12 | 3.5% to 6.2% | 2,797,770 |
| 1992 Series E Revenue Bonds | 9/1/12 | 4.15% to 6.12% | 7,866,118 |
| Series 1994 | 9/1/08 | 3.75% to 5.90% | 2,951,631 |
| Revenue Refunding Bonds Series 1995 | 9/1/01 | 3.7% to 4.4% | 5,705,446 |
| Total Bonds Payable | | | <u>\$ 51,866,905</u> |

The combined aggregate principal maturities and sinking fund requirements for the fiscal years subsequent to June 30, 1996 are as follows:

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

| Bond Sinking Fund Requiremer | <i>In Thousands</i> | | | | | | |
|-------------------------------------|---------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | Thereafter | Total |
| 1986 Series A Revenue Refunding Bon | \$680 | | | | | | \$680 |
| 1987 Series B Revenue Bond | 155 | | | | | | 155 |
| 1988 Series A Revenue Bond | 1,005 | \$1,075 | | | | | 2,080 |
| 1992 Series A Refunding Revenue Bon | 25 | 755 | \$795 | \$835 | \$880 | \$1,910 | 5,200 |
| 1992 Series B Refunding Revenue Bon | 50 | 215 | 225 | 240 | 250 | 1,840 | 2,820 |
| 1992 Series C Refunding Revenue Bon | 430 | 450 | 1,615 | 1,700 | 1,780 | 18,225 | 24,200 |
| 1992 Series D Revenue Bond | 105 | 110 | 115 | 120 | 130 | 2,245 | 2,825 |
| 1992 Series E Revenue Bond | 300 | 310 | 325 | 340 | 360 | 6,290 | 7,925 |
| Series 1994 | 165 | 175 | 180 | 190 | 200 | 2,055 | 2,965 |
| Revenue Refunding Bonds Series 19' | 985 | 1,035 | 1,070 | 1,115 | 1,155 | 800 | 6,160 |
| Total Bonds Payabl | <u>\$3,900</u> | <u>\$4,125</u> | <u>\$4,325</u> | <u>\$4,540</u> | <u>\$4,755</u> | <u>\$33,365</u> | <u>\$55,010</u> |

NOTE 11. CHANGES IN LONG-TERM OBLIGATIONS

The general long-term debt account group was not reflected in the prior year's financial statement. Therefore a schedule of changes in long-term obligations has been omitted. A schedule will be included in all future years.

NOTE 12. SEGMENT INFORMATION - ENTERPRISE FUNDS

The following Enterprise Funds are intended to be self-supporting through user fees charged for various services to the general public:

Correctional Industries - established to provide employment for the inmates of the Idaho State Prison.

Liquor Dispensary - established to conduct, license, and regulate the sale of alcoholic beverages.

Lottery Commission - established to account for the operation of a state lottery to generate revenues for the State Permanent Building and Public School Income Funds.

Petroleum Clean Water Fund - established to account for the provision of pollution liability insurance to eligible owners and operators of petroleum storage tanks.

State Insurance Fund - established to account for the provision of workers compensation to the general public, as well as, the various state entities.

Segment information for these Enterprise Funds is summarized below:

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

| | PRIMARY GOVERNMENT] | | | | | BLENDDED COMPONENT | TOTAL |
|---------------------------------|----------------------------|----------------------|-----------------------|----------------------------------|----------------------------|--------------------------------|---------------|
| | Correctional Industries | Liquor Dispensary | Lottery Commission | Petroleum Clean Water Fund | State Insurance Fund | Idaho Building Authority | |
| Operating Revenues | \$4,243,761 | \$54,842,530 | \$91,664,011 | \$5,778,269 | \$143,514,131 | \$5,946,091 | \$305,988,793 |
| Depreciation | 184,279 | 24,893 | 669,071 | 7,273 | 0 | 3,682,411 | 4,567,927 |
| Operating Income (Loss) | (855,857) | 11,039,555 | 19,842,457 | 2,652,580 | 64,321,065 | 2,064,078 | 99,063,878 |
| Operating Interfund Tr: | 0 | (8,295,000) | (19,000,000) | 0 | 0 | | (27,295,000) |
| Net Income (Loss) | (855,857) | 2,744,555 | 842,457 | 2,718,339 | 33,073,650 | (361,427) | 38,161,717 |
| Property, Plant, and Equipment: | | | | | | | |
| Net Increase (Dec | 187,635 | 41,061 | (4,735,908) | (1,689) | 174,223 | 496,311 | (3,838,367) |
| Net Working Capital | 2,140,593 | 6,862,718 | 16,094,181 | 36,995,440 | 261,806,188 | 8,108,544 | 332,007,664 |
| Total Asset: | 3,429,747 | 9,965,283 | 94,591,807 | 38,166,102 | 364,386,809 | 51,492,058 | 562,031,806 |
| Bonds and Other Long-term | | | | | | | |
| Liabilities | 0 | 0 | 62,720,355 | 6,720,389 | 133,086,883 | 51,866,905 | 254,394,532 |
| Total Equity: | 3,136,503 | 7,260,723 | 19,370,956 | 30,336,396 | 139,006,872 | (1,238,110) | 197,873,340 |

NOTE 13. DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary from taxation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government (without being restricted to the provision of benefits under the plan), subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of general creditors of the government in an amount equal to the fair market value of the deferred account for each participant. However, effective August 20, 1996 the Small Business Job Protection Act of 1996 requires the State to create a trust fund to care for the plan assets. This will remove the ability of the general creditors of the State to access the plan assets. The State has until January 1, 1999 to create a trust or otherwise comply with the new requirements.

It is the opinion of the government's legal counsel that the government has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor. The government believes it to be unlikely it will use the assets to satisfy claims of general creditors in the future.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

NOTE 14. LITIGATION

In ISEEO, et al. v. Evans, et al., the plaintiffs allege that the current public school system does not provide a “thorough” education as provided by the Idaho Constitution. Plaintiffs allege that approximately \$700 million in construction expenditures will be needed to bring public schools up to standards. The case has been dismissed twice by the district court and twice the Idaho Supreme Court has reversed the district court. Plaintiffs will now be permitted to go forward with their case. Trial is scheduled to begin November 17, 1997.

The State vigorously contests both the allegations that Idaho’s public school system is not thorough and the alleged costs asserted by the plaintiffs. However, if the plaintiffs were ultimately successful in obtaining a declaratory judgment requiring substantial expenditures, the legislature would need to address the declaratory judgment by either raising revenues or reallocating expenditures.

The State is also a defendant in numerous 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, condemnation proceedings 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.

Boise State University and the University of Idaho are defendants in litigation arising from the normal course of operations. Based on present knowledge, the State believes any ultimate liability in these matters will not materially effect the financial position of the State.

NOTE 15. CONTINGENCIES

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of amounts received for overhead and other costs reimbursed as a result of audits by agencies of the General Government. It is the opinion of the State that the affect of these refunds, if any, will not have a significant effect on the financial position of the State.

NOTE 16. CONSTRUCTION IN PROGRESS

For the Colleges and Universities, in addition to the accounts payable for construction costs shown in the Plant Fund, the estimated cost to complete property authorized or under construction at June 30, 1996 is \$13,781,545. State appropriations, available resources and/or long-term borrowing will finance these costs.

The Idaho Transportation Department’s costs for the completion of the construction of facilities will be approximately \$853,480. State appropriations, federal funds and local funds will finance these costs.

**STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996**

The Department of Administration estimates there will be approximately \$14,243,101 of additional costs to complete state buildings and other assets currently under construction.

The Department of Parks and Recreation anticipates additional costs of \$659,942 to complete current construction.

NOTE 17. AFFILIATED ORGANIZATIONS

Affiliated organizations are created to benefit agencies or organizations of the State. These are not considered component units of the State therefore their financial information are not incorporated into the State's financial statements.

Several foundations have been established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of the college and universities. The following are foundations of the Colleges and Universities:

| | |
|--|---|
| Eastern Idaho Technical College Foundation | Lewis and Clark Foundation, Inc. |
| Idaho State University Foundation, Inc. | ISU Bengal Foundation |
| Idaho Museum of Natural History Foundation | BSU Bronco Athletic Association |
| Boise State University Foundation, Inc. | Boise State University Alumni Association |
| ISU Vandal Boosters, Inc. | University of Idaho Foundation, Inc. |

In addition the following foundations have been established to perpetuate the mission of certain state agencies:

Friends of Four - Public Broadcasting
Western States Art Federation - Commission on the Arts
Idaho School for the Deaf and the Blind Foundation - Idaho School for the Deaf and the Blind
Friends of the Idaho Historical Museum - Historical Society
Friends of the Bishop's House - Historical Society
Friends of the Library - Historical Society
Idaho Fish and Wildlife Foundation - Department of Fish and Game

There are various associations created to benefit several of the State's parks. A complete list is available from the Department of Parks and Recreation.

NOTE 18. RESTATED BEGINNING BALANCES

The following is a summary of prior period adjustments, which were subsequently detected and reported in the accompanying financial statements for the year ended June 30, 1996:

Fixed assets were not reported in FY95, but were reported in FY96. The prior year adjustment reflects asset totals and depreciation relating to the prior year.

The total liability for compensated absences for FY95 was reflected in each individual fund type. For FY96, beginning equity has been restated for the compensated absences so that the current

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

portion is reflected as a liability in the individual funds and the balance is reflected in the general fixed asset account group.

A change in accounting principle occurred due to the adoption of the provisions of GASB 25 by PERSI. These provisions require the restatement of prior year investment balances from reporting at cost to reporting at market value.

Adjustments were made to bring the statements into compliance with generally accepted governmental accounting principles.

Component units were not reported in FY95. The prior year adjustment reflects the equity balance for the Building Authority that would have been reported in the prior year.

Adjustments were made to convert Worker's Compensation and Petroleum Clean Water Funds from statutory to GAAP basis.

| | General Fund | Special Revenue Funds | Enterprise Funds | Internal Service Funds | Trust Funds |
|---|----------------------|-----------------------------|----------------------|------------------------------|------------------------|
| Beginning Equity, as previously reported | \$189,857,929 | \$226,472,658 | \$127,991,290 | \$77,147,262 | \$3,671,718,706 |
| Effects of fixed asset adjustments | | 4,098,416 | 1,331,699 | 2,542,756 | |
| Effects of compensated absences | 5,147,271 | 15,753,372 | 2,160 | (90,408) | |
| Effects of other adjustments | 87,680,673 | 12,836,222 | 3,035,217 | (40,183,442) | 47,135,524 |
| Effects of change in accounting principle | | | | | 372,568,584 |
| Effects of addition of component unit | | | (876,683) | | |
| Effects of statutory adjustment to loss reserves | | | 28,227,940 | | |
| Beginning Equity, as restated | <u>\$282,685,873</u> | <u>\$259,160,668</u> | <u>\$159,711,623</u> | <u>\$39,416,168</u> | <u>\$4,091,422,814</u> |

NOTE 19. COMPONENT UNITS

The following component units are entities 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 governed by separate boards.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Idaho Small Employer and Individual Health Reinsurance Program. The Idaho Small Employer and Individual Health Reinsurance Program was created to promote the availability of small employer and individual health insurance coverage in Idaho, regardless of health or claims experience, by providing a safety net to carriers in the form of a reinsurance mechanism to facilitate the guaranteed issue of Standardized State-Approved Health Benefit Plans. Their audit report, dated March 6, 1996, was issued under separate cover for the year ended December 31, 1995.

Idaho Life and Health Insurance Guaranty Association. 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. Their audit report, dated March 27, 1996, was issued under separate cover for the year ended December 31, 1995.

Idaho Grape Growers and Wine Producers Commission. The Idaho Grape Growers and Wine Producers Commission provides for the development of markets, production research, and promotion of Idaho grapes and grape by-products within and without the State of Idaho. The Commission receives 5% of all State wine taxes collected by the Idaho State Tax Commission in addition to voluntary grape growers and wine producer's membership dues. Their audit report, dated August 30, 1996, was issued under separate cover for the fiscal year ended June 30, 1996.

Idaho Beef Council. The Idaho Beef Council was created for the purpose of promoting the beef industry in Idaho. Revenues are derived from an assessment on each head of cattle sold in the State. The Beef Promotion and Research Act of 1985, established a one dollar per head assessment. Fifty cents of each dollar is remitted to the Cattlemen's Beef Promotion and Research Board and fifty cents remains with the Council. Their audit report, dated August 13, 1996, was issued under separate cover for the fiscal year ended June 30, 1996.

Idaho State Bar. The Idaho State Bar operates under authority and power delegated by the Supreme Court of Idaho through its rulemaking power, and under authority delegated by the Legislature by statute. License fees paid by each attorney in Idaho together with miscellaneous fees and revenues finance the Bar. Specific functions of the Bar are admissions, annual licensing, and discipline. Their audit report, dated June 12, 1996, was issued under separate cover for the year ended December 31, 1995.

Idaho Health Facilities Authority. The Idaho Health Facilities Authority assists health institutions in the State by providing additional means for financing building programs and major equipment acquisitions and for refunding or refinancing outstanding indebtedness incurred for health facilities. Their audit report, dated October 11, 1996, was issued under separate cover for the fiscal year ended August 31, 1996.

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

Idaho Forest Products Commission. The Idaho Forest Products Commission's mission is to provide programs that result in an informed public that understands and supports balanced, responsible management of Idaho's economically vital public and private forests. Activities of the Commission are funded by mandatory assessments to sawmills, forest owners, loggers and all other forest products manufacturers and transporters. The Commission may also receive grants, donations and gifts from the general public. Their audit report, dated March 30, 1996, was issued under separate cover for the year ended December 31, 1995.

Idaho Housing and Finance Association. The Idaho Housing and Finance Association is empowered by Chapter 62, Title 67 of the Idaho Code to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons of limited income and residing in the state of Idaho. Their audit report, dated September 9, 1996, was issued under separate cover for the fiscal year ended June 30, 1996.

Western Guaranty Fund Services. Western Guaranty Fund Services is a not-for-profit, unincorporated association of the insurance guaranty associations in the States of Colorado, Idaho, Kansas, Montana, Washington and Wyoming. These associations were created by statute to provide management and other supervisory services in connection with insolvent insurers covered by the guaranty fund statutes in their respective states. Revenues are derived solely from administrative fees charged the various state guaranty funds. Their audit report, dated February 8, 1996, was issued under separate cover for the year ended December 31, 1995.

Idaho Horse Board. The Idaho Horse Board was established in July 1987 by the Idaho Legislature. The purpose of the Board is to promote and benefit the horse industry in Idaho. Operation of the Board is financed by an assessment of \$1.00 per horse inspected by the Idaho Brand Board.

The following component unit financial statements include condensed information for the above component units for the fiscal year ending June 30, 1996, except for these fiscal year end disparities:

Component Units:

| | |
|--|----------|
| Idaho Health Facilities Authority | 08/31/96 |
| Idaho Small Employer and Individual Health Reinsurance Program | 12/31/95 |
| Idaho Life and Health Insurance Guaranty Association | 12/31/95 |
| Western Guaranty Fund Services | 12/31/95 |
| Idaho Forest Products Commission | 12/31/95 |
| Idaho State Bar | 12/31/95 |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

State of Idaho
Balance Sheet
Component Units - Proprietary Funds
June 30, 1996

| | Idaho Housing and Finance Association | Idaho Health Faciliti Authority | Idaho State Bar | Idaho Grape Growers Wine Producers Commission | Idaho Horse Board |
|--|---|---------------------------------------|-----------------------|--|-------------------------|
| Assets and Other Debits | | | | | |
| Cash And Cash Equivalent | \$29,561,000 | \$312,786 | \$609,092 | \$90,503 | \$12,286 |
| Investment: | 271,280,000 | 2,185,604 | 333,108 | | |
| Accounts Receivable Net | | 258,519 | 34,049 | 8,864 | |
| Due From Other Fund | | | 31,102 | | 1,723 |
| Prepaid Expense: | | 17,892 | 31,872 | | |
| Inventories | | | 1,267 | | |
| Notes And Mortgages Receivable Net | 837,469,000 | 686,860 | | | |
| Other Assets | 15,176,000 | | 29,400 | | |
| Buildings And Improvements | 9,239,000 | 18,258 | 99,542 | | |
| Total Assets and Other Debits | \$1,162,725,000 | \$3,479,919 | \$1,169,432 | \$99,367 | \$14,009 |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Accounts Payable And Accrued Item | | \$24,644 | \$67,130 | \$5,074 | \$5,000 |
| Deposits | \$14,186,000 | | | | |
| Due To Other Fund | | | 32,825 | | |
| Deferred Revenue | | | 302,089 | | |
| Notes, Bonds And Contracts Payable | 1,045,388,000 | | | | |
| Policy Claim Liabilities | | | | | |
| Other Liabilities | 2,753,000 | | | | |
| Total Liabilities | 1,062,327,000 | 24,644 | 402,044 | 5,074 | 5,000 |
| Equity and Other Credits | | | | | |
| Reserved For Specific Purpose | | 3,455,275 | 447,065 | | |
| Unreserved Fund Balance | 100,398,000 | | 320,323 | 94,293 | 9,009 |
| Total Equity and Other Credits | 100,398,000 | 3,455,275 | 767,388 | 94,293 | 9,009 |
| Total Liabilities, Equity and Other Credits | \$1,162,725,000 | \$3,479,919 | \$1,169,432 | \$99,367 | \$14,009 |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

| Idaho Small Employer and Individual Health Reinsurance Program | Idaho Life and Health Insurance Guaranty Association | Western Guaranty Fund Association | Idaho Beef Council | Idaho Forest Products Commission | Total |
|--|---|---|-----------------------|--|------------------------|
| \$292,884 | \$512,925 | \$44,809 | \$97,548 | \$26,488 | \$31,560,321 |
| | 9,927,140 | | 28,001 | | 283,753,853 |
| 418,592 | 10,805 | 57,824 | 79,836 | 50,569 | 919,058 |
| | | | | | 32,825 |
| 508 | | 7,650 | | | 57,922 |
| | | | | | 1,267 |
| | | | | | 838,155,860 |
| | 2,855 | | | | 15,208,255 |
| | 2,235 | 10,594 | 10,576 | 13,843 | 9,394,048 |
| <u>\$711,984</u> | <u>\$10,455,960</u> | <u>\$120,877</u> | <u>\$215,961</u> | <u>\$90,900</u> | <u>\$1,179,083,409</u> |
| \$3,063 | \$198 | \$20,283 | \$46,905 | \$9,454 | \$181,751 |
| | | | | | 14,186,000 |
| | 5,682 | | | | 32,825 |
| | | 100,594 | | | 307,771 |
| 708,921 | 15,000 | | | | 1,045,488,594 |
| | 999,657 | | | | 723,921 |
| | | | | | 3,752,657 |
| <u>711,984</u> | <u>1,020,537</u> | <u>120,877</u> | <u>46,905</u> | <u>9,454</u> | <u>1,064,673,519</u> |
| | | | | 13,843 | 3,916,183 |
| | 9,435,423 | | 169,056 | 67,603 | 110,493,707 |
| | 9,435,423 | | 169,056 | 81,446 | 114,409,890 |
| <u>\$711,984</u> | <u>\$10,455,960</u> | <u>\$120,877</u> | <u>\$215,961</u> | <u>\$90,900</u> | <u>\$1,179,083,409</u> |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

State of Idaho
Statement of Revenues, Expenses and Changes in Retained Earnings
Component Units - Proprietary Funds
For the fiscal year ended June 30, 1996

| | Idaho Housing and Finance Association | Idaho Health Facilitie Authority | Idaho State Bar | Idaho Grape Growers Wine Producers Commission | Idaho Horse Board |
|--|---|--|-----------------------|--|-------------------------|
| Operating Revenues | | | | | |
| Other Taxes | | | | \$91,896 | |
| Licenses, Permits And Fee | \$4,873,000 | \$564,895 | | 5,143 | \$18,663 |
| Sale Of Services, Goods And Property | | | | | |
| Grants And Contributions | | | | | |
| Interest And Other Investment Income | 19,101,000 | 169,778 | | | |
| Miscellaneous Income | 1,174,000 | 7 | \$1,060,915 | 8 | 266 |
| Total Operating Revenues | 25,148,000 | 734,680 | 1,060,915 | 97,047 | 18,929 |
| Operating Expenses | | | | | |
| Personnel Cost: | 3,343,000 | 222,861 | 526,910 | | 4,721 |
| Services | | 67,535 | 458,869 | 42,833 | 1,247 |
| Travel | | 33,740 | | 1,723 | |
| Supplies | | 8,581 | | 620 | 18 |
| Insurance, Utilities And Rentals | | 54,064 | | | |
| Miscellaneous | 3,128,000 | 5,331 | 46,512 | 5,504 | 922 |
| Depreciation | | 5,332 | | | |
| Awards, Contributions And Claims | | | | | 10,650 |
| Total Operating Expenses | 6,471,000 | 397,444 | 1,032,291 | 50,680 | 17,558 |
| Operating Income (Loss) | 18,677,000 | 337,236 | 28,624 | 46,367 | 1,371 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest Income | 56,535,000 | | | 2,806 | |
| Interest Expense | (64,611,000) | | | | |
| Other | (888,000) | | | | |
| Total Nonoperating Revenues (Expenses) | (8,964,000) | | | 2,806 | |
| Net Income (Loss) | 9,713,000 | 337,236 | 28,624 | 49,173 | 1,371 |
| Beginning Retained Earnings/Fund Balance As Adjusted | 90,685,000 | 3,118,039 | 738,764 | 45,120 | 7,638 |
| Ending Retained Earnings/Fund Balances | \$100,398,000 | \$3,455,275 | \$767,388 | \$94,293 | \$9,009 |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

| Idaho Small Employer and Individual Reinsurance Program | Idaho Life and Health Insurance Guaranty Association | Western Guaranty Fund Association | Idaho Beef Council | Idaho Forest Products Commission | Total |
|--|---|---|-----------------------|--|---------------|
| | | | | | \$91,896 |
| \$508,349 | \$4,845,351 | \$754,888 | \$735,693 | \$541,964 | 12,847,946 |
| 285,917 | 48,491 | | | 89,174 | 423,582 |
| | | | | 281 | 281 |
| | | | | | 19,270,778 |
| | 928,820 | | | | 3,164,016 |
| 794,266 | 5,822,662 | 754,888 | 735,693 | 631,419 | 35,798,499 |
| | 87,257 | 383,897 | | 97,098 | 4,665,744 |
| 57,424 | 96,578 | 129,731 | 644,017 | 475,697 | 1,973,931 |
| | | 84,350 | | 16,180 | 135,993 |
| | | 23,450 | | 1,110 | 33,779 |
| 640 | 11,007 | 50,745 | | 12,924 | 129,380 |
| 14,488 | 811,546 | 75,250 | 113,246 | 3,322 | 4,204,121 |
| | 2,081 | 7,465 | | 2,729 | 17,607 |
| 729,922 | 55,043 | | | | 795,615 |
| 802,474 | 1,063,512 | 754,888 | 757,263 | 609,060 | 11,956,170 |
| (8,208) | 4,759,150 | | (21,570) | 22,359 | 23,842,329 |
| 10,760 | 435,090 | | 11,475 | 5,152 | 57,000,283 |
| (2,552) | | | | | (64,613,552) |
| | | | | | (888,000) |
| 8,208 | 435,090 | | 11,475 | 5,152 | (8,501,269) |
| | 5,194,240 | | (10,095) | 27,511 | 15,341,060 |
| | 4,241,183 | | 179,151 | 53,935 | 99,068,830 |
| | \$9,435,423 | | \$169,056 | \$81,446 | \$114,409,890 |

STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

NOTE 20. SUBSEQUENT EVENTS

During the months of November, 1996 through January, 1997, the Group Insurance Fund declared a premium holiday. This event reduced premium revenues by \$15,950,000 for Group Insurance during this period. Had this premium holiday affected Fiscal Year 1996, the Group Insurance balance sheet as of June 30, 1996 would have been as follows:

Pro Forma Group Insurance Fund Balance Sheet
June 30, 1996

| | |
|-------------------------------------|---------------------|
| Total Assets | <u>\$38,422,669</u> |
| Total Liabilities | \$38,577,404 |
| Fund Balances | <u>(154,735)</u> |
| Total Liabilities and Fund Balances | <u>\$38,422,669</u> |

COMBINING



STATE HORSE

The Appaloosa is an intelligent, fast and hard working breed. An easy going disposition and exceptional abilities give this horse a great deal of versatility that no doubt contributes to its rapidly rising popularity. Once the warhorses of the Nez Perce, today the Appaloosa serves as a racehorse, in parades, ranch work and youth programs. The coloring of the Appaloosa's coat is distinct in every individual horse and ranges from white blanketed hips to a full leopard. Adopted by the 1975 legislature.

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STATEMENTS & SCHEDULES

STATE OF IDAHO

GENERAL FUND

The GENERAL FUND is the principal operating fund of the State and accounts for all the governmental resources and transactions not accounted for in other funds. Accounted for in this fund are revenues, expenditures, and other financial activities associated with general governmental services where the predominant source of funding is provided by taxes (income, sales, and other), interest earnings, and other miscellaneous income.

State of Idaho
Schedule of Assets, Liabilities and Fund Balance
General Fund
June 30, 1996

| | State General Fund | Permanent Building Fund | Warrant Deficiency Fund | Legislative | Budget Reserve | Constitutional Defense Fund |
|--|--------------------------|-------------------------------|-------------------------------|--------------------|---------------------|-----------------------------------|
| Assets and Other Debits | | | | | | |
| Cash And Cash Equivalen Investment | \$19,777,113 | \$91,925,711 | \$144,307 | \$2,459,643 | \$31,887,895 | \$809,453 |
| Investments Held In Tru Accounts Receivable Ne Due From Other Fund | 88,677,199 | | 93,090 | | | |
| Due From Other Governmen Advances To Other Fund | 575 | 2,959,374 | | | | |
| Notes And Mortgages Receivable N | 18,207 | | | | | |
| Total Assets and Other Debits | \$108,473,094 | \$94,885,085 | \$237,397 | \$2,459,643 | \$31,887,895 | \$809,453 |
| Liabilities, Equity and Other Credits | | | | | | |
| Liabilities: | | | | | | |
| Taxes Payabl | \$49 | | | | | |
| Accounts Payable And Accrued Item Deposits | 9,527,447 | \$4,192,870 | \$173,599 | \$4,829 | | |
| Due To Other Fund | 82,955 | | | | | |
| Due To Other Governmen | 374,766 | 22,931 | 354 | 6,056 | | |
| Accrued Compensated Absence | 1,833,632 | 10,071 | 252,028 | 2,651 | | |
| Deferred Revenue | 21,203 | | | | | |
| Other Liabilitie | 340,456 | 18,000 | | | | |
| Total Liabilities | 12,180,508 | 4,243,872 | 425,981 | 13,536 | | |
| Equity and Other Credits | | | | | | |
| Reserved For Encumbrance | 2,625,474 | | | | | |
| Reserved For Loans And Note | | | | | | |
| Reserved For Specific Purpose | 661,676 | | | | | |
| Unreserved Fund Balanc | 93,005,436 | 90,641,213 | (188,584) | 2,446,107 | \$31,887,895 | \$809,453 |
| Total Equity and Other Credits | 96,292,586 | 90,641,213 | (188,584) | 2,446,107 | 31,887,895 | 809,453 |
| Total Liabilities, Equity and Other Credits | \$108,473,094 | \$94,885,085 | \$237,397 | \$2,459,643 | \$31,887,895 | \$809,453 |

| Catastrophic Health Care | Governor's Residence | Endowment Earnings | Sales Tax | Income Tax Refunds | Miscellaneous | Total |
|--------------------------------|-------------------------|----------------------------|---------------------|--------------------------|---------------------|-----------------------------|
| \$1,071,203 | \$1,042,128 | \$26,683,697 10,840,000 | \$20,651,342 | \$1,484,265 | \$4,743,461 | \$202,680,218 10,840,000 |
| | | 1,141,352 6,725 | 194,689 | 934,644 | 366,592 52,837 | 366,592 91,093,811 |
| | | | | | 5,828 50,000 | 5,828 50,000 |
| | | 1,086,147 | | | | 1,104,354 |
| <u>\$1,071,203</u> | <u>\$1,042,128</u> | <u>\$39,757,921</u> | <u>\$20,846,031</u> | <u>\$2,418,909</u> | <u>\$5,218,718</u> | <u>\$309,107,477</u> |
| | | | | | | \$49 |
| | \$436 | \$260,931 313,468 | \$17,426 | | \$443,537 | 14,621,075 396,423 |
| \$129 | | 26,118 10,846,273 | | | 6,873 | 437,227 10,846,273 |
| | | 45,167 1,473,862 | | | 47,226 | 2,190,775 1,495,065 |
| 70,819 | | | | | 950,470 | 1,379,745 |
| <u>70,948</u> | <u>436</u> | <u>12,965,819</u> | <u>17,426</u> | | <u>1,448,106</u> | <u>31,366,632</u> |
| | | 18,524,917 1,086,147 | | \$1,050,000 | 92,496 | 22,292,887 1,086,147 |
| 1,000,255 | \$1,041,692 | 7,181,038 | 20,828,605 | 1,368,909 | 50,000 3,628,116 | 711,676 253,650,135 |
| <u>1,000,255</u> | <u>1,041,692</u> | <u>26,792,102</u> | <u>20,828,605</u> | <u>2,418,909</u> | <u>3,770,612</u> | <u>277,740,845</u> |
| <u>\$1,071,203</u> | <u>\$1,042,128</u> | <u>\$39,757,921</u> | <u>\$20,846,031</u> | <u>\$2,418,909</u> | <u>\$5,218,718</u> | <u>\$309,107,477</u> |

State of Idaho
Schedule of Revenues, Expenditures and
Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 1996

| | State General Fund | Permanent Buildin Fund | Warrant Deficiency Fund | Legislative | Budget Reserve | Constitutiona Defense Fund |
|--|--------------------------|------------------------------|-------------------------------|--------------------|---------------------|----------------------------------|
| Revenues: | | | | | | |
| Sales Tax | \$465,808,279 | \$500,000 | | | | |
| Individual And Corporate Tax | 754,673,905 | 4,955,269 | | | | |
| Other Taxes | 14,312,130 | 8,082,023 | | | | |
| Licenses, Permits And Fee | 6,429,980 | 4,402 | \$96,947 | | | |
| Sale Of Services, Goods And Propert | 248,648 | 26 | | \$295 | | |
| Grants And Contributor | (3,899) | | | | | |
| Interest And Other Investment Incon | 28,194,570 | 1,873,775 | | | (\$99,700) | |
| Rent And Lease Incom | 119,975 | 103,979 | | | | |
| Miscellaneous Incom | 931,401 | 20,166,473 | (5,339) | | | |
| Total Revenues | 1,270,714,989 | 35,685,947 | 91,608 | 295 | (99,700) | |
| Expenditures: | | | | | | |
| General Governmer | 41,358,894 | 52,089,156 | | 3,950,839 | | \$190,547 |
| Public Safety And Correctior | 113,343,229 | | | | | |
| Agriculture And Economic Developm | 12,584,650 | | 56,840 | | | |
| Natural Resource: | 26,480,022 | | 3,175,331 | | | |
| Health | 7,410,501 | | | | | |
| Educatior | 60,224,394 | | | | | |
| Social Service | 2,730,778 | | | | | |
| Transportation And Infrastructu | 2,052,900 | 10,118,933 | | | | |
| Higher Educatio | 194,020,132 | | | | | |
| Total Expenditures | 460,205,500 | 62,208,089 | 3,232,171 | 3,950,839 | | 190,547 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 810,509,489 | (26,522,142) | (3,140,563) | (3,950,544) | (99,700) | (190,547) |
| Other Financing Sources (Uses): | | | | | | |
| Operating Transfers I | 96,348,467 | 11,564,501 | 2,911,624 | 4,296,250 | | 1,000,000 |
| Operating Transfers Ot | (896,313,868) | | | | (1,000,000) | |
| Other Sources | 247,906 | | | | | |
| Total Other Financing Sources (Uses) | (799,717,495) | 11,564,501 | 2,911,624 | 4,296,250 | (1,000,000) | 1,000,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 10,791,994 | (14,957,641) | (228,939) | 345,706 | (1,099,700) | 809,453 |
| Fund Balances - Beginning of Year, as Adjusted | 85,500,592 | 105,598,854 | 40,355 | 2,100,401 | 32,987,595 | |
| Fund Balances - End of Year | \$96,292,586 | \$90,641,213 | (\$188,584) | \$2,446,107 | \$31,887,895 | \$809,453 |

| Catastrophic Health Care | Governor's Residence | Endowment Earnings | Sales Tax | Income Tax Refunds | Miscellaneous | Total |
|--------------------------------|-------------------------|-----------------------|---------------|--------------------------|---------------|---------------|
| | | | \$132,164,221 | \$2,096,631 | \$43,058 | \$600,612,189 |
| | | | | 187,854,984 | 280,309 | 947,764,467 |
| | | \$4,822,643 | (12,193) | 11,978,316 | | 39,182,919 |
| | | 2,262,915 | | | 1,577,475 | 10,371,719 |
| \$491,265 | | 527,314 | | | 2,473,834 | 3,741,382 |
| | | (1,132) | | | 10,586,218 | 10,581,187 |
| 294,824 | (\$3,756) | 31,334,690 | | | 28,316 | 61,622,719 |
| | | 3,486,890 | | | 57,826 | 3,768,670 |
| | 63,749 | 4,638,261 | | | 516,803 | 26,311,348 |
| 786,089 | 59,993 | 47,071,581 | 132,152,028 | 201,929,931 | 15,563,839 | 1,703,956,600 |
| | 253,428 | | 130,643,436 | 150,268,144 | 2,843,954 | 381,598,398 |
| | | 1,975,078 | | | 11,562,050 | 126,880,357 |
| 8,199,546 | | | | | 446,285 | 21,287,321 |
| | | | | | 500,713 | 30,156,066 |
| | | 5,624,950 | | | | 13,035,451 |
| | | 705,467,715 | | | 9,551,932 | 775,244,041 |
| | | | | | | 2,730,778 |
| | | | | | | 12,171,833 |
| | | | | | | 194,020,132 |
| 8,199,546 | 253,428 | 713,067,743 | 130,643,436 | 150,268,144 | 24,904,934 | 1,557,124,377 |
| (7,413,457) | (193,435) | (665,996,162) | 1,508,592 | 51,661,787 | (9,341,095) | 146,832,223 |
| 7,557,300 | | 669,430,188 | | | 14,209,873 | 807,318,203 |
| | | (8,797,056) | (17,694) | (51,557,681) | (1,657,061) | (959,343,360) |
| | | | | | | 247,906 |
| 7,557,300 | | 660,633,132 | (17,694) | (51,557,681) | 12,552,812 | (151,777,251) |
| 143,843 | (193,435) | (5,363,030) | 1,490,898 | 104,106 | 3,211,717 | (4,945,028) |
| 856,412 | 1,235,127 | 32,155,132 | 19,337,707 | 2,314,803 | 558,895 | 282,685,873 |
| \$1,000,255 | \$1,041,692 | \$26,792,102 | \$20,828,605 | \$2,418,909 | \$3,770,612 | \$277,740,845 |

STATE OF IDAHO

SPECIAL REVENUE FUNDS

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

State of Idaho
Combining Balance Sheet
Special Revenue Funds
June 30, 1996

| | Fish and Game | Health and Welfare | Transportation | Miscellaneous | Total |
|--|---------------------|-----------------------|---------------------|----------------------|----------------------|
| Assets and Other Debits | | | | | |
| Cash And Cash Equivalent | \$11,810,158 | \$59,911,009 | \$54,847,644 | \$116,641,503 | \$243,210,314 |
| Investment: | | 1,859,311 | | 11,057,848 | 12,917,159 |
| Investments Held In Trust | | | 390,970 | | 390,970 |
| Accounts Receivable Net | 9,672 | 62,358,456 | 19,970,324 | 3,000,975 | 85,339,427 |
| Due From Other Fund: | | 2,815 | 67,808 | 308,375 | 378,998 |
| Due From Other Government | 2,227,203 | 10,312,659 | 186,277 | 12,456,715 | 25,182,854 |
| Advances To Other Fund | | | | 106,900 | 106,900 |
| Notes And Mortgages Receivable Net | | | | 7,454,973 | 7,454,973 |
| Other Assets | | | | 2,187,926 | 2,187,926 |
| Total Assets and Other Debits | \$14,047,033 | \$134,444,250 | \$75,463,023 | \$153,215,215 | \$377,169,521 |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Taxes Payable | \$290 | \$1,566 | \$96,113 | \$7,036 | \$105,005 |
| Accounts Payable And Accrued Items | 1,480,524 | 7,895,053 | 9,422,853 | 7,736,361 | 26,534,791 |
| Deposits | 7,500 | (1,001,435) | 390,970 | 7,699,837 | 7,096,872 |
| Due To Other Fund: | 204,369 | 754,548 | 222,597 | 490,933 | 1,672,447 |
| Advances From Other Fund | | | | 231,900 | 231,900 |
| Due To Other Government | | | | 2,996,357 | 2,996,357 |
| Accrued Compensated Absence | 453,434 | 1,919,616 | 1,068,462 | 1,380,442 | 4,821,954 |
| Deferred Revenue | | | | 10,327,333 | 10,327,333 |
| Other Liabilities | 139,289 | 1,127,722 | 2,108,475 | 384,359 | 3,759,845 |
| Total Liabilities | 2,285,406 | 10,697,070 | 13,309,470 | 31,254,558 | 57,546,504 |
| Equity and Other Credits | | | | | |
| Reserved For Encumbrance | 3,466,082 | 3,817,498 | 22,546,171 | 3,933,571 | 33,763,322 |
| Reserved For Loans And Notes | | | | 7,454,973 | 7,454,973 |
| Reserved For Specific Purpose | 50,000 | 300,000 | 120,000 | 182,125 | 652,125 |
| Unreserved Fund Balance | 8,245,545 | 119,629,682 | 39,487,382 | 110,389,988 | 277,752,597 |
| Total Equity and Other Credits | 11,761,627 | 123,747,180 | 62,153,553 | 121,960,657 | 319,623,017 |
| Total Liabilities, Equity and Other Credits | \$14,047,033 | \$134,444,250 | \$75,463,023 | \$153,215,215 | \$377,169,521 |

State of Idaho
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Special Revenue Funds
For the fiscal year ended June 30, 1996

| | Fish and Game | Health and Welfare | Transportation | Miscellaneous | Total |
|--|---------------------|-----------------------|---------------------|----------------------|----------------------|
| Revenues | | | | | |
| Sales Tax | | \$4,800,000 | | (\$610) | \$4,799,390 |
| Other Taxes | | 10,800,922 | \$192,713,978 | 60,911,539 | 264,426,439 |
| Licenses, Permits And Fee | \$23,569,057 | 8,402,080 | 48,653,508 | 60,300,399 | 140,925,044 |
| Sale Of Services, Goods And Propert | (593,631) | 22,700,621 | 8,065,574 | 10,242,371 | 40,414,935 |
| Grants And Contributor | 18,231,308 | 431,894,415 | 108,452,770 | 236,281,198 | 794,859,691 |
| Interest And Other Investment Incon | 636,010 | 2,023,255 | 3,492,085 | 4,612,126 | 10,763,476 |
| Rent And Lease Incom | 73,101 | 92,515 | 451,950 | 768,887 | 1,386,453 |
| Miscellaneous Incom | 4,803,385 | 41,238,302 | 2,004,901 | 15,268,059 | 63,314,647 |
| Total Revenues | 46,719,230 | 521,952,110 | 363,834,766 | 388,383,969 | 1,320,890,075 |
| Expenditures | | | | | |
| General Governmer | | 19,232,650 | | 6,789,534 | 26,022,184 |
| Public Safety And Correctior | | | | 39,320,302 | 39,320,302 |
| Agriculture And Economic Developm | 50,000 | 764,190 | | 114,608,515 | 115,422,705 |
| Natural Resource: | 44,546,529 | 35,017,657 | | 26,715,816 | 106,280,002 |
| Health | | 497,899,496 | | 61,312,745 | 559,212,241 |
| Educator | | 61,900 | | 92,477,169 | 92,539,069 |
| Social Service | | 151,428,756 | | 6,242,617 | 157,671,373 |
| Transportatio | | | 344,032,343 | | 344,032,343 |
| Total Expenditures | 44,596,529 | 704,404,649 | 344,032,343 | 347,466,698 | 1,440,500,219 |
| Revenues Over (Under) Expenditures | 2,122,701 | (182,452,539) | 19,802,423 | 40,917,271 | (119,610,144) |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers I | (530) | 219,877,125 | 115,087 | 12,725,614 | 232,717,296 |
| Operating Transfers Ou | (33,044) | (61,153) | (12,197,277) | (40,815,354) | (53,106,828) |
| Other Sources | | 462,025 | | | 462,025 |
| Total Other Financing Sources (Uses) | (33,574) | 220,277,997 | (12,082,190) | (28,089,740) | 180,072,493 |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 2,089,127 | 37,825,458 | 7,720,233 | 12,827,531 | 60,462,349 |
| Fund Balances - Beginning of Year, as Adjusted | 9,672,500 | 85,921,722 | 54,433,320 | 109,133,126 | 259,160,668 |
| Fund Balances - End of Year | \$11,761,627 | \$123,747,180 | \$62,153,553 | \$121,960,657 | \$319,623,017 |

State of Idaho
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - Special Revenue Fund
For the fiscal year ended June 30, 1996

| Fish and Game | | | |
|---|----------------------|---------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Sales Tax | | | |
| Other Taxes | | | |
| Licenses, Permits And Fee | \$23,401,525 | \$23,401,525 | |
| Fines, Forfeitures And Eschea | | | |
| Sale Of Service: | 12,623 | 12,623 | |
| Sale Of Goods | 138,779 | 138,779 | |
| Sale Of Land, Buildings And Equipm | 138,839 | 138,839 | |
| Federal Grants And Contributor | 18,537,978 | 18,537,978 | |
| State Grants And Contributor | | | |
| City And County Grants And Contributio | | | |
| Interest | 664,171 | 664,171 | |
| Rent And Lease Incom | 73,101 | 73,101 | |
| Miscellaneous Incom | 4,884,425 | 4,884,425 | |
| Total Revenues | 47,851,441 | 47,851,441 | |
| Expenditures | | | |
| General Governmer | | | |
| Public Safety And Correctior | | | |
| Agriculture And Economic Developm | | | |
| Natural Resource: | 55,362,200 | 43,708,906 | \$11,653,294 |
| Health | | | |
| Educatior | | | |
| Social Service: | | | |
| Transportatior | | | |
| Total Expenditures | 55,362,200 | 43,708,906 | 11,653,294 |
| Revenues Over (Under) Expenditur | <u>(\$7,510,759)</u> | <u>4,142,535</u> | <u>(\$11,653,294)</u> |
| Other Financing Sources (Uses) | | | |
| Operating Transfers I | | (530) | |
| Operating Transfers Ot | | (33,044) | |
| Other Financing Source | | _____ | |
| Total Other Financing Sources (Uses) | | (33,574) | |
| Revenues and Other Financing Sources Over (Unde | | | |
| Expenditures and Other Financing Us | | <u>4,108,961</u> | |
| Reconciling Items | | | |
| Change effected by Accrued Revenue | | (1,132,211) | |
| Change effected by Accrued Expenditur | | (887,623) | |
| Fund Balances - Beginning of Ye | | <u>9,672,500</u> | |
| Fund Balances - End of Year | | \$11,761,627 | |

| Health and Welfare | | | Transportation | | |
|------------------------|----------------------|----------------------------------|-----------------------|---------------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$4,800,000 | \$4,800,000 | | | | |
| 10,826,246 | 10,826,246 | | \$186,972,569 | \$186,972,569 | |
| 7,747,679 | 7,747,679 | | 46,775,193 | 46,775,193 | |
| 22,655 | 22,655 | | 2,245,885 | 2,245,885 | |
| 17,845,337 | 17,845,337 | | 2,896,181 | 2,896,181 | |
| 33,071 | 33,071 | | 368,946 | 368,946 | |
| 48,992 | 48,992 | | 4,348,119 | 4,348,119 | |
| 431,513,050 | 431,513,050 | | 107,229,305 | 107,229,305 | |
| 704,456 | 704,456 | | 34,949 | 34,949 | |
| 282,483 | 282,483 | | 3,628,017 | 3,628,017 | |
| 1,794,657 | 1,794,657 | | 3,534,639 | 3,534,639 | |
| 92,545 | 92,545 | | 435,511 | 435,511 | |
| 22,998,919 | 22,998,919 | | 402,760 | 402,760 | |
| <u>498,710,090</u> | <u>498,710,090</u> | | <u>358,872,074</u> | <u>358,872,074</u> | |
| 22,796,176 | 19,329,218 | \$3,466,958 | | | |
| 859,100 | 764,067 | 95,033 | | | |
| 55,752,067 | 33,868,930 | 21,883,137 | | | |
| 542,206,211 | 498,631,456 | 43,574,755 | | | |
| 108,994 | 72,762 | 36,232 | | | |
| 175,406,888 | 151,531,553 | 23,875,335 | | | |
| | | | 408,243,718 | 357,546,310 | \$50,697,408 |
| <u>797,129,436</u> | <u>704,197,986</u> | <u>92,931,450</u> | <u>408,243,718</u> | <u>357,546,310</u> | <u>50,697,408</u> |
| <u>(\$298,419,346)</u> | <u>(205,487,896)</u> | <u>(\$92,931,450)</u> | <u>(\$49,371,644)</u> | 1,325,764 | <u>(\$50,697,408)</u> |
| | 219,877,125 | | | 115,087 | |
| | (61,153) | | | (12,197,277) | |
| | <u>462,025</u> | | | | |
| | <u>220,277,997</u> | | | <u>(12,082,190)</u> | |
| | <u>14,790,101</u> | | | <u>(10,756,426)</u> | |
| | 23,242,020 | | | 4,962,692 | |
| | (206,663) | | | 13,513,967 | |
| | <u>85,921,722</u> | | | <u>54,433,320</u> | |
| | <u>\$123,747,180</u> | | | <u>\$62,153,553</u> | |

State of Idaho
Combining Statement of Revenues, Expenditures and Changes in Fun Balance
Budget and Actual (Budgetary Basis) - Special Revenue Fund
For the fiscal year ended June 30, 1996

| | Miscellaneous | | | Total | | |
|---|--------------------|----------------------|--|----------------------|----------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| | | | | | | |
| Revenues | | | | | | |
| Sales Tax | \$2 | \$2 | | \$4,800.002 | \$4,800.002 | |
| Other Taxes | 63,676.851 | 63,676.851 | | 261,475.666 | 261,475.666 | |
| Licenses, Permits And Fee | 54,609.701 | 54,609.701 | | 132,534.098 | 132,534.098 | |
| Fines, Forfeitures And Eschea | 2,027.242 | 2,027.242 | | 4,295.782 | 4,295.782 | |
| Sale Of Service: | 7,986.365 | 7,986.365 | | 28,740.506 | 28,740.506 | |
| Sale Of Goods | 957.728 | 957.728 | | 1,498.524 | 1,498.524 | |
| Sale Of Land, Buildings And Equipm | (1,848.799) | (1,848.799) | | 2,687.151 | 2,687.151 | |
| Federal Grants And Contributio | 171,811.051 | 171,811.051 | | 729,091.384 | 729,091.384 | |
| State Grants And Contributor | 2,451.938 | 2,451.938 | | 3,191.343 | 3,191.343 | |
| City And County Grants And Contributio | 4,475 | 4,475 | | 3,914.975 | 3,914.975 | |
| Interest | 4,624.992 | 4,624.992 | | 10,618.459 | 10,618.459 | |
| Rent And Lease Incom | 931.534 | 931.534 | | 1,532.691 | 1,532.691 | |
| Miscellaneous Incom | 9,016.583 | 9,016.583 | | 37,302.687 | 37,302.687 | |
| Total Operating Revenue | 316,249.663 | 316,249.663 | | 1,221,683.268 | 1,221,683.268 | |
| Expenditures | | | | | | |
| General Governmer | 7,660.200 | 6,732.515 | \$927.685 | 30,456.376 | 26,061.733 | \$4,394.643 |
| Public Safetv And Correctior | 45,711.411 | 38,044.181 | 7,667.230 | 45,711.411 | 38,044.181 | 7,667.230 |
| Agriculture And Economic Developm | 129,355.624 | 113,963.416 | 15,392.208 | 130,214.724 | 114,727.483 | 15,487.241 |
| Natural Resource: | 39,725.873 | 26,801.664 | 12,924.209 | 150,840.140 | 104,379.500 | 46,460.640 |
| Health | | | | 542,206.211 | 498,631.456 | 43,574.755 |
| Educator | 105,460.204 | 92,267.131 | 13,193.073 | 105,569.198 | 92,339.893 | 13,229.305 |
| Social Service: | 7,217.693 | 6,260.674 | 957.019 | 182,624.581 | 157,792.227 | 24,832.354 |
| Transportation | | | | 408,243.718 | 357,546.310 | 50,697.408 |
| Total Operating Expenditur | 335,131.005 | 284,069.581 | 51,061.424 | 1,595,866.359 | 1,389,522.783 | 206,343.576 |
| Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenditur | (\$18,881.342) | 32,180.082 | (\$51,061.424) | (\$374,183.091) | (167,839.515) | (\$206,343.576) |
| Other Financing Sources (Uses): | | | | | | |
| Operating Transfers I | | 12,725.614 | | | 232,717.296 | |
| Operating Transfers Ou | | (40,815.354) | | | (53,106.828) | |
| Other Financing Source | | | | | 462.025 | |
| Total Other Financing Sources (Use) | | (28,089.740) | | | 180,072.493 | |
| Excess of Operating Revenues and Other Financing Sources Over (Under) Operating Expenditures and Other Financing Us | | 4,090.342 | | | 12,232.978 | |
| Reconciling Items | | | | | | |
| Change effected by Accrued Revenue | | 72,134.306 | | | 99,206.807 | |
| Change effected by Accrued Expenditur | | (63,397.117) | | | (50,977.436) | |
| Fund Balances - Beginning of Ye | | 109,133.126 | | | 259,160.668 | |
| Fund Balances - End of Year | | \$121,960.657 | | | \$319,623.017 | |

State of Idaho
Schedule of Assets, Liabilities and Fund Balances
Miscellaneous Special Revenue Fund
June 30, 1996

| | Agriculture | Lands | Law Enforcement | Miscellaneous | Parks and Recreation | Regulatory |
|--|--------------------|---------------------|--------------------|---------------------|-------------------------|---------------------|
| Assets and Other Debits | | | | | | |
| Cash And Cash Equivalent | \$3,088,857 | \$29,260,091 | \$3,252,448 | \$20,217,437 | \$6,174,415 | \$29,909,236 |
| Investment: | | | | 50,000 | | 54,358 |
| Accounts Receivable Net | 777,870 | 990,665 | 35,100 | 835,660 | 209,953 | 45,881 |
| Due From Other Fund | | 113,363 | 2,625 | 84,750 | | 23,345 |
| Due From Other Government | 3,030 | | | | | |
| Advances To Other Fund | 100,000 | | | 2,900 | | |
| Notes And Mortgages Receivable Net | | 3,218,649 | | | | |
| Other Assets | 2,154,986 | | | | | |
| Total Assets and Other Debits | \$6,124,743 | \$33,582,768 | \$3,290,173 | \$21,190,747 | \$6,384,368 | \$30,032,820 |
| Liabilities, Equity and Other Credits | | | | | | |
| Liabilities: | | | | | | |
| Taxes Payable | \$182 | \$5 | | \$1,522 | \$4,571 | \$614 |
| Accounts Payable And Accrued Item | 28,876 | 302,372 | \$247,056 | 242,308 | 241,472 | 539,123 |
| Deposits | 2,154,986 | 5,544,851 | | | | |
| Due To Other Fund: | 5,420 | 4,208 | 11,101 | 16,136 | 26,201 | 54,584 |
| Advances From Other Fund | | | | | | |
| Due To Other Government | | | | | 1,028 | 2,995,329 |
| Accrued Compensated Absence | 166,683 | 55,561 | 153,909 | 173,907 | 35,577 | 150,964 |
| Deferred Revenue | | 159,603 | | 47,924 | | 2,560 |
| Other Liabilities | | (2,156) | 70 | 22,167 | 172,448 | 190,629 |
| Total Liabilities | 2,356,147 | 6,064,444 | 412,136 | 503,964 | 481,297 | 3,933,803 |
| Equity and Other Credits | | | | | | |
| Reserved For Encumbrance | 9,579 | 169,054 | 159,375 | 391,645 | 1,890,025 | 81,887 |
| Reserved For Loans And Note | | 3,218,649 | | | | |
| Reserved For Specific Purpose | | 39,925 | 45,000 | 2,200 | 5,000 | 67,000 |
| Unreserved Fund Balance | 3,759,017 | 24,090,696 | 2,673,662 | 20,292,938 | 4,008,046 | 25,950,130 |
| Total Equity and Other Credits | 3,768,596 | 27,518,324 | 2,878,037 | 20,686,783 | 5,903,071 | 26,099,017 |
| Total Liabilities, Equity and Other Credits | \$6,124,743 | \$33,582,768 | \$3,290,173 | \$21,190,747 | \$6,384,368 | \$30,032,820 |

| Tourism and Promotion | Industrial Administration | Water Claims Adjudication | Federal Grants | Development Loans | Commodity Indemnity | Petroleum Price Violation | Restoration Projects | Total |
|--------------------------|------------------------------|------------------------------|---------------------|----------------------|------------------------|------------------------------|-------------------------|----------------------|
| \$2,759,610 | \$1,439,269 4,998,698 | \$787,130 | \$2,548,828 | \$1,507,290 | \$5,468,566 | \$9,608,069 | \$620,257 | \$116,641,503 |
| | | | 70,575 | | | | 5,954,792 | 11,057,848 |
| | | | 84,292 | | | | 35,271 | 3,000,975 |
| | | | 12,453,685 | | | | | 308,375 |
| | 4,000 | | | | | | | 12,456,715 |
| | | | | 2,648,816 | | 1,587,508 | | 106,900 |
| | | | 32,940 | | | | | 7,454,973 |
| | | | | | | | | 2,187,926 |
| <u>\$2,759,610</u> | <u>\$6,441,967</u> | <u>\$787,130</u> | <u>\$15,190,320</u> | <u>\$4,156,106</u> | <u>\$5,468,566</u> | <u>\$11,195,577</u> | <u>\$6,610,320</u> | <u>\$153,215,215</u> |
| | | | \$3 | | | | | \$7.036 |
| \$19,504 | \$139 31,788 | \$36,112 | 5,949,130 | \$12,659 | | \$30,297 | \$55,664 | 7,736,361 |
| | | | | | | | | 7,699,837 |
| 201 | 3,587 | | 368,728 | 14 | \$25 | 111 | 617 | 490,933 |
| | | | 231,900 | | | | | 231,900 |
| | | | | | | | | 2,996,357 |
| 5,563 | 46,779 | 538 | 589,517 | 72 | 325 | 67 | 980 | 1,380,442 |
| | | | 790,856 | | | 9,326,390 | | 10,327,333 |
| | 866 | | | 335 | | | | 384,359 |
| <u>25,268</u> | <u>83,159</u> | <u>36,650</u> | <u>7,930,134</u> | <u>13,080</u> | <u>350</u> | <u>9,356,865</u> | <u>57,261</u> | <u>31,254,558</u> |
| | 137,897 | 206,428 | 849,412 | | | | 38,269 | 3,933,571 |
| | | | | 2,648,816 | | 1,587,508 | | 7,454,973 |
| | 10,000 | | 13,000 | | | | | 182,125 |
| <u>2,734,342</u> | <u>6,210,911</u> | <u>544,052</u> | <u>6,397,774</u> | <u>1,494,210</u> | <u>5,468,216</u> | <u>251,204</u> | <u>6,514,790</u> | <u>110,389,988</u> |
| <u>2,734,342</u> | <u>6,358,808</u> | <u>750,480</u> | <u>7,260,186</u> | <u>4,143,026</u> | <u>5,468,216</u> | <u>1,838,712</u> | <u>6,553,059</u> | <u>121,960,657</u> |
| <u>\$2,759,610</u> | <u>\$6,441,967</u> | <u>\$787,130</u> | <u>\$15,190,320</u> | <u>\$4,156,106</u> | <u>\$5,468,566</u> | <u>\$11,195,577</u> | <u>\$6,610,320</u> | <u>\$153,215,215</u> |

State of Idaho
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Miscellaneous Special Revenue Funds
For the fiscal year ended June 30, 1996

| | Agriculture | Lands | Law Enforcement | Miscellaneous | Parks and Recreation | Regulatory |
|--|--------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|
| Revenues | | | | | | |
| Sales Tax | | | | (\$610) | | |
| Other Taxes | \$4,170 | \$2,720,910 | \$30,790 | 2,900,181 | \$3,653,158 | \$40,412,201 |
| Licenses, Permits And Fee | 11,561,294 | 1,670,056 | 1,669,287 | 14,251,433 | 6,631,068 | 23,916,368 |
| Sale Of Services, Goods And Propert | 312,057 | 784,114 | 630,166 | 6,462,833 | 390,910 | 193,326 |
| Grants And Contributor | 98,314 | 411,415 | 66,800 | 2,003,079 | 77,191 | 56,996 |
| Interest And Other Investment Incon | 33,295 | 1,887,080 | | 327,129 | 62,528 | 358,924 |
| Rent And Lease Incom | | 177,206 | | 149,758 | 428,760 | 13,163 |
| Miscellaneous Incom | 11,055 | 6,938,077 | 700,075 | 4,303,259 | 88,939 | 613,629 |
| Total Revenues | 12,020,185 | 14,588,858 | 3,097,118 | 30,397,062 | 11,332,554 | 65,564,607 |
| Expenditures | | | | | | |
| General Governmer | | | | 4,829,831 | | |
| Public Safety And Correctior | | | 14,413,080 | 5,481,935 | | |
| Agriculture And Economic Developm | 11,277,695 | | 441,251 | 3,844,704 | | 27,709,583 |
| Natural Resource: | | 9,209,935 | | 59,901 | 10,970,616 | 479,761 |
| Health | | | | | | |
| Educator | 8,000 | | 66,800 | 6,264,681 | | |
| Social Service: | | | | 1,031,218 | | (830) |
| Total Expenditures | 11,285,695 | 9,209,935 | 14,921,131 | 21,512,270 | 10,970,616 | 28,188,514 |
| Revenues Over (Under) Expenditures | 734,490 | 5,378,923 | (11,824,013) | 8,884,792 | 361,938 | 37,376,093 |
| Other Financing Sources (Uses): | | | | | | |
| Operating Transfers I | | | 12,172,277 | 499,186 | 61,915 | |
| Operating Transfers Ot | | | | (2,313,394) | | (37,907,962) |
| Total Other Financing Sources (Uses) | | | 12,172,277 | (1,814,208) | 61,915 | (37,907,962) |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 734,490 | 5,378,923 | 348,264 | 7,070,584 | 423,853 | (531,869) |
| Fund Balances - Beginning of Year, as Adjusted | 3,034,106 | 22,139,401 | 2,529,773 | 13,616,199 | 5,479,218 | 26,630,886 |
| Fund Balances - End of Year | \$3,768,596 | \$27,518,324 | \$2,878,037 | \$20,686,783 | \$5,903,071 | \$26,099,017 |

| Tourism and Promotion | Industrial Administration | Water Claims Adjudication | Federal Grants | Development Loans | Commodity Indemnity | Petroleum Price Violation | Restoration Projects | Total |
|--------------------------|------------------------------|------------------------------|-------------------|----------------------|------------------------|------------------------------|-------------------------|---------------|
| | | | | | | | | (\$610) |
| \$3,917,832 | \$7,272,061 | | | | \$236 | | | 60,911,539 |
| | | \$349,021 | \$93,152 | \$158,720 | | | | 60,300,399 |
| 6,540 | 184,111 | 7,233 | 1,287,100 | (221) | (15,798) | | | 10,242,371 |
| | | | 233,154,078 | | | \$436,713 | (\$23,388) | 236,281,198 |
| | 381,975 | 87,820 | 33,408 | 151,152 | 303,976 | 559,194 | 425,645 | 4,612,126 |
| | | | | | | | | 768,887 |
| | 241,251 | | 172,061 | 410,491 | 9,470 | 74,653 | 1,705,099 | 15,268,059 |
| 3,924,372 | 8,079,398 | 444,074 | 234,739,799 | 720,142 | 297,884 | 1,070,560 | 2,107,356 | 388,383,969 |
| | | | 404,555 | | | | 1,555,148 | 6,789,534 |
| | | 538,901 | 18,886,386 | | | | | 39,320,302 |
| 3,553,583 | 7,179,780 | | 60,545,260 | 7,694 | 48,965 | | | 114,608,515 |
| | | 1,287,984 | 4,008,494 | 181,768 | | 517,357 | | 26,715,816 |
| | | | 61,312,745 | | | | | 61,312,745 |
| | | | 86,137,688 | | | | | 92,477,169 |
| | | | 5,212,229 | | | | | 6,242,617 |
| 3,553,583 | 7,179,780 | 1,826,885 | 236,507,357 | 189,462 | 48,965 | 517,357 | 1,555,148 | 347,466,698 |
| 370,789 | 899,618 | (1,382,811) | (1,767,558) | 530,680 | 248,919 | 553,203 | 552,208 | 40,917,271 |
| | | | (7,764) | | | | | 12,725,614 |
| (25,000) | (345,000) | | (184,873) | | | (39,125) | | (40,815,354) |
| (25,000) | (345,000) | | (192,637) | | | (39,125) | | (28,089,740) |
| 345,789 | 554,618 | (1,382,811) | (1,960,195) | 530,680 | 248,919 | 514,078 | 552,208 | 12,827,531 |
| 2,388,553 | 5,804,190 | 2,133,291 | 9,220,381 | 3,612,346 | 5,219,297 | 1,324,634 | 6,000,851 | 109,133,126 |
| \$2,734,342 | \$6,358,808 | \$750,480 | \$7,260,186 | \$4,143,026 | \$5,468,216 | \$1,838,712 | \$6,553,059 | \$121,960,657 |

STATE OF IDAHO

ENTERPRISE FUNDS

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. 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 remaining balance is then distributed 40% to counties and 60% to cities.

The LOTTERY COMMISSION was established by the Legislature in 1988. The Commission'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 Commission's net income is distributed evenly between the Permanent Building Fund and the School District Building Fund.

The STATE INSURANCE FUND provides workers compensation insurance to the general public as well as the various state entities.

The PETROLEUM CLEAN WATER FUND provides pollution liability insurance to eligible owners and operators of petroleum storage tanks.

The IDAHO STATE BUILDING AUTHORITY was created by Idaho Code to construct and finance facilities such as office buildings and parking garages to be used by the State.

State of Idaho
Combining Balance Sheet
Enterprise Funds
June 30, 1996

| | Correctional Industries | Liquor Dispensary | Lottery Commission | Petroleum Clean Water Fund |
|--|----------------------------|----------------------|-----------------------|----------------------------------|
| Assets and Other Debits | | | | |
| Cash And Cash Equivalent | \$604,235 | \$4,941,598 | \$19,475,575 | \$303,648 |
| Investments: | 498,198 | | | 37,152,372 |
| Accounts Receivable Net | 76,672 | 58,673 | 8,138,338 | 648,737 |
| Due From Other Fund: | 302,164 | | | |
| Prepaid Expense: | 34,133 | 102,428 | | |
| Inventories: | 918,435 | 4,464,579 | 980,764 | |
| Notes And Mortgages Receivable Net | | | 64,548,332 | |
| Other Assets | | | 75,361 | 60,868 |
| Land | | 296,063 | | |
| Buildings And Improvements | 905,142 | 33,122 | | |
| Machinery And Equipment: | 1,226,861 | 366,345 | 1,373,437 | 477 |
| Accumulated Depreciation | (1,136,093) | (297,525) | | |
| Total Assets and Other Debits | \$3,429,747 | \$9,965,283 | \$94,591,807 | \$38,166,102 |
| Liabilities, Equity and Other Credits | | | | |
| Liabilities: | | | | |
| Taxes Payable | | | | |
| Accounts Payable And Accrued Interest | \$186,326 | \$2,373,328 | \$12,313,843 | \$1,007,081 |
| Deposits | | 11,000 | | |
| Due To Other Fund: | 8,136 | 2,012 | 623 | |
| Accrued Compensated Absence | 98,782 | 318,220 | 111,030 | |
| Deferred Revenue | | | | |
| Notes, Bonds And Contracts Payable | | | 62,720,355 | |
| Policy Claim Liabilities | | | | 6,720,389 |
| Other Liabilities | | | 75,000 | 102,236 |
| Total Liabilities | 293,244 | 2,704,560 | 75,220,851 | 7,829,706 |
| Equity and Other Credits | | | | |
| Retained Earnings | 3,136,503 | 7,260,723 | 19,370,956 | 30,336,396 |
| Total Equity and Other Credits | 3,136,503 | 7,260,723 | 19,370,956 | 30,336,396 |
| Total Liabilities, Equity and Other Credits | \$3,429,747 | \$9,965,283 | \$94,591,807 | \$38,166,102 |

| State Insurance Fund | Idaho Building Authority | Total |
|----------------------------|--------------------------------|----------------------|
| \$32,274,238 | \$4,779,001 | \$62,378,295 |
| 315,088,480 | 3,995,196 | 356,734,246 |
| 6,551,827 | 48,355 | 15,522,602 |
| | | 302,164 |
| 184,697 | 149,255 | 470,513 |
| | | 6,363,778 |
| | | 64,548,332 |
| 4,343,418 | 916,375 | 5,396,022 |
| | | 296,063 |
| 5,434,711 | 41,603,876 | 47,976,851 |
| 509,438 | | 3,476,558 |
| | | (1,433,618) |
| <u>\$364,386,809</u> | <u>\$51,492,058</u> | <u>\$562,031,806</u> |
| \$1,675,139 | | \$1,675,139 |
| 56,129,462 | \$863,263 | 72,873,303 |
| | | 11,000 |
| | | 10,771 |
| | | 528,032 |
| 34,488,453 | | 34,488,453 |
| | 51,866,905 | 114,587,260 |
| 133,086,883 | | 139,807,272 |
| | | 177,236 |
| <u>225,379,937</u> | <u>52,730,168</u> | <u>364,158,466</u> |
| 139,006,872 | (1,238,110) | 197,873,340 |
| <u>139,006,872</u> | <u>(1,238,110)</u> | <u>197,873,340</u> |
| <u>\$364,386,809</u> | <u>\$51,492,058</u> | <u>\$562,031,806</u> |

State of Idaho
Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
Enterprise Funds
For the fiscal year ended June 30, 1996

| | Correctional Industries | Liquor Dispensary | Lottery Commission | Petroleum Clean Water Fund |
|---|----------------------------|----------------------|-----------------------|----------------------------------|
| Operating Revenues | | | | |
| Other Taxes | | | | |
| Licenses, Permits And Fee | | \$890 | | \$3,652,868 |
| Sale Of Services, Goods And Propert | \$4,088,809 | 54,488,583 | | |
| Interest And Other Investment Incon | 93,563 | 326,627 | | 2,123,075 |
| Rent And Lease Incom | | | | |
| Miscellaneous Incom | 61,389 | 26,430 | \$91,664,011 | 2,326 |
| Total Operating Revenues | 4,243,761 | 54,842,530 | 91,664,011 | 5,778,269 |
| Operating Expenses | | | | |
| Personnel Cost: | 1,517,631 | 5,021,008 | 1,850,505 | |
| Services | 75,523 | 340,781 | 10,430,780 | 2,061,688 |
| Travel | 18,873 | 39,885 | | |
| Supplies | 1,950,386 | 29,571,696 | 158,841 | |
| Insurance, Utilities And Re | 193,962 | 1,512,721 | 908,370 | |
| Miscellaneous | 388,603 | 1,211,973 | 581,102 | |
| Capital Outlay | 770,361 | 62,476 | 456,635 | |
| Depreciation | 184,279 | 24,893 | 669,071 | 7,273 |
| Awards, Contributions And Claim | | | 56,766,250 | 1,056,728 |
| Payment As Agen | | 6,017,542 | | |
| Total Operating Expenses | 5,099,618 | 43,802,975 | 71,821,554 | 3,125,689 |
| Operating Income (Loss) | (855,857) | 11,039,555 | 19,842,457 | 2,652,580 |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Income | | | | |
| Interest Expense | | | | |
| Other | | | | 59,566 |
| Total Nonoperating Revenues (Expenses) | | | | 59,566 |
| Income (Loss) Before Operating Transfers | (855,857) | 11,039,555 | 19,842,457 | 2,712,146 |
| Operating Transfers Out | | (8,295,000) | (19,000,000) | |
| Income (Loss) Before Other Sources (Use | (855,857) | 2,744,555 | 842,457 | 2,712,146 |
| Other Sources | | | | 6,193 |
| Other Uses | | | | |
| Net Income (Loss) | (855,857) | 2,744,555 | 842,457 | 2,718,339 |
| Beginning Retained Earnings/Fund Balances, | 2,000,360 | 4,516,160 | 10,500,400 | 27,610,057 |

| State Insurance Fund | Idaho Building Authority | Total |
|----------------------------|--------------------------------|--------------------|
| | | \$3,653,758 |
| \$132,812,128 | | 191,389,520 |
| 10,702,003 | | 13,245,268 |
| | \$5,946,091 | 5,946,091 |
| | | 91,754,156 |
| <u>143,514,131</u> | <u>5,946,091</u> | <u>305,988,793</u> |
| | | 8,389,144 |
| 16,571,922 | | 29,480,694 |
| | | 58,758 |
| | | 31,680,923 |
| | | 2,615,053 |
| 7,629 | 199,602 | 2,388,909 |
| | | 1,289,472 |
| | 3,682,411 | 4,567,927 |
| 62,613,515 | | 120,436,493 |
| | | 6,017,542 |
| <u>79,193,066</u> | <u>3,882,013</u> | <u>206,924,915</u> |
| <u>64,321,065</u> | <u>2,064,078</u> | <u>99,063,878</u> |
| | 553,887 | 553,887 |
| | (2,979,392) | (2,979,392) |
| 2,260,180 | | 2,319,746 |
| <u>2,260,180</u> | <u>(2,425,505)</u> | <u>(105,759)</u> |
| <u>66,581,245</u> | <u>(361,427)</u> | <u>98,958,119</u> |
| | | (27,295,000) |
| <u>66,581,245</u> | <u>(361,427)</u> | <u>71,663,119</u> |
| | | 6,193 |
| (33,507,595) | | (33,507,595) |
| <u>33,073,650</u> | <u>(361,427)</u> | <u>38,161,717</u> |
| <u>105,000,000</u> | <u>(275,000)</u> | <u>150,711,000</u> |

State of Idaho
Combining Statement of Cash Flows
Enterprise Funds
For the fiscal year ended June 30, 1996

| | Correctional Industries | Liquor Dispensary | Lottery Commission | Petroleum Clean Water Fund |
|---|----------------------------|----------------------|-----------------------|----------------------------------|
| Increase (Decrease) in Cash and Cash Equivalents: | | | | |
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers, Loan Interest, and Fees | \$985,386 | \$55,144,730 | \$91,185,255 | \$4,953,319 |
| Receipts from State Agency Customers | 3,834,956 | | | |
| Payments to Supplier | (3,266,233) | (39,274,659) | (14,086,713) | |
| Payments to Employees for Services and Benefits | (1,540,463) | (5,039,653) | (1,841,899) | (1,323,637) |
| Payments to State Agency Suppliers | (617,460) | (156,998) | | |
| Payments of Awards and Claims | | | (52,861,778) | (2,110,125) |
| Net Cash Provided (Used) by Operating Activities | (603,814) | 10,673,420 | 22,394,865 | 1,519,557 |
| Cash Flows from Noncapital Financing Activities | | | | |
| Operating Transfers Out | | (8,295,000) | (19,000,000) | |
| Payment of Dividends | | | | |
| Net Cash Provided (Used) for Noncapital Financing Activities | | (8,295,000) | (19,000,000) | |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Proceeds from Disposition of Capital Assets | | | | |
| Acquisition and Construction of Capital Assets | | | (584,868) | |
| Net Cash Provided (Used) for Capital Financing Activities | | | (584,868) | |
| Cash Flows from Investing Activities | | | | |
| Receipt of Interest and Dividends | | | | 1,859,200 |
| Purchase of Investment | | | (260,036) | (27,061,569) |
| Redemption of Investments | 472,034 | | | 22,993,387 |
| Net Cash Provided (Used) by Investing Activities | 472,034 | | (260,036) | (2,208,982) |
| Net increase (decrease) in cash and cash equivalents | (131,780) | 2,378,420 | 2,549,961 | (689,425) |
| Beginning Cash and Cash Equivalents | 736,015 | 2,563,178 | 16,925,614 | 993,073 |
| Ending Cash and Cash Equivalents | \$604,235 | \$4,941,598 | \$19,475,575 | \$303,648 |

| State Insurance Fund | Building Authority Fund | Total |
|----------------------------|-------------------------------|---------------------|
| \$131,479,265 | \$5,746,489 | \$289,494,444 |
| | | 3,834,956 |
| (260,907) | (385,874) | (57,274,386) |
| (10,872,954) | | (20,618,606) |
| | | (774,458) |
| (68,291,254) | | (123,263,157) |
| <u>52,054,150</u> | <u>5,360,615</u> | <u>91,398,793</u> |
| | | (27,295,000) |
| (28,483,732) | (7,200,271) | (35,684,003) |
| <u>(28,483,732)</u> | <u>(7,200,271)</u> | <u>(62,979,003)</u> |
| 231,362 | | 231,362 |
| | (496,311) | (1,081,179) |
| <u>231,362</u> | <u>(496,311)</u> | <u>(849,817)</u> |
| 19,162,977 | 487,606 | 21,509,783 |
| (297,860,466) | (1,239,540) | (326,421,611) |
| 230,314,274 | 2,407,289 | 256,186,984 |
| <u>(48,383,215)</u> | <u>1,655,355</u> | <u>(48,724,844)</u> |
| (24,581,435) | (680,612) | (21,154,871) |
| 56,855,673 | 5,459,613 | 83,533,166 |
| <u>\$32,274,238</u> | <u>\$4,779,001</u> | <u>\$62,378,295</u> |

STATE OF IDAHO

INTERNAL SERVICE FUNDS

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 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 GENERAL SERVICES FUND provides 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 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 and long term disability coverage.

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

State of Idaho
Combining Balance Sheet
Internal Service Funds
June 30, 1996

| | Data | | | | Total |
|--|---------------------|------------------------|---------------------|---------------------|---------------------|
| | General Services | Processing Services | Group Insurance | Risk Management | |
| Assets and Other Debits | | | | | |
| Cash And Cash Equivalent | \$5,729,988 | \$1,489,456 | \$54,351,408 | \$16,395,305 | \$77,966,157 |
| Accounts Receivable Net | 164,387 | 252 | | | 164,639 |
| Due From Other Fund | 808,128 | 557,521 | 21,261 | 98,237 | 1,485,147 |
| Advances To Other Fund | 188,739 | | | | 188,739 |
| Prepaid Expense: | 10,850 | 171,471 | | | 182,321 |
| Inventories: | 523,849 | | | | 523,849 |
| Machinery And Equipment | 2,279,275 | 9,370,005 | | | 11,649,280 |
| Accumulated Depreciation | (1,619,461) | (6,728,167) | | | (8,347,628) |
| Total Assets and Other Debits | \$8,085,755 | \$4,860,538 | \$54,372,669 | \$16,493,542 | \$83,812,504 |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Taxes Payable | \$99 | | | | \$99 |
| Accounts Payable And Accrued Item | 412,663 | \$201,003 | \$258,627 | \$806,951 | 1,679,244 |
| Due To Other Fund: | 183,240 | 2,329 | 231 | 42,257 | 228,057 |
| Advances From Other Fund | 113,739 | | | | 113,739 |
| Accrued Compensated Absence | 965,046 | 137,649 | 10,746 | 14,855 | 1,128,296 |
| Deferred Revenue | 62,710 | 3,550 | | | 66,260 |
| Notes, Bonds And Contracts Payable | | 1,935,000 | | | 1,935,000 |
| Policy Claim Liability | | | 38,307,800 | 10,963,999 | 49,271,799 |
| Capital Leases: | 298,061 | | | | 298,061 |
| Other Liabilities | 75,179 | | | | 75,179 |
| Total Liabilities | 2,110,737 | 2,279,531 | 38,577,404 | 11,828,062 | 54,795,734 |
| Equity and Other Credits | | | | | |
| Contributed Capital | 150,000 | 14,500 | | | 164,500 |
| Retained Earnings | 5,825,018 | 2,566,507 | 15,795,265 | 4,665,480 | 28,852,270 |
| Total Equity and Other Credits | 5,975,018 | 2,581,007 | 15,795,265 | 4,665,480 | 29,016,770 |
| Total Liabilities, Equity and Other Credits | \$8,085,755 | \$4,860,538 | \$54,372,669 | \$16,493,542 | \$83,812,504 |

State of Idaho
Combining Statement of Revenues, Expenditures and Changes in Retained Earnings/Fund Balances
Internal Service Funds
For the fiscal year ended June 30, 1996

| | General Services | Data Processing Services | Group Insurance | Risk Management | Total |
|--|---------------------|--------------------------------|---------------------|--------------------|---------------------|
| Operating Revenues | | | | | |
| Other Taxes | | | | | |
| Licenses, Permits And Fee | \$32,017 | | | | \$32,017 |
| Sale Of Services, Goods And Property | 21,491,860 | \$5,791,581 | \$65,484,152 | \$4,842,842 | 97,610,435 |
| Interest And Other Investment Income | 384,235 | 49,174 | 3,248,690 | 939,072 | 4,621,171 |
| Rent And Lease Income | 5,143,384 | | | | 5,143,384 |
| Miscellaneous Income | 2,470,600 | | 3,238,815 | 105,005 | 5,814,420 |
| Total Operating Revenues | 29,522,096 | 5,840,755 | 71,971,657 | 5,886,919 | 113,221,427 |
| Operating Expenses | | | | | |
| Personnel Cost: | | | | | |
| Services | 12,739,766 | 2,273,722 | 161,648 | 234,355 | 15,409,491 |
| Travel | 11,445,498 | 1,822,793 | 525,289 | 72,994 | 13,866,574 |
| Supplies | 196,706 | 20,555 | 19 | 3,514 | 220,794 |
| Insurance, Utilities And Rent | 1,392,294 | 251,434 | 5,756 | 4,724 | 1,654,208 |
| Miscellaneous | 1,601,446 | 6,807 | 9,925 | 1,516,044 | 3,134,222 |
| Capital Outlay | 1,033,735 | 40,209 | 15 | 712 | 1,074,671 |
| Depreciation | 1,055,784 | 35,104 | 13,226 | 12,305 | 1,116,419 |
| Awards, Contributions And Claims | 361,416 | 2,104,299 | | | 2,465,715 |
| Payment As Agent | | | 79,485,188 | 4,458,735 | 83,943,923 |
| Total Operating Expenses | 29,929,644 | 6,554,923 | 80,201,066 | 6,303,383 | 122,989,016 |
| Operating Income (Loss) | (407,548) | (714,168) | (8,229,409) | (416,464) | (9,767,589) |
| Nonoperating Revenues (Expenses) | | | | | |
| Gain (Loss) On Sale Of Fixed Assets | | (337,370) | | | (337,370) |
| Total Nonoperating Revenues (Expenses) | | (337,370) | | | (337,370) |
| Income (Loss) Before Operating Transfers | (407,548) | (1,051,538) | (8,229,409) | (416,464) | (10,104,959) |
| Operating Transfers Out | | (294,439) | | | (294,439) |
| Net Income (Loss) | (701,987) | (1,051,538) | (8,229,409) | (416,464) | (10,399,398) |
| Beginning Retained Earnings/Fund Balance As Adjusted | 6,677,005 | 3,632,545 | 24,024,674 | 5,081,944 | 39,416,168 |
| Ending Retained Earnings/Fund Balances | \$5,975,018 | \$2,581,007 | \$15,795,265 | \$4,665,480 | \$29,016,770 |

State of Idaho
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 1996

| | General | Data Processing | Group | Risk | Total |
|---|--------------------|--------------------|---------------------|---------------------|---------------------|
| | Services | Services | Insurance | Management | |
| Increase (Decrease) in Cash and Cash Equivalents: | | | | | |
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers, Loan Interest, and Fees | \$5,417,177 | \$57,174 | \$406 | \$1,548,187 | \$7,022,944 |
| Receipts from State Agency Customers | 27,178,942 | 6,820,700 | 72,119,111 | 4,690,673 | 110,809,426 |
| Payments to Supplier | (15,340,949) | (4,030,886) | (72,019,984) | (2,642,936) | (94,034,755) |
| Payments to Employees for Services and Benefits | (12,613,459) | (2,263,389) | (160,470) | (232,799) | (15,270,117) |
| Payments to State Agency Suppliers | (3,639,436) | (36,755) | (435,939) | (171,425) | (4,283,555) |
| Payments of Awards and Claims | | | | (2,119,150) | (2,119,150) |
| Net Cash Provided (Used) by Operating Activities | 1,002,275 | 546,844 | (496,876) | 1,072,550 | 2,124,793 |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Operating Transfers Out | (294,439) | | | | (294,439) |
| Net Cash Provided (Used) for Noncapital Financing Activities | (294,439) | | | | (294,439) |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from Disposition of Capital Assets | | 5,335 | | | 5,335 |
| Net Cash Provided (Used) for Capital Financing Activities | | 5,335 | | | 5,335 |
| Net increase (decrease) in cash and cash equivalents | 707,836 | 552,179 | (496,876) | 1,072,550 | 1,835,689 |
| Beginning Cash and Cash Equivalents | 5,022,152 | 937,277 | 54,848,284 | 15,322,755 | 76,130,468 |
| Ending Cash and Cash Equivalents | \$5,729,988 | \$1,489,456 | \$54,351,408 | \$16,395,305 | \$77,966,157 |

STATE OF IDAHO

TRUST AND AGENCY FUNDS

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 Unemployment Compensation pays claims for unemployment to eligible recipients through employer contributions, employer reimbursements, and federal grants.

The NONEXPENDABLE TRUST FUND Endowment Fund accounts 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:

Joint Exercise Of Powers Pool accounts for deposits made with the State Treasurer for investment purposes by various state and local governmental entities.

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.

State of Idaho
Combining Balance Sheet
Trust and Agency Funds
June 30, 1996

| | Expendable Trust Func | Nonexpendable Trust Func | | | |
|--|-----------------------------|-----------------------------|------------------------|----------------------|------------------------|
| | Unemploymen Compensation | Endowmen Fund | Pensior Trust Funds | Agency Funds | Total |
| Assets and Other Debits | | | | | |
| Cash And Cash Equivalent | \$249,340,307 | \$19,815,864 | \$5,087,585 | \$4,460,716 | \$278,704,472 |
| Investment: | 50,044,926 | 577,829,621 | 3,935,930,312 | 436,951,498 | 5,000,756,357 |
| Accounts Receivable Ne | 35,045,338 | 8,304,774 | 35,876,420 | | 79,226,532 |
| Prepaid Expense | | | 12,462,733 | | 12,462,733 |
| Notes And Mortgages Receivable N | | 5,058,176 | | | 5,058,176 |
| Buildings And Improvemen | | | 4,552,789 | | 4,552,789 |
| Total Assets and Other Debits | \$334,430,571 | \$611,008,435 | \$3,993,909,839 | \$441,412,214 | \$5,380,761,059 |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Taxes Payabl | | | | \$435,050 | \$435,050 |
| Accounts Payable And Accrued Item | \$1,275,746 | | \$3,541,239 | 38,554 | 4,855,539 |
| Deposits | | \$19,626,503 | 49,640,240 | 36,689 | 69,303,432 |
| Due To Other Fund | | | 4,706 | 28,747 | 33,453 |
| Due To Other Government | | | | 437,108,892 | 437,108,892 |
| Other Liabilitie | | | | 3,764,282 | 3,764,282 |
| Total Liabilities | 1,275,746 | 19,626,503 | 53,186,185 | 441,412,214 | 515,500,648 |
| Equity and Other Credits | | | | | |
| Reserved For Retirement Plan Contribut | | | 3,940,723,654 | | 3,940,723,654 |
| Reserved For Loans And Note | | 5,058,176 | | | 5,058,176 |
| Reserved For Specific Purpose | 40,000 | 586,323,756 | | | 586,363,756 |
| Unreserved Fund Balanc | 333,114,825 | | | | 333,114,825 |
| Total Equity and Other Credits | 333,154,825 | 591,381,932 | 3,940,723,654 | | 4,865,260,411 |
| Total Liabilities, Equity and Other Credits | \$334,430,571 | \$611,008,435 | \$3,993,909,839 | \$441,412,214 | \$5,380,761,059 |

State of Idaho
Combining Balance Sheet
Nonexpendable Trust Funds
June 30, 1996

| | Public School Endowment | Pooled Endowments | Total Endowment Board | Endowment Other | Total Endowment |
|--|----------------------------|----------------------|-----------------------------|---------------------|----------------------|
| Assets and Other Debits | | | | | |
| Cash And Cash Equivalent | | \$99,558 | \$99,558 | \$19,716,306 | \$19,815,864 |
| Investment: | \$393,381,457 | 184,448,164 | 577,829,621 | | 577,829,621 |
| Accounts Receivable Ne | 1,212,176 | 597,667 | 1,809,843 | 6,494,931 | 8,304,774 |
| Notes And Mortgages Receivable Nt | | | | 5,058,176 | 5,058,176 |
| Total Assets and Other Debits | \$394,593,633 | \$185,145,389 | \$579,739,022 | \$31,269,413 | \$611,008,435 |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Deposits | | | | \$19,626,503 | \$19,626,503 |
| Total Liabilities | | | | 19,626,503 | 19,626,503 |
| Equity and Other Credits | | | | | |
| Reserved For Loans And Note | | | | 5,058,176 | 5,058,176 |
| Reserved For Specific Purpose | \$394,593,633 | \$185,145,389 | \$579,739,022 | 6,584,734 | 586,323,756 |
| Total Equity and Other Credits | 394,593,633 | 185,145,389 | 579,739,022 | 11,642,910 | 591,381,932 |
| Total Liabilities, Equity and Other Credits | \$394,593,633 | \$185,145,389 | \$579,739,022 | \$31,269,413 | \$611,008,435 |

State of Idaho
Combining Statement of Revenues, Expenditures, & Changes in Retained Earnings/Fund Balances
Nonexpendable Trust Funds
For the fiscal year ended June 30, 1996

| | Public School Endowment | Pooled Endowments | Total Endowment Board | Endowment Other | Total Endowment |
|--|----------------------------|----------------------|-----------------------------|---------------------|----------------------|
| Operating Revenues | | | | | |
| Licenses, Permits And Fee | | | | \$11,714 | \$11,714 |
| Sale Of Services, Goods And Propert | | | | 46,004,293 | 46,004,293 |
| Interest And Other Investment Incon | \$1,021,627 | \$585,545 | \$1,607,172 | (272,801) | 1,334,371 |
| Rent And Lease Incom | | | | 500 | 500 |
| Miscellaneous Incom | | | | 11,498,050 | 11,498,050 |
| Total Operating Revenues | <u>1,021,627</u> | <u>585,545</u> | <u>1,607,172</u> | <u>57,241,756</u> | <u>58,848,928</u> |
| Operating Income (Loss) | <u>1,021,627</u> | <u>585,545</u> | <u>1,607,172</u> | <u>57,241,756</u> | <u>58,848,928</u> |
| Income (Loss) Before Operating Transfe | <u>1,021,627</u> | <u>585,545</u> | <u>1,607,172</u> | <u>57,241,756</u> | <u>58,848,928</u> |
| Operating Transfers I | 41,753,841 | 15,487,915 | 57,241,756 | | 57,241,756 |
| Operating Transfers Ou | | | | (57,241,756) | (57,241,756) |
| Net Income (Loss) | <u>42,775,468</u> | <u>16,073,460</u> | <u>58,848,928</u> | | <u>58,848,928</u> |
| Beginning Retained Earnings/Fu Balances, As Adjuste | <u>351,818,165</u> | <u>169,071,929</u> | <u>520,890,094</u> | <u>11,642,910</u> | <u>532,533,004</u> |
| Ending Retained Earnings/Fund Balances | <u>\$394,593,633</u> | <u>\$185,145,389</u> | <u>\$579,739,022</u> | <u>\$11,642,910</u> | <u>\$591,381,932</u> |

State of Idaho
Combining Balance Sheet
Pension Trust Funds
June 30, 1996

| | Public Employees Retirement System | Judges Retirement | Total |
|--|---------------------------------------|----------------------|------------------------|
| Assets and Other Debits | | | |
| Cash And Cash Equivalent | \$4,979,136 | \$108,449 | \$5,087,585 |
| Investment: | 3,904,460,788 | 31,469,524 | 3,935,930,312 |
| Accounts Receivable Net | 35,876,420 | | 35,876,420 |
| Prepaid Expense: | 12,462,733 | | 12,462,733 |
| Buildings And Improvements | 4,552,789 | | 4,552,789 |
| Total Assets and Other Debits | \$3,962,331,866 | \$31,577,973 | \$3,993,909,839 |
| Liabilities, Equity and Other Credits | | | |
| Liabilities: | | | |
| Accounts Payable And Accrued Items | \$3,541,239 | | \$3,541,239 |
| Deposits | 49,640,240 | | 49,640,240 |
| Due To Other Funds: | 4,706 | | 4,706 |
| Total Liabilities | 53,186,185 | | 53,186,185 |
| Equity and Other Credits | | | |
| Reserved For Retirement Plan Contributions | 3,909,145,681 | \$31,577,973 | 3,940,723,654 |
| Total Equity and Other Credits | 3,909,145,681 | 31,577,973 | 3,940,723,654 |
| Total Liabilities, Equity and Other Credits | \$3,962,331,866 | \$31,577,973 | \$3,993,909,839 |

State of Idaho
Combining Statement of Revenues, Expenses & Changes in Retained Earnings/Fund Balances
Pension Trust Funds
June 30, 1996

| | Public Employee Retirement System | Judges Retirement | Total |
|--|--------------------------------------|----------------------|------------------------|
| Operating Revenues | | | |
| Licenses, Permits And Fee | | \$1,154,671 | \$1,154,671 |
| Interest And Other Investment Incon | \$582,378,086 | 7,406,133 | 589,784,219 |
| Miscellaneous Incom | 295,406,702 | 422,279 | 295,828,981 |
| Total Operating Revenues | 877,784,788 | 8,983,083 | 886,767,871 |
| Operating Expenses | | | |
| Services | 2,974,975 | 138,152 | 3,113,127 |
| Payment As Agen | 172,692,265 | 1,249,063 | 173,941,328 |
| Total Operating Expenses | 175,667,240 | 1,387,215 | 177,054,455 |
| Net Income (Loss) | 702,117,548 | 7,595,868 | 709,713,416 |
| Beginning Retained Earnings/Fund Balanc As Adjusted | 3,207,028,133 | 23,982,105 | 3,231,010,238 |
| Ending Retained Earnings/Fund Balances | \$3,909,145,681 | \$31,577,973 | \$3,940,723,654 |

**State of Idaho
Combining Balance Sheet
Agency Funds
June 30, 1996**

| | Joint Exercise of Powers Pool | Payroll | Other Custodial | Total |
|--------------------------------------|----------------------------------|------------------|--------------------|----------------------|
| Assets: | | | | |
| Cash And Cash Equivalent | | \$456,153 | \$4,004,563 | \$4,460,716 |
| Investment: | \$435,712,738 | | 1,238,760 | 436,951,498 |
| Total Assets and Other Debits | \$435,712,738 | \$456,153 | \$5,243,323 | \$441,412,214 |
| Liabilities: | | | | |
| Taxes Payable | | \$435,050 | | \$435,050 |
| Accounts Payable And Accrued Item | \$17,451 | 21,103 | | 38,554 |
| Deposits | | | \$36,689 | 36,689 |
| Due To Other Fund: | 12,208 | | 16,539 | 28,747 |
| Due To Other Government | 435,683,079 | | 1,425,813 | 437,108,892 |
| Other Liabilitie | | | 3,764,282 | 3,764,282 |
| Total Liabilities | \$435,712,738 | \$456,153 | \$5,243,323 | \$441,412,214 |

State of Idaho
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 1996

| | Joint Exercise of Powers Pool | Payroll | Other Custodial | Total |
|-------------------------------|----------------------------------|------------------|--------------------|----------------------|
| Balance, July 1, 1995 | \$310,975,015 | \$338,126 | \$6,475,373 | \$317,788,514 |
| Additions: | 398,848,605 | 826,040,174 | 27,160,639 | 1,252,049,418 |
| Deductions: | (274,110,882) | (825,922,147) | (28,392,689) | (1,128,425,718) |
| Balance, June 30, 1996 | <u>\$435,712,738</u> | <u>\$456,153</u> | <u>\$5,243,323</u> | <u>\$441,412,214</u> |

STATE OF IDAHO

COLLEGE AND UNIVERSITY FUNDS

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:

LOAN FUNDS account for transactions of related resources obtained and used for loans to students, staff, and faculty.

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.

Unexpended - This subgroup is used to account for the unexpended resources derived from various sources to finance the acquisition of university fixed assets and the associated liabilities.

Renewals and Replacements The resources of this subgroup provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

Retirement of Indebtedness This represents bond sinking funds used to provide for payment of principal and interest pursuant to terms of bond indentures.

Investment in Plant Except for long-lived assets held as investments in endowment and similar funds and their associated liabilities, this subgroup includes all long-lived assets in the service of the institution and all construction in progress (unless carried in the Unexpended Plant Fund or Fund for Renewals and Replacements subgroup, until completion of the project) and all associated liabilities.

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

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.

**State of Idaho
Combining Balance Sheet
College and University Funds
June 30, 1996**

Current Funds

| | Unrestricted | | | | Endowment and Similar |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| | General | | Restricted | Loan | |
| | Operating | Auxillary | | | |
| Assets: | | | | | |
| Cash And Cash Equivalent | \$41,320,814 | \$7,072,258 | \$470,764 | \$1,114,835 | \$7,969,454 |
| Investment: | 15,716,291 | | | 1,624,231 | 45,398,553 |
| Accounts Receivable Ne | 5,524,073 | 2,000,025 | 12,375,041 | 230,009 | 275,637 |
| Due From Other Fund | 8,191,155 | 1,751,114 | 1,211,168 | 74,722 | |
| Notes And Mortgages Receivable Ne | | | | 18,299,336 | 1,558,964 |
| Other Assets | 2,934,974 | 3,788,949 | | | 966,753 |
| Land | | | | | |
| Buildings And Improvemer | | | | | |
| Machinery And Equipme | | | | | |
| Construction In Progress | | | | | |
| Total Assets and Other Debits | <u>\$73,687,307</u> | <u>\$14,612,346</u> | <u>\$14,056,973</u> | <u>\$21,343,133</u> | <u>\$56,169,361</u> |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Accounts Payable And Accrued Item | \$26,470,794 | \$2,369,450 | \$3,611,283 | \$15,507 | \$2,667 |
| Due To Other Fund: | 4,798,244 | 382,761 | 7,075,961 | | 1,973,048 |
| Notes, Bonds And Contracts Payabl | | | | | |
| Other Liabilitie | 6,162,392 | 808,836 | | 53,701 | 378,624 |
| Total Liabilities | <u>37,431,430</u> | <u>3,561,047</u> | <u>10,687,244</u> | <u>69,208</u> | <u>2,354,339</u> |
| Equity and Other Credits | | | | | |
| Investment In Fixed Asset | | | | | |
| Reserved For Bond Retirement | | 11,051,299 | | | |
| Reserved For Loans And Note | | | | 19,688,939 | |
| Reserved For Specific Purpose | | | | 1,584,986 | 53,815,022 |
| Unreserved Fund Balanc | 36,255,877 | | 3,369,729 | | |
| Total Equity and Other Credits | <u>36,255,877</u> | <u>11,051,299</u> | <u>3,369,729</u> | <u>21,273,925</u> | <u>53,815,022</u> |
| Total Liabilities, Equity and Other Credits | <u>\$73,687,307</u> | <u>\$14,612,346</u> | <u>\$14,056,973</u> | <u>\$21,343,133</u> | <u>\$56,169,361</u> |

| Investment in Plant | Agency | Total |
|------------------------|--------------------|----------------------|
| \$11,027,488 | \$125,420 | \$69,101,033 |
| 32,924,437 | 5,237,567 | 100,901,079 |
| 839,926 | 466,338 | 21,711,049 |
| 1,131,481 | 1,674 | 12,361,314 |
| | | 19,858,300 |
| 2,117,385 | | 9,808,061 |
| 13,677,548 | | 13,677,548 |
| 439,983,996 | | 439,983,996 |
| 248,119,457 | | 248,119,457 |
| 35,862,479 | | 35,862,479 |
| <u>\$785,684,197</u> | <u>\$5,830,999</u> | <u>\$971,384,316</u> |
| | | |
| \$2,034,583 | \$5,830,999 | \$40,335,283 |
| 882,328 | | 15,112,342 |
| 127,372,609 | | 127,372,609 |
| | | 7,403,553 |
| <u>130,289,520</u> | <u>5,830,999</u> | <u>190,223,787</u> |
| | | |
| 611,117,268 | | 611,117,268 |
| | | 11,051,299 |
| | | 19,688,939 |
| | | 55,400,008 |
| 44,277,409 | | 83,903,015 |
| <u>655,394,677</u> | | <u>781,160,529</u> |
| <u>\$785,684,197</u> | <u>\$5,830,999</u> | <u>\$971,384,316</u> |



C O M P O N E N T

STATE BIRD

The Mountain Bluebird (*Sialia arctica*) was adopted as the state bird for Idaho by the state legislature in 1931. The Bluebird is about seven inches long, has an azure blue coat, and a blue vest with white underfeathers. The mother bird wears a quiet blue-gray dress and usually lays six or seven blue-white eggs. The Bluebird's nest is usually built in a hollow tree or in a crevice. The Bluebird is very neat about one's home and carries all refuse some distance from the nest.

UNITS

STATE OF IDAHO

COMPONENT UNITS

The **COMPONENT UNITS** 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.

IDAHO SMALL EMPLOYER AND INDIVIDUAL HEALTH REINSURANCE PROGRAM. The Idaho Small Employer and Individual Health Reinsurance Program was created to promote the availability of small employer and individual health insurance coverage in Idaho, regardless of health or claims experience, by providing a safety net to carriers in the form of a reinsurance mechanism to facilitate the guaranteed issue of Standardized State-Approved Health Benefit Plans.

IDAHO LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION. 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.

IDAHO HEALTH FACILITIES AUTHORITY. The Idaho Health Facilities Authority assists health institutions in the State by providing additional means for financing building programs and major equipment acquisitions and for refunding or refinancing outstanding indebtedness incurred for health facilities.

IDAHO FOREST PRODUCTS COMMISSION. The Idaho Forest Products Commission's mission is to provide programs that result in an informed public that understands and supports balanced, responsible management of Idaho's economically vital public and private forests. Activities of the Commission are funded by mandatory assessments to sawmills, forest owners, loggers and all other forest products manufacturers and transporters. The Commission may also receive grants, donations and gifts from the general public.

STATE OF IDAHO

COMPONENT UNITS

IDAHO GRAPE GROWERS AND WINE PRODUCERS COMMISSION. The Idaho Grape Growers and Wine Producers Commission provides for the development of markets, production research, and promotion of Idaho grapes and grape by-products within and without the State of Idaho. The Commission receives 5% of all State wine taxes collected by the Idaho State Tax Commission in addition to voluntary grape growers and wine producers membership dues.

IDAHO BEEF COUNCIL. The Idaho Beef Council was created for the purpose of promoting the beef industry in Idaho. Revenues are derived from an assessment on each head of cattle sold in the State. The Beef Promotion and Research Act of 1985, established a one dollar per head assessment. Fifty cents of each dollar is remitted to the Cattlemen's Beef Promotion and Research Board and fifty cents remains with the Council.

IDAHO STATE BAR. The Idaho State Bar operates under authority and power delegated by the Supreme Court of Idaho through its rulemaking power, and under authority delegated by the Legislature by statute. The Bar is financed by license fees paid by each attorney in Idaho together with miscellaneous fees and revenues. Specific functions of the Bar are admissions, annual licensing, and discipline.

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

WESTERN GUARANTY FUND SERVICES. Western Guaranty Fund Services is a not-for-profit, unincorporated association of the insurance guaranty associations in the States of Colorado, Idaho, Kansas, Montana, Washington and Wyoming. These associations were created by statute to provide management and other supervisory services in connection with insolvent insurers covered by the guaranty fund statutes in their respective states. Revenues are derived solely from administrative fees charged the various state guaranty funds.

IDAHO HORSE BOARD. The Idaho Horse Board was established in July 1987 by the Idaho Legislature. The purpose of the Board is to promote and benefit the horse industry in Idaho. Operation of the Board is financed by an assessment of \$1.00 per horse inspected by the Idaho Brand Board.

State of Idaho
Combining Balance Sheet
Component Units - Proprietary Funds
June 30, 1996

| | Idaho Housing and Finance Association | Idaho Health Facilitie Authority | Idaho State Bar | Idaho Grape Growers Wine Producers Commission | Idaho Horse Board |
|--|---|--|-----------------------|--|-------------------------|
| Assets and Other Debits | | | | | |
| Cash And Cash Equivalents | \$29,561,000 | \$312,786 | \$609,092 | \$90,503 | \$12,286 |
| Investments | 271,280,000 | 2,185,604 | 333,108 | | |
| Accounts Receivable Net | | 258,519 | 34,049 | 8,864 | |
| Due From Other Funds | | | 31,102 | | 1,723 |
| Prepaid Expenses | | 17,892 | 31,872 | | |
| Inventories | | | 1,267 | | |
| Notes And Mortgages Receivable Net | 837,469,000 | 686,860 | | | |
| Other Assets | 15,176,000 | | 29,400 | | |
| Buildings And Improvements | 9,239,000 | 18,258 | 99,542 | | |
| Total Assets and Other Debits | <u>\$1,162,725,000</u> | <u>\$3,479,919</u> | <u>\$1,169,432</u> | <u>\$99,367</u> | <u>\$14,009</u> |
| Liabilities, Equity and Other Credits | | | | | |
| Liabilities: | | | | | |
| Accounts Payable And Accrued Items | | \$24,644 | \$67,130 | \$5,074 | \$5,000 |
| Deposits | \$14,186,000 | | | | |
| Due To Other Funds | | | 32,825 | | |
| Deferred Revenue | | | 302,089 | | |
| Notes, Bonds And Contracts Payable | 1,045,388,000 | | | | |
| Policy Claim Liability: | | | | | |
| Other Liabilities | 2,753,000 | | | | |
| Total Liabilities | <u>1,062,327,000</u> | <u>24,644</u> | <u>402,044</u> | <u>5,074</u> | <u>5,000</u> |
| Equity and Other Credits | | | | | |
| Reserved For Specific Purposes | | 3,455,275 | 447,065 | | |
| Unreserved Fund Balance | 100,398,000 | | 320,323 | 94,293 | 9,009 |
| Total Equity and Other Credits | <u>100,398,000</u> | <u>3,455,275</u> | <u>767,388</u> | <u>94,293</u> | <u>9,009</u> |
| Total Liabilities, Equity and Other Credits | <u>\$1,162,725,000</u> | <u>\$3,479,919</u> | <u>\$1,169,432</u> | <u>\$99,367</u> | <u>\$14,009</u> |

| Idaho Small Employer and Individual Health Reinsurance Program | Idaho Life and Health Insurance Guaranty Association | Western Guaranty Fund Association | Idaho Beef Council | Idaho Forest Products Commission | Total |
|--|---|---|-----------------------|--|------------------------|
| \$292,884 | \$512,925 | \$44,809 | \$97,548 | \$26,488 | \$31,560,321 |
| | 9,927,140 | | 28,001 | | 283,753,853 |
| 418,592 | 10,805 | 57,824 | 79,836 | 50,569 | 919,058 |
| | | | | | 32,825 |
| 508 | | 7,650 | | | 57,922 |
| | | | | | 1,267 |
| | | | | | 838,155,860 |
| | 2,855 | | | | 15,208,255 |
| | 2,235 | 10,594 | 10,576 | 13,843 | 9,394,048 |
| <u>\$711,984</u> | <u>\$10,455,960</u> | <u>\$120,877</u> | <u>\$215,961</u> | <u>\$90,900</u> | <u>\$1,179,083,409</u> |
| \$3,063 | \$198 | \$20,283 | \$46,905 | \$9,454 | \$181,751 |
| | | | | | 14,186,000 |
| | | | | | 32,825 |
| | 5,682 | | | | 307,771 |
| | | 100,594 | | | 1,045,488,594 |
| 708,921 | 15,000 | | | | 723,921 |
| | 999,657 | | | | 3,752,657 |
| <u>711,984</u> | <u>1,020,537</u> | <u>120,877</u> | <u>46,905</u> | <u>9,454</u> | <u>1,064,673,519</u> |
| | | | | 13,843 | 3,916,183 |
| | 9,435,423 | | 169,056 | 67,603 | 110,493,707 |
| | 9,435,423 | | 169,056 | 81,446 | 114,409,890 |
| <u>\$711,984</u> | <u>\$10,455,960</u> | <u>\$120,877</u> | <u>\$215,961</u> | <u>\$90,900</u> | <u>\$1,179,083,409</u> |

State of Idaho
**Combining Statement of Revenues, Expenses and Changes in Retained Earnings/
Fund Balances - Component Units - Proprietary Funds**
For the fiscal year ended June 30, 1996

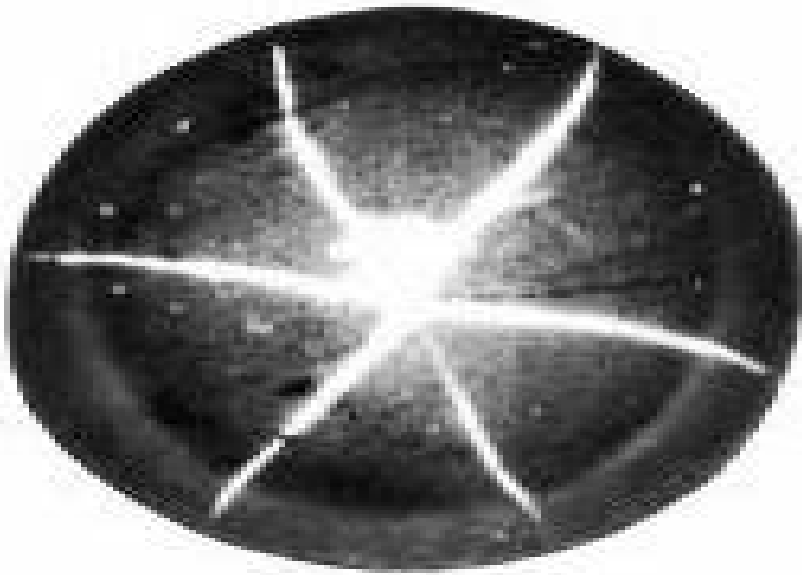
| | Idaho Housing and Finance Association | Idaho Health Facilities Authority | Idaho State Bar | Idaho Grape Growers Wine Producers Commission | Idaho Horse Board |
|--|---|---|-----------------------|--|-------------------------|
| Operating Revenues | | | | | |
| Other Taxes | | | | \$91,896 | |
| Licenses, Permits And Fees | \$4,873,000 | \$564,895 | | 5,143 | \$18,663 |
| Sale Of Services, Goods And Property Grants And Contributions | | | | | |
| Interest And Other Investment Income | 19,101,000 | 169,778 | | | |
| Miscellaneous Income | 1,174,000 | 7 | \$1,060,915 | 8 | 266 |
| Total Operating Revenues | <u>25,148,000</u> | <u>734,680</u> | <u>1,060,915</u> | <u>97,047</u> | <u>18,929</u> |
| Operating Expenses | | | | | |
| Personnel Costs | 3,343,000 | 222,861 | 526,910 | | 4,721 |
| Services | | 67,535 | 458,869 | 42,833 | 1,247 |
| Travel | | 33,740 | | 1,723 | |
| Supplies | | 8,581 | | 620 | 18 |
| Insurance, Utilities And Rent | | 54,064 | | | |
| Miscellaneous | 3,128,000 | 5,331 | 46,512 | 5,504 | 922 |
| Depreciation | | 5,332 | | | |
| Awards, Contributions And Claims | | | | | 10,650 |
| Total Operating Expenses | <u>6,471,000</u> | <u>397,444</u> | <u>1,032,291</u> | <u>50,680</u> | <u>17,558</u> |
| Operating Income (Loss) | <u>18,677,000</u> | <u>337,236</u> | <u>28,624</u> | <u>46,367</u> | <u>1,371</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest Income | 56,535,000 | | | 2,806 | |
| Interest Expense | (64,611,000) | | | | |
| Other | (888,000) | | | | |
| Total Nonoperating Revenues (Expenses) | <u>(8,964,000)</u> | | | <u>2,806</u> | |
| Net Income (Loss) | <u>9,713,000</u> | <u>337,236</u> | <u>28,624</u> | <u>49,173</u> | <u>1,371</u> |
| Beginning Retained Earnings/Fund Balances, As Adjusted | <u>90,685,000</u> | <u>3,118,039</u> | <u>738,764</u> | <u>45,120</u> | <u>7,638</u> |
| Ending Retained Earnings/Fund Balances | <u>\$100,398,000</u> | <u>\$3,455,275</u> | <u>\$767,388</u> | <u>\$94,293</u> | <u>\$9,009</u> |

| Employer and Individual Health Reinsurance Program | Idaho Life and Health Insurance Guaranty Association | Western Guaranty Fund Association | Idaho Beef Council | Idaho Forest Products Commission | Total |
|---|---|---|-----------------------|--|---------------|
| | | | | | \$91,896 |
| \$508,349 | \$4,845,351 | \$754,888 | \$735,693 | \$541,964 | 12,847,946 |
| 285,917 | 48,491 | | | 89,174 | 423,582 |
| | | | | 281 | 281 |
| | | | | | 19,270,778 |
| | 928,820 | | | | 3,164,016 |
| 794,266 | 5,822,662 | 754,888 | 735,693 | 631,419 | 35,798,499 |
| | 87,257 | 383,897 | | 97,098 | 4,665,744 |
| 57,424 | 96,578 | 129,731 | 644,017 | 475,697 | 1,973,931 |
| | | 84,350 | | 16,180 | 135,993 |
| | | 23,450 | | 1,110 | 33,779 |
| 640 | 11,007 | 50,745 | | 12,924 | 129,380 |
| 14,488 | 811,546 | 75,250 | 113,246 | 3,322 | 4,204,121 |
| | 2,081 | 7,465 | | 2,729 | 17,607 |
| 729,922 | 55,043 | | | | 795,615 |
| 802,474 | 1,063,512 | 754,888 | 757,263 | 609,060 | 11,956,170 |
| (8,208) | 4,759,150 | | (21,570) | 22,359 | 23,842,329 |
| 10,760 | 435,090 | | 11,475 | 5,152 | 57,000,283 |
| (2,552) | | | | | (64,613,552) |
| | | | | | (888,000) |
| 8,208 | 435,090 | | 11,475 | 5,152 | (8,501,269) |
| | 5,194,240 | | (10,095) | 27,511 | 15,341,060 |
| | 4,241,183 | | 179,151 | 53,935 | 99,068,830 |
| | \$9,435,423 | | \$169,056 | \$81,446 | \$114,409,890 |

State of Idaho
Combining Statements of Cash Flows
Component Units - Proprietary Funds
For the fiscal year ended June 30, 1996

| | Idaho Housing and Finance Association | Idaho Health Facilitie Authority | Idaho State Bar | Idaho Grape Growers Wine Producers Commission | Idaho Horse Board |
|---|---|--|-----------------------|--|-------------------------|
| Increase (Decrease) in Cash and Cash Equivalents: | | | | | |
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers, Loan Interest, and Fees | \$77,667,000 | \$710,084 | \$88,246 | \$40,308 | \$18,545 |
| Payments to Suppliers | (64,960,000) | (157,593) | (3,962) | 5,074 | (7,837) |
| Payments to Employees for Services and Benefits | (3,343,000) | (219,062) | | | (4,721) |
| Payments of Awards and Claims | | | | | |
| Net Cash Provided (Used) by Operating Activities | <u>9,364,000</u> | <u>333,429</u> | <u>84,284</u> | <u>45,382</u> | <u>5,987</u> |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Payment of Bonds | (85,227,000) | | | | |
| Bonds Issued | 206,310,000 | | | | |
| Deferred Bond Financing Costs | (2,456,000) | | | | |
| Payment of Dividends | | | | | |
| Net Cash Provided (Used) for Noncapital Financing Activities | <u>118,627,000</u> | | | | |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from Disposition of Capital Assets | 770,506,000 | 102 | 90 | | |
| Acquisition and Construction of Capital Assets | (1,177,000) | (7,458) | (13,748) | | |
| Net Cash Provided (Used) for Capital Financing Activities | <u>769,329,000</u> | <u>(7,356)</u> | <u>(13,658)</u> | | |
| Cash Flows from Investing Activities | | | | | |
| Purchase of Investments | (987,876,000) | (700,000) | (333,108) | | |
| Redemption of Investments | 88,853,000 | 227,131 | | | |
| Net Cash Provided (Used) by Investing Activities | <u>(899,023,000)</u> | <u>(472,869)</u> | <u>(333,108)</u> | | |
| Net increase (decrease) in cash and cash equivalents | (1,703,000) | (146,796) | (262,482) | 45,382 | 5,987 |
| Beginning Cash and Cash Equivalents | <u>31,264,000</u> | <u>459,585</u> | <u>871,573</u> | <u>45,120</u> | <u>6,299</u> |
| Ending Cash and Cash Equivalents | <u>\$29,561,000</u> | <u>\$312,789</u> | <u>\$609,091</u> | <u>\$90,502</u> | <u>\$12,286</u> |

| Idaho Small Employer and Individual Health Reinsurance Program | Idaho Life and Health Insurance Guaranty Association | Western Guaranty Fund Association | Idaho Beef Council | Idaho Forest Products Commission | Total |
|--|---|---|-----------------------|--|---------------|
| | | | | | |
| (\$261,007) | \$5,218,149 | \$9,027 | \$1,261 | \$805 | \$83,492,418 |
| (5,593) | 198 | 558 | (8,195) | 3,091 | (65,134,259) |
| | | 1,489 | | | (3,565,294) |
| 199,937 | (1,487,834) | | | | (1,287,897) |
| (66,663) | 3,730,513 | 11,074 | (6,934) | 3,896 | 13,504,968 |
| | | | | | (85,227,000) |
| | | | | | 206,310,000 |
| | | | | | (2,456,000) |
| | | 19,626 | | | 19,626 |
| | | 19,626 | | | 118,646,626 |
| | | | | | 770,506,192 |
| | | (4,626) | (2,422) | (2,970) | (1,208,224) |
| | | (4,626) | (2,422) | (2,970) | 769,297,968 |
| | (4,079,224) | | (1,727) | | (992,990,059) |
| | | | | | 89,080,131 |
| | (4,079,224) | | (1,727) | | (903,909,928) |
| (66,663) | (348,711) | 26,074 | (11,083) | 926 | (2,460,366) |
| 359,547 | 861,635 | 18,735 | 108,631 | 25,562 | 34,020,687 |
| \$292,884 | \$512,924 | \$44,809 | \$97,548 | \$26,488 | \$31,560,321 |



STATE GEM STONE

Adopted by the 1967 Legislature, the Idaho Star Garnet is treasured throughout the world by collectors. This stone is considered more precious than either Star Rubies or Star Sapphires. Normally the star in the Idaho Garnet has four rays, but occasionally one has six rays as in a sapphire. The color is usually dark purple or plum and the star seems to glide or float across the dark surface.

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SECTION

State of Idaho
 General Governmental Expenditures and Revenues (GAAP Basis)
 Last Four Fiscal Years

| | 1993* | 1994 | 1995 | 1996 | % |
|--|-------------------------|-------------------------|-------------------------|-------------------------|---------|
| Revenues by Source | | | | | |
| Sales Taxes | \$ 481,357,865 | \$ 541,502,894 | \$ 575,751,536 | \$ 605,411,579 | 20.02% |
| Individual and Corporate Income Tax: | 692,813,852 | 774,013,653 | 877,443,490 | 947,764,467 | 31.33% |
| Other Taxes | 370,835,449 | 414,493,763 | 424,512,185 | 303,609,358 | 10.04% |
| Licenses, Permits, and Fees | 105,966,763 | 123,267,206 | 141,958,958 | 151,296,763 | 5.00% |
| Sales Of Services, Goods, and Property | 23,669,227 | 38,991,497 | 42,555,089 | 44,156,317 | 1.46% |
| Grants and Contributions | 634,969,669 | 676,788,795 | 724,364,466 | 805,440,878 | 26.63% |
| Interest and Other Investment Income | 24,082,507 | 22,190,217 | 63,264,871 | 72,386,195 | 2.39% |
| Rent and Lease Income | 10,771,374 | 11,173,620 | 6,998,254 | 5,155,123 | 0.17% |
| Miscellaneous Income | 88,297,287 | 121,591,734 | 95,064,332 | 89,625,995 | 2.96% |
| | <u>\$ 2,432,763,993</u> | <u>\$ 2,724,013,379</u> | <u>\$ 2,951,913,181</u> | <u>\$ 3,024,846,675</u> | 100.00% |
| Expenditures by Function | | | | | |
| General Government | \$ 300,495,156 | \$ 316,548,733 | \$ 358,242,784 | \$ 407,620,582 | 13.60% |
| Public Safety and Corrections | 95,926,701 | 104,678,504 | 128,787,631 | 166,200,659 | 5.54% |
| Agriculture and Economic Developme | 119,022,911 | 120,435,892 | 141,439,539 | 136,710,026 | 4.56% |
| Natural Resources | 102,221,944 | 114,435,265 | 139,543,089 | 136,436,068 | 4.56% |
| Health and Social Services | 563,747,114 | 566,482,282 | 637,770,958 | 732,649,843 | 24.44% |
| Education | 813,528,697 | 859,895,663 | 803,715,754 | 867,783,110 | 28.95% |
| Transportation | 293,952,674 | 311,694,499 | 383,907,339 | 356,204,176 | 11.88% |
| Higher Education | 155,694,958 | 177,061,312 | 195,583,947 | 194,020,132 | 6.47% |
| | <u>\$ 2,444,590,155</u> | <u>\$ 2,571,232,150</u> | <u>\$ 2,788,991,041</u> | <u>\$ 2,997,624,596</u> | 100.00% |

*The State of Idaho converted to a new accounting system that was fully implemented in FY 94.

State of Idaho
 Population, Unemployment and School Enrollment

| <u>Year</u> | <u>Population</u> | <u>Unemployment</u> | | <u>K-12 Enrollment</u> | |
|-------------|-------------------|---------------------|-----|------------------------|---------|
| 1996 | 1,189,251 | 1996 | 5.2 | 1996 | 245,252 |
| 1995 | 1,163,261 | 1995 | 5.3 | 1995 | 243,097 |
| 1994 | 1,134,492 | 1994 | 5.6 | 1994 | 240,448 |
| 1993 | 1,100,540 | 1993 | 6.1 | 1993 | 236,774 |
| 1992 | 1,066,000 | 1992 | 6.5 | 1992 | 231,668 |
| 1991 | 1,036,296 | 1991 | 6.1 | 1991 | 225,680 |
| 1990 | 1,006,749 | 1990 | 5.8 | 1990 | 220,840 |
| 1989 | 994,422 | 1989 | 5.1 | 1989 | 214,571 |
| 1988 | 985,661 | 1988 | 5.8 | 1988 | 214,645 |
| 1987 | 984,997 | 1987 | 8.0 | 1987 | 212,445 |
| 1986 | 990,222 | 1986 | 8.7 | 1986 | 211,360 |
| 1985 | 994,052 | 1985 | 7.9 | | |
| 1984 | 990,841 | | | | |
| 1983 | 981,866 | | | | |
| 1982 | 973,719 | | | | |
| 1981 | 962,204 | | | | |

Sources: Idaho Department of Commerce
 Idaho Department of Labor
 Idaho Department of Education

State of Idaho
 15 Largest Private Corporations

| <u>Major Idaho Companies</u> | <u>Employees</u> | <u>Description</u> |
|--------------------------------|------------------|------------------------------------|
| Hewlett-Packard Company | Over 5,000 | Electronics Manufacturing |
| J.R. Simplot Company | Over 5,000 | Food Proc., Fertilizer, Chem., Ag. |
| Lockheed Idaho | Over 5,000 | Nuclear Engineering Research |
| Micron Technology | Over 5,000 | Electronics Manufacturing |
| Albertsons | 3,000-5,000 | Food Retailing |
| Potlatch Corporation | 3,000-5,000 | Wood Products |
| Boise Cascade Corporation | 1,500-3,000 | Wood Products |
| First Security Bank of Idaho | 1,500-3,000 | Banking Services |
| Idaho Power Company | 1,500-3,000 | Utility |
| Ore-Ida Food. Inc | 1,500-3,000 | Food Processor |
| St. Alphonsus Reg. Med. Center | 1,500-3,000 | Health Care Provider |
| St. Lukes Reg. Med. Center | 1,500-3,000 | Health Care Provider |
| UPRR | 1,500-3,000 | Railroad |
| U S Bank | 1,500-3,000 | Banking |
| Westinghouse Idaho Nuclear Co. | 1,500-3,000 | Nuclear Fuel Reprocessing |

Source: Idaho Department of Commerce

STATE OF IDAHO

Office of the State Controller

J.D. Williams, CGFM

State Controller

Hal W. Turner, CGFM

Chief Deputy State Controller

Steve Allison, CPA, CGFM

Division Administrator

Division of Statewide Accounting

Laird Justin

Division Administrator

Division of Computer Services

Peggy Haar, CPP

Division Administrator

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J. Gregory White, CPA, CGFM, now deceased, was the previous Administrator of the Division of Statewide Accounting who participated in much of the FY1996 CAFR preparation and is recognized for his outstanding contribution to upgrading the financial management reporting systems in the State of Idaho. He was an outstanding individual as well as an effective Administrator and will be missed. The FY1997 CAFR will be dedicated to his memory.



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