

# STATE OF IDAHO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



*State Capitol Flags at Half-Mast in Memorial for Those That Lost Their Lives on September 11, 2001*

FOR FISCAL YEAR ENDING  
JUNE 30, 2001





*On September 11, 2001, many Americans and citizens of the world lost their lives. Economists may total the financial impacts, but the human toll is our country's greatest and most heartfelt loss. Idaho's financial statements are dedicated to the families and the individuals who have suffered, and continue to suffer, from their loss. Our prayers are with our countrymen and those throughout the world that lost loved ones.*

*As Americans, we are proud of our heritage, our country, and our way of life. Not only our democratic, representative forms of government, but the rights and practices that go along with it. We treasure our freedom of speech and debate, our support of tolerance and acceptance. Collectively, we have become more mindful of the values upon which America was founded, values that promote individual liberty and public virtue. These freedoms are not free, and it is with a deep sense of gratitude that we also dedicate this annual report to the men and women of the U.S. armed forces who are protecting freedom around the world.*

*Each year we choose a general theme for our financial statements. That theme is reflected in the art and quotes that appear throughout our financial statements. Prior to September 11, we selected technology as the general topic for our 2001 financial publications. However, after the events of September 11, we decided to use quotes and visuals in the Comprehensive Annual Financial Report that reflect our love of our country. In our Popular Annual Financial Report (Idaho Citizens' Report), we highlighted both technology and patriotism.*

*Technology and its powerful impact on our lives today clearly validate the tremendous benefits of our American way of life. It truly is a major economical engine in Idaho. It is our free enterprise economic systems and our open and efficient capital markets that have enabled technology visionaries. The products these technology visionaries and their companies produce make all American (and global) businesses more efficient and more productive. The success of these businesses in free market countries benefits all.*

# **IDAHO**

# **COMPREHENSIVE**

# **ANNUAL**

# **FINANCIAL**

# **REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2001**



**DIRK KEMPTHORNE**  
**GOVERNOR**  
**J.D. WILLIAMS**  
**STATE CONTROLLER**

**PREPARED BY THE OFFICE OF THE STATE CONTROLLER**

STATE OF IDAHO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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# Introductory Section



United States Air Force Photograph by Senior Master Sergeant Derek “Bo” Harris

Mountain Home Air Force —Gunfighter Formation over Boise



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ADMINISTRATOR  
DIVISION STATEWIDE ACCOUNTING

December 19, 2001

TO: Citizens and Taxpayers of Idaho  
The Honorable Dirk Kempthorne, Governor  
Members of the State Legislature

Ladies and Gentlemen:

It is with great pleasure and a sense of professional satisfaction that my staff and I transmit the Comprehensive Annual Financial Report (most often referred to as the CAFR) to you for the fiscal year ended June 30, 2001. This report represents Idaho's continued commitment to sound and effective fiscal management and to responsible financial reporting based on recognized standards. This CAFR, which includes the State's independently audited general purpose financial statements, will provide you and the financial community with the information necessary to assess Idaho's financial position, results of operations, and management of its financial resources.

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

The ultimate reasons for producing the CAFR are as follows:

- to assess whether current year revenues are sufficient to pay for services provided and to determine whether future taxpayers will be required to assume burdens for services provided to past generations;

- to compare the State's financial performance from one fiscal year to another; and
- to avoid potential pitfalls and problems through trend development and analysis supported by timely and reliable financial information.

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

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

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

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

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

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) as

**MISSION: To provide effective financial and management systems that support the business of state government and provide essential financial information to our citizens.**



established by the Governmental Accounting Standards Board (GASB), professional standards of the American Institute of Certified Public Accountants (AICPA), recommendations of the Government Finance Officers Association (GFOA), and state finance law requirements. A summary of significant accounting policies of the State is found in the notes to the general purpose financial statements.

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

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

**The Idaho Citizens’ Report.** This report provides a brief, highly condensed overview of the State’s financial position and operations. The general public is the most likely user of this report.

## Reporting Entity

The State of Idaho was admitted into the Union as the 43<sup>rd</sup> state in 1890. It covers 84,437 square miles bordered on the south by Utah and Nevada, on the east by Wyoming and Montana, on the west by Washington and Oregon, and on the north by Canada. Idaho has a population of 1,293,953. State government is divided into three branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and the Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is presided over by the Supreme Court, which is led by the Chief Justice, elected by the four other Justices. This report includes all funds and account groups of the State of Idaho. Within the funds are the various departments, agencies, and other organizational units governed by the State

Legislature and/or constitutional officers. The State provides services such as education, health and human services, highway maintenance and construction (i.e. transportation), law enforcement, judicial system, public safety programs, natural resource management, and community and economic development programs. This report reflects costs of these services in both detail and summary.

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

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

## Economic Condition and Outlook

Like many states across the nation, Idaho’s economy has slowed, resulting in reductions in state revenue collections and corresponding reductions in state expenditures. As of the date of this letter, Idaho’s Governor has ordered fiscal year 2002 spending cuts of 2.5 percent for education and 3 percent for other general funded programs of the State.

Idaho’s economy has softened due to the combined impacts of national economic slowing and the terrorists’ attacks on America. This does not mean the State’s economy is declining, but rather the expected growth pace has been lowered. Idaho’s total nonfarm employment grew 3.4 percent in 1999, 3.7 percent in 2000, and is estimated to have grown 1.6 percent in 2001. The outlook for the period through 2004 has Idaho employment growth staying below 3 percent each year. Population growth is expected to slow due to economic conditions, dropping from 1.7 percent in 2000 to an estimated 1.1 percent in 2004. Additional indications of slowing growth include reduced increases in nominal personal income and real personal income.

## Major Initiatives

### Tobacco Settlement

As a result of a November 1998 Master Settlement Agreement between the five largest tobacco manufacturers and 46 states, Idaho expects to receive approximately \$711 million during its first 25 years of receipts. The annual payments are to be received in perpetuity, subject to numerous adjustments. The Millennium Fund, reported as part of the General Fund, was established by the Legislature to account for the money received and only allows earnings from the fund to be spent, while the annual settlement payments will continue to build up the principal. Fiscal year 2001's appropriation of \$2.3 million was largely dedicated to tobacco related programs (e.g., health care, cessation programs, and research). The amount available for appropriation will grow as the principal and the earnings grow in coming years.

### Education

Idaho's emphasis on its youth and their education was continued by the fifty-fifth Legislature. The fiscal year 2001 general fund budget for public school support (grades K through 12) saw an increase of 6.4 percent, the largest in five years. The total appropriation, including dedicated funds, is \$930.4 million, a 6 percent increase overall.

The unique aspect of the appropriation for fiscal year 2001 is the "lump sum" approach that the Joint Finance-Appropriations Committee authorized for the Superintendent of Public Instruction. The statutory requirements in *Idaho Code* that govern the distribution of school funds largely still apply, but decisions on appropriated expenses, such as base salaries, technology programs, and school facilities, were made by the Superintendent of Public Instruction for fiscal year 2001.

The Legislature took steps to address the need for improvements to our public schools. A revolving loan fund was established to allow school districts to borrow money from the State to address unsafe or unhealthy conditions. The Idaho Uniform School Building Safety Code Commission was created to establish a uniform building code and enforce its application.

Other educational programs were also given appropriation increases. Colleges and universities

It is expected that Idaho's economy will be hit hardest next year by the effects of the slowing economy and the terrorists' attacks. Local high-tech firms have announced plans to reduce payrolls by nearly 3,000 people this year alone. Idaho's lumber and wood products sector employment is expected to continue to decrease due to falling lumber prices and lack of available timber. The announced closings of two different chemical manufacturers and the closing of the Sunshine Mine also hurt the State's chemical and mining sectors.

Highlights of Idaho's recent economic performance include the following:

- Personal income grew 9.3 percent in 2000 and is estimated to have grown 4.4 percent in 2001.
- Per capita income grew 7.5 percent in 2000 and is estimated to have grown 2.8 percent in 2001.
- Real (inflation-adjusted) personal income grew 6.5 percent in 2000 and is estimated to have grown 2.2 percent in 2001.
- Real (inflation-adjusted) per capita personal income grew by 4.7 percent in 2000 and is estimated to have grown by 0.7 percent in 2001.
- Population grew by 1.7 percent in 2000 and is estimated to have grown by 1.6 percent in 2001.
- Net migration was 10,515 in 2000 and is estimated at 8,733 in 2001.

Idaho's economic outlook is expected to improve after 2002. Gem State's total nonfarm employment growth is expected to average 0.8 percent in 2002 and 2.1 percent in 2003, vs. 0.1 percent and 1.5 percent respectively for forecasted U.S. job growth. Strength is likely to come from the service-producing sector and the goods-producing sector.

Personal income growth in Idaho is expected to remain at 4.4 percent in 2002 and increase to 6.4 percent in 2003, which is a decrease from 2000's 9.3 percent growth.

Population growth for 2002 is expected to be 1.2 percent, a continuing decrease from 2000's rate of 1.7 percent and 2001's estimated rate of 1.6 percent. This is a little higher than the U.S. population growth of 0.9 percent. Idaho's population growth is expected to further slow in 2003, to 1.1 percent. Not surprisingly, net migration also slows from the recent rate of about 10,500 to around 4,900 in 2002.

received a 6.7 percent increase in state funding over 2000 levels, while community colleges received a 10.3 percent funding boost. This healthy increase is primarily due to continued strong enrollment growth at the community colleges and a desire to support new initiatives on both campuses that will increase opportunities for student success. The Idaho Division of Professional-Technical Education received \$50.5 million representing an 8.9 percent overall increase in funding. This significant increase is, again, mostly in response to higher enrollments in professional-technical programs at both the secondary and postsecondary levels.

### **Tax Relief**

A tax relief package totaling \$114 million was approved by the Legislature. This package decreased individual income tax rates by 0.1 percent for taxable year 2000, provided a factor to compute Idaho income tax brackets so inflation will not result in a tax increase, eliminated any income tax marriage penalty that may have existed in the basic standard deduction from calculation of Idaho income tax, increased the maximum amount of the investment tax credit, and provided for an income tax deduction for medical insurance for taxpayers who as self-employed individuals are treated as employees.

### **Health and Human Services**

Medicaid costs and their control was the dominant issue in the area of Health and Human Services. The Legislature's Joint Finance and Appropriations Committee (JFAC) appointed a committee to examine cost containment measures and make recommendations to the Legislature. The committee developed 17 recommendations, which were adopted by the Legislature. The suggestions included: making state veterans homes Medicaid eligible, holding reimbursement rates at fiscal year 2000 levels, and requiring prior authorization and periodic review of health services.

During fiscal year 2001, the Division of Veterans Services and the Department of Environmental Quality were created (both were previously part of the Department of Health and Welfare). Their respective purposes are to serve Idaho's veterans and to preserve the quality of Idaho's air, land, water, and human health. The Office of Species Conservation was also created (within the Governor's Office) to address the decline in several plant and animal species.

### **Transportation**

JFAC approved 17 enhancements in the budget for the Idaho Transportation Department (ITD), including over \$1 million to replace the driver's license system with digital image technology, \$1 million to electronically integrate three of ITD's stand-alone information systems, \$2 million to remodel the annex behind the Boise headquarters, and nearly \$5 million in state funds and \$45 million in federal funds for additional contract construction and right-of-way acquisition. The total budget was a 14 percent increase over the prior year's budget.

### **Financial Section**

#### **Internal Control**

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

#### **Budgetary Control**

Budgetary controls are incorporated into the Statewide Accounting and Reporting System (STARS). The annual state budget is established through separate appropriations by the Legislature and approved by the Governor for individual departments for specific purposes, special outlays, and/or operating expenditures. All claims presented for payment must be certified by the appropriate department that the expenditure is for a purpose intended by law and a sufficient existing and unexpended appropriation balance is available. STARS also performs various edits to ensure expenditures do not exceed authorized appropriations. In addition to these centralized controls, each department director is required to

maintain expenditures within appropriated limits. Extensive use is made of on-line tables and reports, updated daily, to provide detailed and management level reports to state agencies and budget authorities. Detailed monthly reports are prepared to assure expenditures are being executed according to plan. Deviations are identified and budget or spending modifications are made on a continuing basis.

### Investments

In Idaho the State Treasurer is responsible for investing the State's cash, (except for certain organizations within the State's reporting entity having independent powers to manage and invest their own cash). The State Treasurer's investments are made in compliance with the provisions of *Idaho Code*, Title 67, Chapter 12. The State Treasurer also manages an investment pool for local governments' cash balances under the same legal provisions. Legal requirements for the investment of funds maintained in the State's cash and investment pools are discussed in Note 1 to the Financial Statements. Each month the State Treasurer allocates interest

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

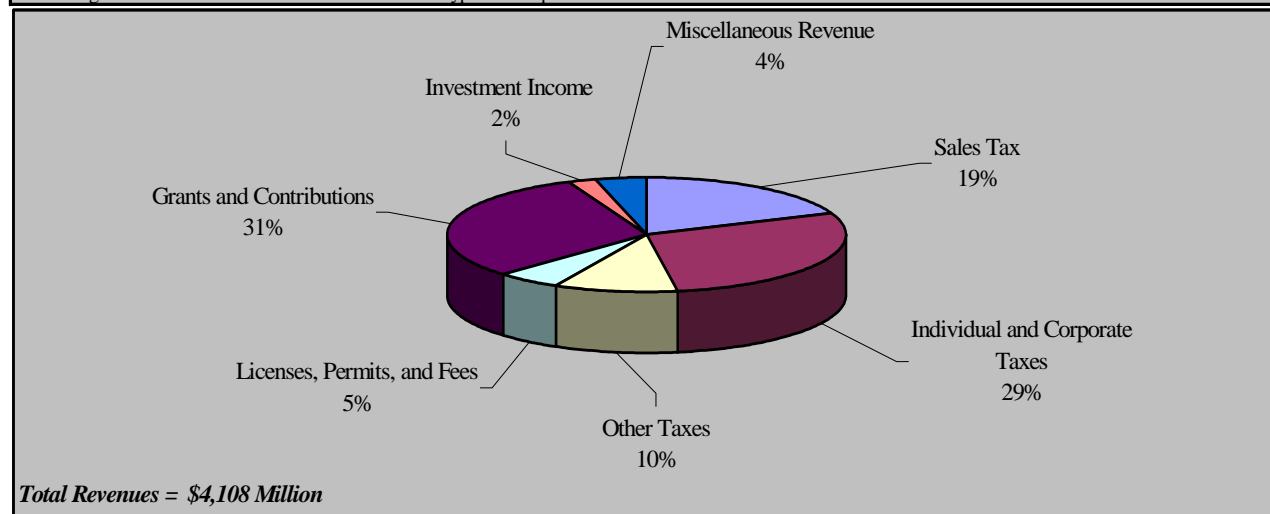
### General Government Revenues

The following is a summary of the general government revenues for all governmental fund types for the fiscal year ended June 30, 2001. Changes in revenues from 2000 to 2001 were highlighted by the following:

- The 20 percent increase in Licenses, Permits, and Fees was due mainly to a change requiring commercial carriers to pay an annual registration fee instead of the weight/distance tax, which was repealed. This resulted in an increase of \$24.7 million in revenues for the Department of Transportation.
- The 14 percent increase in Grants and Contributions was due mainly to a \$126 million increase in health grants and a \$30 million increase in transportation grants.

<b>Comparison of Revenue by Source*</b> (in millions)						
<b>Account</b>	<b>1999 Amount</b>	<b>2000 Amount</b>	<b>% Change From 1999</b>	<b>2001 Amount</b>	<b>% of Total</b>	<b>% Change From 2000</b>
Sales Tax	\$712	\$762	7%	\$778	19%	2%
Individual and Corporate Taxes	1,109	1,104	0%	1,171	29%	6%
Other Taxes	386	407	5%	412	10%	1%
Licenses, Permits, and Fees	168	179	7%	215	5%	20%
Grants and Contributions	951	1,112	17%	1,265	31%	14%
Investment Income	103	102	(1)%	97	2%	(6)%
Miscellaneous Revenue	139	181	30%	170	4%	(6)%
<b>Total Revenue</b>	<b>3,568</b>	<b>3,847</b>	<b>8%</b>	<b>4,108</b>	<b>100%</b>	<b>7%</b>
Other Financing Sources						
Operating Transfers In	345	404	17%	484		20%
<b>Total Revenue and Other Financing Sources</b>	<b>\$3,913</b>	<b>\$4,251</b>	<b>9%</b>	<b>\$4,592</b>		<b>8%</b>

\*This table includes governmental fund types only. For further information, refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds.





## General Government Expenditures

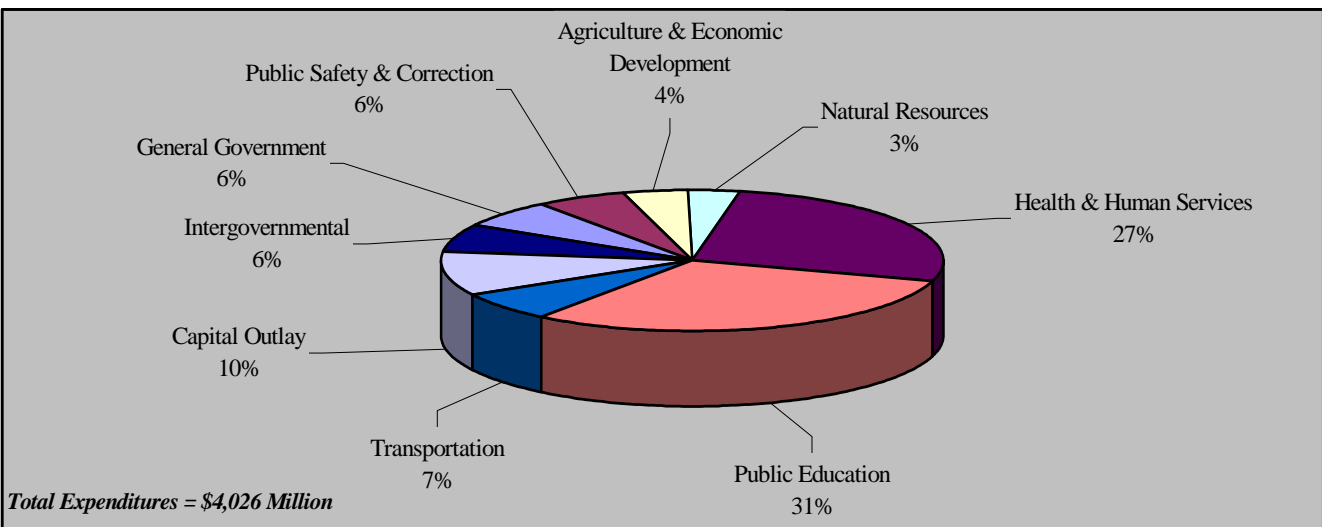
The following is a summary of the general government expenditures for all governmental fund types for the fiscal year ended June 30, 2001. Changes in expenditures from 2000 to 2001 were highlighted by the following:

- The 18 percent increase in Health and Human Services costs was brought about mainly by a \$139 million increase in medical assistance payments. The increase was largely due to the growing number of Idahoans eligible for services.
- The 15 percent increase in Public Safety was due in part to both the cost of opening and operating a new prison and increases in corrections and juvenile corrections spending.
- The 15 percent increase in Capital Outlay was due to multiple factors. The Department of Transportation increased expenditures on highways, roads, and bridges by \$21 million over last year; the Department of Administration's expenses increased by \$18 million due to new and continuing construction projects.
- The 10 percent increase in Intergovernmental expenses was due in part to a \$10 million increase in sub-recipient grants passed from the Superintendent of Public Instruction to the school districts and a \$5 million increase in sub-recipient grants passed from the Division of Vocational Education to the school districts and the colleges and universities.

### Comparison of Expenditures by Function\* (in millions)

Account	1999 Amount	2000 Amount	% Change From 1999	2001 Amount	% of Total	% Change From 2000
General Government	\$379	\$237	(37)%	\$254	6%	7%
Public Safety & Correction	191	204	7%	234	6%	15%
Agriculture & Economic Development	156	168	8%	169	4%	1%
Natural Resources	117	126	8%	136	3%	8%
Health & Human Services	835	912	9%	1,079	27%	18%
Public Education	1,134	1,170	3%	1,227	31%	5%
Transportation	249	253	2%	267	7%	6%
Capital Outlay	324	350	8%	401	10%	15%
Intergovernmental	207	236	14%	259	6%	10%
<b>Total Expenditures</b>	<u>3,592</u>	<u>3,656</u>	2%	<u>4,026</u>	<u>100%</u>	10%
Other Financing Sources						
Operating Transfers Out	315	378	20%	458		21%
<b>Total Expenditures and Other Financing Sources</b>	<u>\$3,907</u>	<u>\$4,034</u>	3%	<u>\$4,484</u>		11%

\*This table includes governmental fund types only. For further information, refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds.



## Proprietary Operations

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

**Enterprise Funds** are established to account for services provided to the public for which revenues derived by the activity will support those services. The Loan Fund is the State's largest enterprise fund and was initially capitalized by grants from the Environmental Protection Agency and matching State monies. The fund will be self-sustaining through revenues generated from principal and interest received on loans provided to municipalities for construction of sewage treatment plants and drinking water systems. The State Lottery is the second largest enterprise fund. Revenues generated by the State Lottery, after allowances for prizes and expenses, are distributed equally between the Permanent Building Fund and the Public School Income Funds.

**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 costs. While the State's internal service funds reside primarily within the Department of Administration and include Group Insurance, Risk Management, postal, and communication services; the State Controller's Office also has an internal service fund for Data Processing costs.

## Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent in a custodial capacity. Fiduciary funds include expendable trust, nonexpendable trust, pension trust, investment trust, and agency funds. They are established through trust agreements that specify how the funds will operate. The expendable trust fund, the Unemployment Compensation Fund, from which unemployment benefits are paid, is a fund from which both principal and income can be spent. Nonexpendable trust funds, such as the Endowment Fund, are funds from which the principal cannot be spent but the income may. The State's pension trust funds include the Public Employee Retirement Fund, the Firemen's Retirement Fund, the Defined Contribution Retirement Plan, and the Judges' Retirement Fund. *Idaho Code*, Section 67-2328, authorizing the Joint Exercise of Powers Trust Fund,

permits the State Treasurer to sponsor an investment pool. Other Idaho governmental entities (cities, counties, school districts, etc.) can voluntarily place excess funds in the investment pool to earn higher interest rates.

## Constitutional Debt Limitation

Article VIII, Section 1, of the *Idaho Constitution* was amended in 1998 to specify that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people in a general election. This section does not apply to liabilities incurred for ordinary operating expenses, nor to debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the general fund of the State are not debts or liabilities of the State of Idaho. The provisions of this section does not make illegal those types of financial transactions that were legal on or before November 3, 1998.

Article VIII, Section 2A, of the *Idaho Constitution* was created in November 2000 to establish the Municipal Bond Bank Authority. The Municipal Bond Bank Authority is empowered to purchase the bonds, notes, or other obligations of a municipality issued or undertaken for any purpose authorized by law. The Authority is authorized to lend money to a municipality with such loans to be secured by bonds, notes, or other obligations of the municipality issued or undertaken as authorized by law.

## Debt Administration

The State has no outstanding general obligation debt.

## Risk Management

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. The Risk Management Fund manages property and general liability risk. It self-insures general liability up to \$500,000 per claim and property damage claims up to \$250,000 per claim. Commercial insurance is purchased for property and general liability risks not self-insured. The Group Insurance Fund manages life, health, and disability insurance programs. While the State purchases commercial insurance to cover losses for these programs, claims that exceed 100 percent of

the annual carrier premiums are paid by the State, up to 109 percent of the medical premium and 110 percent for dental and life insurance. The insurance carrier then assumes the risk of loss for claims above these amounts.

## **Independent Audit**

In accordance with *Idaho Code*, Section 67-429, the Legislative Audit staff of the State Legislature has audited the State's financial statements for the year ended June 30, 2001. The audit was conducted in accordance with generally accepted governmental auditing standards, and the auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the federal Single Audit Act of 1984 and related OMB Circular A-133 is performed at the statewide level.

## **Awards**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. This was the fourth consecutive year that the State of Idaho has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. We are committed to this ongoing effort and intend to maintain a highly qualified and professional staff to make Idaho's certification possible. One of the State's agencies, the Public Employee Retirement System of Idaho (PERSI), has prepared a Comprehensive Annual Financial Report for the fund covering the last ten years. PERSI should be recognized for this major accomplishment.

## **Acknowledgments**

The State Controller's Office takes great pride in the preparation of this comprehensive report. It is an

honor to recognize our staff for their extraordinary diligence and excellence in preparing the CAFR. The professionalism, dedication, and extra effort put forth by all the individuals involved has been exemplary. I am especially indebted to Keith Johnson, my Chief Deputy State Controller, whose national leadership on accounting and financial reporting matters immeasurably benefits our office and the citizens of Idaho.

Sincere appreciation is extended to Governor Dirk Kempthorne for his support in preparing this report. His support makes it possible to prepare a complete and accurate report of the State's financial position and results of operations. This report allows managers in the State to adequately plan for Idaho's future in order to maintain a strong financial position. This report also reflects the commitment and efforts of the Division of Financial Management staff led by Brian Whitlock. The State's economist, Michael H. Ferguson, provided information contained in the economic condition and outlook portion of this letter.

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

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

Respectfully submitted,

A handwritten signature in black ink, reading "J. D. Williams". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

J. D. Williams  
Idaho State Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Idaho

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

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



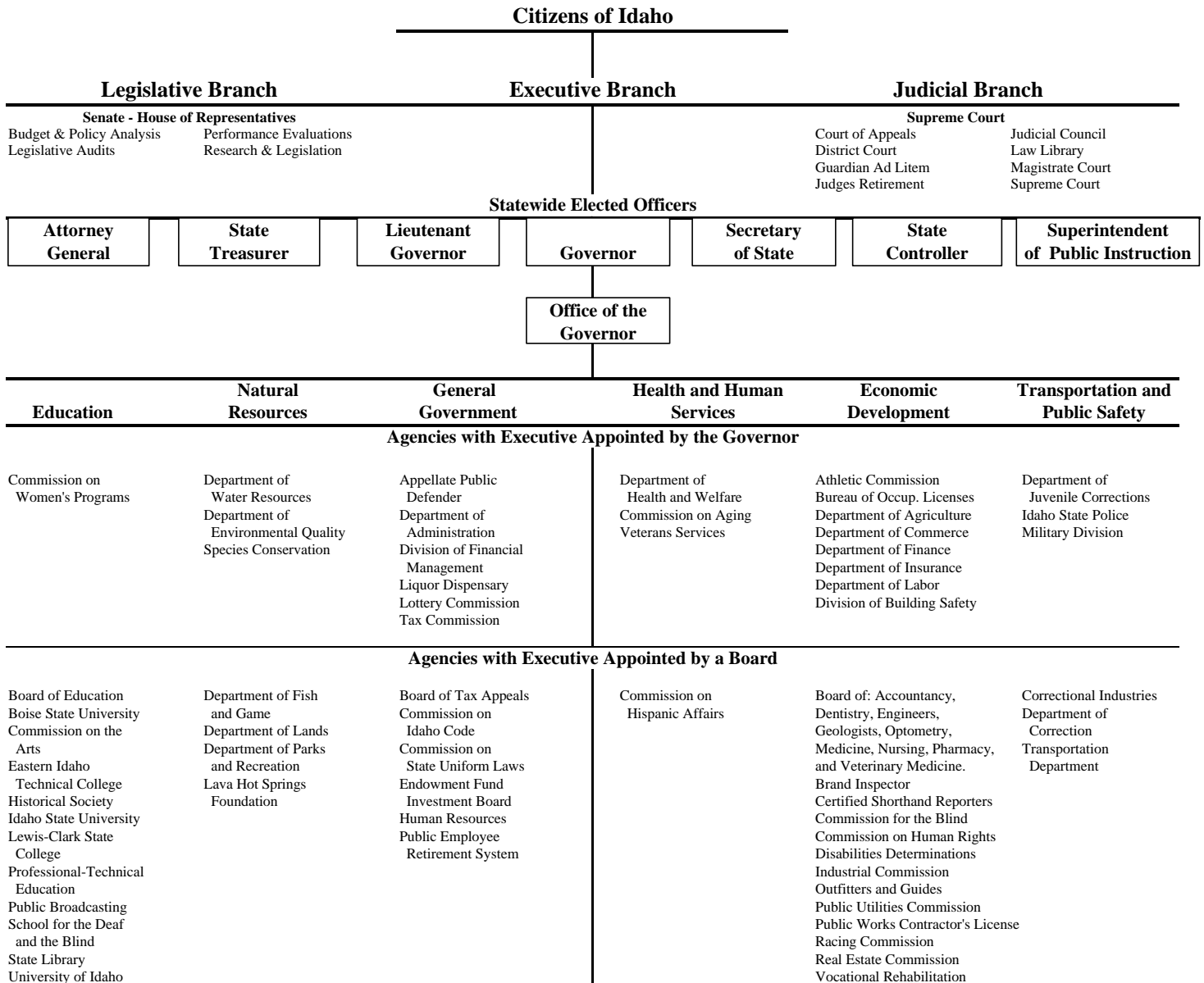
*Timothy A. Brown*  
President

*Jeffrey L. Esser*  
Executive Director





**2000-2001 Organization Chart**  
**Idaho State Government**  
State agencies based on gubernatorial appointment authority



Prepared by the Division of Financial Management and modified by the Office of the State Controller.

# ELECTED OFFICIALS OF THE STATE OF IDAHO



PETE T. CENNARUSA  
Secretary of State



DIRK KEMPTHORNE  
Governor



JACK RIGGS  
Lieutenant Governor



RON CRANE  
State Treasurer



J. D. WILLIAMS  
State Controller



ALAN G. LANCE  
Attorney General



MARILYN HOWARD  
Superintendent of  
Public Instruction



BRUCE NEWCOMB  
Speaker, Idaho House of  
Representatives



LINDA COPPLE TROUT  
Chief Justice,  
Idaho Supreme Court



BOB GEDDES  
President, Pro Tempore  
Idaho State Senate

# Financial Section



White House photo by Tina Hager

Marines conduct a flag-raising ceremony for President Bush and Mrs. Bush on a quiet Sunday at Camp David, September 23.



Carl F. Bianchi  
Director

# Legislative Services Office Idaho State Legislature

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State Capitol  
P.O. Box 83720  
Boise, ID 83720-0054  
208/334-2475; Fax 334-2125  
[www.state.id.us/legislat](http://www.state.id.us/legislat)

December 19, 2001

## Independent Auditor's Report

Honorable Dirk Kempthorne, Governor  
Honorable J.D. Williams, State 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, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State of Idaho's management. Our responsibility is to express an opinion on the general-purpose financial statements based on our audit. We did not audit the financial statements of certain agencies of the primary government and the blended component unit, which statements reflect the indicated percentage of total assets (liabilities) and total revenues, respectively, of the enterprise fund (39% and 48%), trust and agency fund (85% of assets), general fixed assets account group (15% of assets), general long-term debt account group (62% of liabilities), and colleges and universities (100% and 100%). We also did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those agencies and component units, is based on the reports of the other auditors.

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

Mike Nugent, Supervisor  
Research & Legislation  
[mnugent@lso.state.id.us](mailto:mnugent@lso.state.id.us)

Jeff Youtz, Supervisor  
Budget & Policy Analysis  
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Ray Ineck, Acting Supervisor  
Legislative Audits  
[rineck@lso.state.id.us](mailto:rineck@lso.state.id.us)

Glenn Harris, Supervisor  
Network Administration  
[gharris@lso.state.id.us](mailto:gharris@lso.state.id.us)



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, 2001, and the results of its operations, the cash flows of its proprietary fund types, similar trust funds and discretely presented component units, the changes in net assets of its pension trust funds and investment trust fund, and the changes in fund balances and current funds revenues, expenditures, and other changes of college and university funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated December 19, 2001, on our consideration of the State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

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

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

Legislative Audits

By:

  
Charles Lindeen, CPA, CFE  
Legislative Audits

CL/rmt



# General Purpose Financial Statements



U.S. Patriotism — It's everywhere. Citizens scramble for flags, flag manufacturers spring into action, and websites provide links to sites on flag etiquette.

**Combined Balance Sheet - All Fund Types, Account Groups, and  
Discretely Presented Component Units  
June 30, 2001**

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency
<b>Assets and Other Debits</b>					
Cash Equity with Treasurer	\$378,989,340	\$250,254,182	\$90,310,883	\$77,913,788	\$203,199,668
Cash and Cash Equivalents	129,743	20,673,595	311,423		265,321,124
Investments	179,014,265	97,705,228	84,700,754		8,705,720,268
Accounts Receivable, Net	176,538,476	44,032,590	1,248,470	400,831	60,511,886
Due from/Advance to Other Funds	595,611	855,420	528,141	2,513,045	
Due from Other Entities	367,183	131,435,814			
Advance to Primary Government					
Inventory	615,607	21,299,690	9,028,093	597,788	
Deferred Bond Financing Costs					
Notes/Mortgages Receivable, Net	598,666	10,139,461	60,482,638		1,194,928
Other Assets	9,153,385	1,924,522	2,690,807	1,439,320	713,751,297
Fixed Assets, Net			14,343,364	4,517,432	13,636,399
Amount Available for Debt Service					
Amount to be Provided for Long-Term Debt					
Amount to be Provided for Capital Leases					
<b>Total Assets and Other Debits</b>	<b>\$746,002,276</b>	<b>\$578,320,502</b>	<b>\$263,644,573</b>	<b>\$87,382,204</b>	<b>\$9,963,335,570</b>
<b>Liabilities, Equity, and Other Credits</b>					
<b>Liabilities</b>					
Accounts Payable and Other Liabilities	\$47,551,181	\$174,251,465	\$16,943,857	\$2,243,867	\$726,007,418
Payroll and Compensated Absences Payable	62,626,185	31,984,912	1,448,951	1,333,799	13,345
Deposits	735,918	9,995,908	843	7,027	156,840,866
Due to/Advance from Other Funds	2,821,570	5,160,830	4,483	231,963	
Due to Other Entities		10,202			78,923,926
Advance from Component Unit		9,000,000			
Deferred Revenue	22,418,291	26,872,929	30,443	7,274,139	11,914,962
Bonds and Notes Payable			4,990,000		
Grand Prizes Payable			69,591,789		
Policy Claim Liabilities				38,258,437	
Other Long-Term Obligations			2,420,808	608,971	
<b>Total Liabilities</b>	<b>136,153,145</b>	<b>257,276,246</b>	<b>95,431,174</b>	<b>49,958,203</b>	<b>973,700,517</b>
<b>Equity and Other Credits</b>					
Other Credits					
Investment In General Fixed Assets					
Equity					
Contributed Capital				2,981,847	
Retained Earnings					
Reserved				14,726,331	
Unreserved			168,213,399	19,715,823	
Fund Balances					
Reserved	55,063,758	70,818,637			8,571,814,832
Unreserved	554,785,373	250,225,619			417,820,221
<b>Total Equity and Other Credits</b>	<b>609,849,131</b>	<b>321,044,256</b>	<b>168,213,399</b>	<b>37,424,001</b>	<b>8,989,635,053</b>
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$746,002,276</b>	<b>\$578,320,502</b>	<b>\$263,644,573</b>	<b>\$87,382,204</b>	<b>\$9,963,335,570</b>

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

Account Groups			Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
General Fixed Assets	General Long- Term Debt	College and University			
		\$5,069,563	\$1,005,737,424	\$3,027,844	\$1,008,765,268
		70,703,019	357,138,904	34,923,830	392,062,734
		155,259,413	9,222,399,928	435,659,069	9,658,058,997
		66,381,810	349,114,063		349,114,063
		17,659,083	22,151,300		22,151,300
			131,802,997		131,802,997
				10,000,000	10,000,000
		3,949,308	35,490,486		35,490,486
		4,370,721	4,370,721	19,346,000	23,716,721
		1,461,985	73,877,678	1,427,189,000	1,501,066,678
		8,471,845	737,431,176	3,356,975	740,788,151
\$878,159,067		984,550,961	1,895,207,223	7,172,460	1,902,379,683
	\$2,918,742		2,918,742		2,918,742
	149,655,813		149,655,813		149,655,813
	3,808,230		3,808,230		3,808,230
\$878,159,067	\$156,382,785	\$1,317,877,708	\$13,991,104,685	\$1,940,675,178	\$15,931,779,863
		\$64,535,607	\$1,031,533,395	\$14,578,062	\$1,046,111,457
	\$30,075,075		127,482,267		127,482,267
		18,965,911	186,546,473	10,716,000	197,262,473
		13,932,454	22,151,300		22,151,300
			78,934,128		78,934,128
			9,000,000		9,000,000
		12,105,593	80,616,357	3,956	80,620,313
	97,300,000	196,108,982	298,398,982	1,707,331,000	2,005,729,982
			69,591,789		69,591,789
			38,258,437	4,801,071	43,059,508
	29,007,710	8,052,509	40,089,998		40,089,998
	156,382,785	313,701,056	1,982,603,126	1,737,430,089	3,720,033,215
\$878,159,067		804,586,851	1,682,745,918		1,682,745,918
			2,981,847		2,981,847
			14,726,331	64,723,000	79,449,331
			187,929,222	138,522,089	326,451,311
		109,042,046	8,806,739,273		8,806,739,273
		90,547,755	1,313,378,968		1,313,378,968
878,159,067		1,004,176,652	12,008,501,559	203,245,089	12,211,746,648
\$878,159,067	\$156,382,785	\$1,317,877,708	\$13,991,104,685	\$1,940,675,178	\$15,931,779,863





**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	
<b>Revenues</b>				
Sales Tax	\$773,758,821	\$4,403,086		\$778,161,907
Individual and Corporate Taxes	1,171,466,743			1,171,466,743
Other Taxes	73,835,826	338,335,022	\$102,934,855	515,105,703
Licenses, Permits, and Fees	18,784,847	195,724,592		214,509,439
Sale of Services, Goods, and Property	20,421,763	75,826,695	675,980	96,924,438
Grants and Contributions	6,604,122	1,258,005,102	3,951,050	1,268,560,274
Investment Income	77,824,421	18,700,262	25,125,193	121,649,876
Rent and Lease Income	7,257,640	9,480,741		16,738,381
Tobacco Settlement	22,440,713			22,440,713
Miscellaneous Income	15,526,095	19,273,371	6,323	34,805,789
<b>Total Revenues</b>	<b>2,187,920,991</b>	<b>1,919,748,871</b>	<b>132,693,401</b>	<b>4,240,363,263</b>
<b>Expenditures</b>				
Current				
General Government	199,949,567	53,797,915		253,747,482
Public Safety and Correction	170,958,060	62,834,587		233,792,647
Agriculture and Economic Development	31,395,596	138,074,407	132,610,449	302,080,452
Natural Resources	42,001,188	93,680,946		135,682,134
Health	14,526,178	916,452,931		930,979,109
Public Education	1,211,187,664	15,734,598		1,226,922,262
Human Services	711,722	147,252,209		147,963,931
Transportation		267,062,027		267,062,027
Capital Outlay	103,529,058	297,988,553	600,609	402,118,220
Intergovernmental	58,374,083	200,985,571		259,359,654
<b>Total Expenditures</b>	<b>1,832,633,116</b>	<b>2,193,863,744</b>	<b>133,211,058</b>	<b>4,159,707,918</b>
<b>Revenues Over (Under) Expenditures</b>	<b>355,287,875</b>	<b>(274,114,873)</b>	<b>(517,657)</b>	<b>80,655,345</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	115,396,740	368,691,314		484,088,054
Operating Transfers Out	(371,572,407)	(86,662,842)		(458,235,249)
Proceeds from Bond Issues		5,855,829		5,855,829
Capital Leases Incurred	247,003	422,500		669,503
<b>Total Other Financing Sources (Uses)</b>	<b>(255,928,664)</b>	<b>288,306,801</b>		<b>32,378,137</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>99,359,211</b>	<b>14,191,928</b>	<b>(517,657)</b>	<b>113,033,482</b>
<b>Fund Balances - Beginning of Year, as Adjusted</b>	<b>510,489,920</b>	<b>306,852,328</b>	<b>361,977,849</b>	<b>1,179,320,097</b>
<b>Fund Balances - End of Year</b>	<b>\$609,849,131</b>	<b>\$321,044,256</b>	<b>\$361,460,192</b>	<b>\$1,292,353,579</b>

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

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Budgetary Basis) - General Fund and Special Revenue Funds  
For the Fiscal Year Ended June 30, 2001**

General Fund			
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$774,086,914	\$774,086,914	
Individual and Corporate Taxes	1,373,639,616	1,373,639,616	
Other Taxes	75,663,985	75,663,985	
Licenses, Permits, and Fees	13,675,649	13,675,649	
Sale of Services, Goods, and Property	4,054,416	4,054,416	
Grants and Contributions	4,839,015	4,839,015	
Investment Income	56,231,336	56,231,336	
Rent and Lease Income	4,739,148	4,739,148	
Tobacco Settlement	22,440,713	22,440,713	
Miscellaneous Income	9,125,287	9,125,287	
<b>Total Revenues</b>	<b>2,338,496,079</b>	<b>2,338,496,079</b>	
<b>Expenditures</b>			
General Government	691,829,308	465,902,220	\$225,927,088
Public Safety and Correction	184,535,245	178,125,158	6,410,087
Agriculture and Economic Development	32,679,802	31,833,663	846,139
Natural Resources	41,310,212	40,606,074	704,138
Health	15,389,700	14,441,509	948,191
Public Education	1,312,514,670	1,280,831,024	31,683,646
Human Services	4,157,115	4,137,573	19,542
Transportation	76,681	69,919	6,762
<b>Total Expenditures</b>	<b>\$2,282,492,733</b>	<b>2,015,947,140</b>	<b>\$266,545,593</b>
<b>Revenues Over (Under) Expenditures</b>		<b>322,548,939</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In		115,396,740	
Operating Transfers Out		(371,572,407)	
Proceeds from Bond Issues			
Capital Leases Incurred		247,003	
<b>Total Other Financing Sources (Uses)</b>		<b>(255,928,664)</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>66,620,275</b>	
<b>Reconciling Items</b>			
Changes Affected by Accrued Revenues		(150,575,088)	
Changes Affected by Accrued Expenditures		183,314,024	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>510,489,920</b>	
<b>Fund Balances - End of Year</b>		<b>\$609,849,131</b>	

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

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$4,799,999	\$4,799,999	
335,910,595	335,910,595	
196,918,416	196,918,416	
66,442,284	66,442,284	
1,182,469,538	1,182,469,538	
15,257,275	15,257,275	
8,894,483	8,894,483	
18,098,968	18,098,968	
1,828,791,558	1,828,791,558	
63,767,693	62,854,213	\$913,480
92,322,761	76,947,410	15,375,351
170,159,617	153,009,185	17,150,432
158,915,358	116,047,531	42,867,827
891,277,333	878,348,182	12,929,151
167,031,409	144,414,539	22,616,870
184,362,435	173,813,293	10,549,142
660,289,311	522,755,772	137,533,539
\$2,388,125,917	2,128,190,125	\$259,935,792
	(299,398,567)	
	368,691,314	
	(86,662,842)	
	5,855,829	
	422,500	
	288,306,801	
	(11,091,766)	
	90,957,313	
	(65,673,619)	
	306,852,328	
	\$321,044,256	

**Combined Statement of Revenues, Expenses, and Changes in  
Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Funds, and  
Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Non- expendable Trust	
<b>Operating Revenues</b>				
Licenses, Permits, and Fees	\$2,102,577	\$750		\$2,103,327
Sale of Services, Goods, and Property	157,334,660	144,107,159	\$86,824,941	388,266,760
Contributions and Other Additions	10,983,882	417,300		11,401,182
Investment Income	2,519,133			2,519,133
Rent and Lease Income		5,174,697		5,174,697
Miscellaneous Income	847,816	4,527,944		5,375,760
<b>Total Operating Revenues</b>	<b>173,788,068</b>	<b>154,227,850</b>	<b>86,824,941</b>	<b>414,840,859</b>
<b>Operating Expenses</b>				
Personnel Costs	10,168,445	17,225,926	6,772,864	34,167,235
Services	11,809,296	10,949,644	5,515,863	28,274,803
Supplies	44,116,730	2,305,559		46,422,289
Insurance, Utilities, and Rent	2,168,344	3,426,029		5,594,373
Miscellaneous	2,474,767	1,490,276		3,965,043
Depreciation	2,218,316	1,768,981	261,440	4,248,737
Awards and Claims	49,299,283	124,236,627		173,535,910
Payment as Agent	16,416,407		45,872,163	62,288,570
<b>Total Operating Expenses</b>	<b>138,671,588</b>	<b>161,403,042</b>	<b>58,422,330</b>	<b>358,496,960</b>
<b>Operating Income (Loss)</b>	<b>35,116,480</b>	<b>(7,175,192)</b>	<b>28,402,611</b>	<b>56,343,899</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	6,968,048	4,654,841	(41,402,569)	(29,779,680)
Interest Expense	(315,389)	(44,688)		(360,077)
Gain (Loss) on Sale of Fixed Assets		(23,336)		(23,336)
Other				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>6,652,659</b>	<b>4,586,817</b>	<b>(41,402,569)</b>	<b>(30,163,093)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>41,769,139</b>	<b>(2,588,375)</b>	<b>(12,999,958)</b>	<b>26,180,806</b>
Operating Transfers In	13,200,000		269,500	13,469,500
Operating Transfers Out	(26,295,000)	(679,406)	(12,347,899)	(39,322,305)
<b>Net Income (Loss)</b>	<b>28,674,139</b>	<b>(3,267,781)</b>	<b>(25,078,357)</b>	<b>328,001</b>
<b>Beginning Retained Earnings/Fund Balances, as Adjusted</b>	<b>139,539,260</b>	<b>37,709,935</b>	<b>839,824,328</b>	<b>1,017,073,523</b>
<b>Ending Retained Earnings/Fund Balances</b>	<b>\$168,213,399</b>	<b>\$34,442,154</b>	<b>\$814,745,971</b>	<b>\$1,017,401,524</b>

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

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Component Units	Total Reporting Entity (Memorandum Only)
\$7,839,156	\$9,942,483
486,762	388,753,522
	11,401,182
89,841,000	92,360,133
	5,174,697
1,664,881	7,040,641
99,831,799	514,672,658
5,148,510	39,315,745
3,201,084	31,475,887
	46,422,289
11,881	5,606,254
1,918,397	5,883,440
3,025,151	7,273,888
2,509,264	176,045,174
	62,288,570
15,814,287	374,311,247
84,017,512	140,361,411
24,253,027	(5,526,653)
(94,542,000)	(94,902,077)
	(23,336)
(1,050,000)	(1,050,000)
(71,338,973)	(101,502,066)
12,678,539	38,859,345
	13,469,500
	(39,322,305)
12,678,539	13,006,540
190,566,550	1,207,640,073
\$203,245,089	\$1,220,646,613



**Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Non-expendable Trust
<b>Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$185,504,906	\$36,102,271	\$89,672,152
Receipts from State Agency Customers	4,225,534	119,900,419	
Loan Principal Payments			
Payments to Suppliers	(76,683,245)	(15,638,951)	(5,847,057)
Payments to Employees for Services and Benefits	(9,987,436)	(18,235,408)	(6,772,864)
Payments to State Agency Suppliers	(345,989)	(1,753,992)	
Payments of Awards and Claims	(49,353,210)	(114,074,178)	(45,872,163)
Loan Principal Additions			
Payments as Agent	(16,957,737)		
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>36,402,823</b>	<b>6,300,161</b>	<b>31,180,068</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Advance to Primary Government			
Operating Transfers In	13,200,000		269,500
Operating Transfers Out	(26,295,000)	(679,406)	(12,347,899)
Deferred Bond Financing Cost			
Interest Paid	(315,389)	(11,582)	
Payment of Bonds			
Bonds Issued			
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(13,410,389)</b>	<b>(690,988)</b>	<b>(12,078,399)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payment of Bonds	(10,000)		
Capital Lease Payments	(34,379)	(61,017)	
Proceeds from Disposition of Capital Assets		476	
Acquisition and Construction of Capital Assets	(2,972,144)	(687,253)	
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(3,016,523)</b>	<b>(747,794)</b>	
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends	3,407,258	4,654,841	614,840
Purchase of Investments			(6,746,471,972)
Redemption of Investments			6,726,755,463
Other Investing Activities	(177,788)		
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,229,470</b>	<b>4,654,841</b>	<b>(19,101,669)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>23,205,381</b>	<b>9,516,220</b>	<b>0</b>
<b>Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>67,416,925</b>	<b>68,397,568</b>	<b>0</b>
<b>Ending Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$90,622,306</b>	<b>\$77,913,788</b>	<b>\$0</b>

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

Continued

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$311,279,329	\$92,658,745	\$403,938,074
124,125,953		124,125,953
	125,772,000	125,772,000
(98,169,253)	(290,885)	(98,460,138)
(34,995,708)	(5,148,510)	(40,144,218)
(2,099,981)		(2,099,981)
(209,299,551)	(3,426,969)	(212,726,520)
	(191,376,000)	(191,376,000)
(16,957,737)		(16,957,737)
73,883,052	18,188,381	92,071,433
	(10,000,000)	(10,000,000)
13,469,500		13,469,500
(39,322,305)		(39,322,305)
	(2,166,000)	(2,166,000)
(326,971)	(91,303,000)	(91,629,971)
	(117,359,000)	(117,359,000)
	186,230,000	186,230,000
(26,179,776)	(34,598,000)	(60,777,776)
(10,000)		(10,000)
(95,396)		(95,396)
476	20,054	20,530
(3,659,397)	(348,045)	(4,007,442)
(3,764,317)	(327,991)	(4,092,308)
8,676,939	22,784,616	31,461,555
(6,746,471,972)	(1,095,267,413)	(7,841,739,385)
6,726,755,463	1,092,850,671	7,819,606,134
(177,788)		(177,788)
(11,217,358)	20,367,874	9,150,516
32,721,601	3,630,264	36,351,865
135,814,493	34,321,410	170,135,903
\$168,536,094	\$37,951,674	\$206,487,768

## State of Idaho

### Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Non-expendable Trust
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$35,116,480	(\$7,175,192)	\$28,402,611
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Amortization of Deferred Loan Discounts			
Depreciation	2,218,316	1,768,981	261,440
Investment Income	(102,167)		
(Increase) Decrease in Accounts Receivable, Net	(56,315)	245,482	2,380,138
(Increase) Decrease in Due from/Advance to Other Funds	(108,819)	395,618	
(Increase) Decrease in Inventory	(501,323)	35,125	
(Increase) Decrease in Notes/Mortgages Receivable	3,075,863		467,073
(Increase) Decrease in Other Assets	(1,129,159)	518,080	(11,440,708)
(Increase) Decrease in Customer Loan Principal			
Increase (Decrease) in Accounts Payable and Other Liabilities	(2,177,822)	396,024	11,109,514
Increase (Decrease) in Payroll and Compensated Absences	81,780	(1,009,484)	
Increase (Decrease) in Deposits		1,800	
Increase (Decrease) in Due to/Advance from Other Funds	(22,921)	(15,727)	
Increase (Decrease) in Deferred Revenue	8,910	1,130,228	
Increase (Decrease) in Policy Claim Liabilities		10,009,226	
Increase (Decrease) in Interest Payable			
<b>Total Adjustments</b>	<b>1,286,343</b>	<b>13,475,353</b>	<b>2,777,457</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$36,402,823</b>	<b>\$6,300,161</b>	<b>\$31,180,068</b>

#### Noncash Transactions:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: The State Lottery, an enterprise fund, reported accretion of discount on the investments in the Multi-State Lottery Association prize pool, offset by the corresponding amortization of the grand prizes payable was \$5,412,921. General Services, an internal service fund, acquired fixed assets through capital leases in the amount of \$682,515.

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

Total Trust and Agency	\$468,520,792
Less: Expendable Trust Fund	(266,462,094)
Investment Trust Fund	(171,794,250)
Pension Trust Funds	(19,065,427)
Agency Funds	(11,199,021)
<b>Nonexpendable Trust Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$0</b>

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

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Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$56,343,899	\$84,017,512	\$140,361,411
	(2,009,000)	(2,009,000)
4,248,737	3,025,151	7,273,888
(102,167)		(102,167)
2,569,305	(919,000)	1,650,305
286,799		286,799
(466,198)		(466,198)
3,542,936	125,772,000	129,314,936
(12,051,787)	2,624,748	(9,427,039)
	(191,376,000)	(191,376,000)
9,327,716	290,670	9,618,386
(927,704)		(927,704)
1,800	(4,245,000)	(4,243,200)
(38,648)		(38,648)
1,139,138	(1,014)	1,138,124
10,009,226	211,314	10,220,540
	797,000	797,000
17,539,153	(65,829,131)	(48,289,978)
\$73,883,052	\$18,188,381	\$92,071,433

**Statement of Changes in Net Assets**  
**Pension Trust Funds and Investment Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

	PERSI Base Plan	Firemen's Retirement Fund	Defined Contribution Retirement Plan
<b>Additions</b>			
Contributions:			
Member	\$121,336,028	\$285,986	\$5,911,090
Employer	120,220,992	9,226,932	2,549,366
Transfers In from Other Plans	11,176		57,013,597
Pool Participant Deposits			
Total Contributions and Deposits	241,568,196	9,512,918	65,474,053
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(642,205,307)	(19,755,637)	(7,263,100)
Investment Income	220,493,127	6,782,850	1,531,015
Less: Investment Expenses	(24,942,815)	(767,295)	
Net Investment Income	(446,654,995)	(13,740,082)	(5,732,085)
Licenses, Permits, and Fees			
Miscellaneous Income	386,742		
<b>Total Additions</b>	(204,700,057)	(4,227,164)	59,741,968
<b>Deductions</b>			
Services	5,830,224		44,047
Plan Benefits and Refunds Paid to Plan Members	273,840,964	13,196,384	899,539
Transfers Out to Other Plans	56,560,935		463,838
Earnings Distribution			
Pool Participant Withdrawals			
<b>Total Deductions</b>	336,232,123	13,196,384	1,407,424
<b>Increase in Net Assets</b>	(540,932,180)	(17,423,548)	58,334,544
<b>Net Assets Held in Trust for Pension Benefits and External Investment Pool Participants:</b>			
<b>Beginning of Year</b>	7,055,824,211	217,823,947	20,900,925
<b>End of Year</b>	\$6,514,892,031	\$200,400,399	\$79,235,469

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

Judges' Retirement Fund	Total Pension Trust	Joint Exercise of Powers	Total
\$245,127	\$127,778,231		\$127,778,231
283,351	132,280,641		132,280,641
	57,024,773		57,024,773
		\$1,705,682,538	1,705,682,538
528,478	317,083,645	1,705,682,538	2,022,766,183
(3,373,487)	(672,597,531)	24,022,891	(648,574,640)
1,728,450	230,535,442	30,967,397	261,502,839
(319,380)	(26,029,490)	(239,029)	(26,268,519)
(1,964,417)	(468,091,579)	54,751,259	(413,340,320)
1,407,945	1,407,945		1,407,945
	386,742		386,742
(27,994)	(149,213,247)	1,760,433,797	1,611,220,550
32,047	5,906,318		5,906,318
2,481,421	290,418,308		290,418,308
	57,024,773		57,024,773
		42,042,491	42,042,491
		1,367,677,048	1,367,677,048
2,513,468	353,349,399	1,409,719,539	1,763,068,938
(2,541,462)	(502,562,646)	350,714,258	(151,848,388)
58,446,162	7,352,995,245	612,282,033	7,965,277,278
\$55,904,700	\$6,850,432,599	\$962,996,291	\$7,813,428,890



**Combined Statement of Changes in Fund Balances**  
**College and University Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Student Loan
<b>Revenues and Other Additions</b>				
Unrestricted Current Funds Revenues	\$407,637,691	\$92,436,278		
Student Fees				\$7,546
Private Gifts, Grants, and Contracts			\$22,840,874	21,001
Government Grants and Contracts			97,627,870	535,302
Government Appropriations			34,379,475	
Investment Income			148	138,815
Interest on Loans Receivable				424,597
Expended for Plant Facilities				
Retirement of Indebtedness				
Change in Fair Value of Investments				53,345
Proceeds from Issuance of Bonds and Notes Payable				
Public Works Projects Completed				
Additions from Capital Lease Obligations				
Other Additions			4,220,639	191,858
<b>Total Revenues and Other Additions</b>	<b>407,637,691</b>	<b>92,436,278</b>	<b>159,069,006</b>	<b>1,372,464</b>
<b>Expenditures and Other Deductions</b>				
Educational and General	384,882,506		152,162,302	
Auxiliary Enterprises Expenditures		83,942,891		
Indirect Costs Recovered			8,179,664	
Loan Cancellations and Write-Offs				734,301
Expended for Plant Facilities				
Retirement of Indebtedness				
Interest on Indebtedness				
Disposal of Plant Facilities				
Additions to Indebtedness				
Additions to Capital Leases				
Other Deductions				37,694
<b>Total Expenditures and Other Deductions</b>	<b>384,882,506</b>	<b>83,942,891</b>	<b>160,341,966</b>	<b>771,995</b>
<b>Transfers</b>				
Principal and Interest	(10,750,543)	(5,696,121)	(215,873)	
Loans and Matching Grants	(1,427,801)	(11,059)	1,322,480	116,380
Net Transfers (Voluntary)	(7,238,281)	(502,285)	(219,986)	(76,150)
<b>Total Transfers</b>	<b>(19,416,625)</b>	<b>(6,209,465)</b>	<b>886,621</b>	<b>40,230</b>
<b>Net Increase (Decrease) for the Year</b>	<b>3,338,560</b>	<b>2,283,922</b>	<b>(386,339)</b>	<b>640,699</b>
<b>Fund Balances - Beginning of Year, as Adjusted</b>	<b>42,553,572</b>	<b>16,944,529</b>	<b>7,273,486</b>	<b>24,736,876</b>
<b>Fund Balances - End of Year</b>	<b>\$45,892,132</b>	<b>\$19,228,451</b>	<b>\$6,887,147</b>	<b>\$25,377,575</b>

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

Plant Funds					
Endowment	Unexpended Plant	Renewal and Replacement	Retirement of Indebtedness	Net Investment in Plant	Total
					\$500,073,969
					7,546
\$1,025,809	\$1,676,241			\$940,383	26,504,308
	3,945,762		\$452,594		102,561,528
					34,379,475
4,213,692	1,787,136	\$81,059	783,780		7,004,630
					424,597
				64,602,720	64,602,720
				7,772,970	7,772,970
3,805,449	106,318	142,743	108,134		4,215,989
	4,720,579				4,720,579
				4,523,260	4,523,260
				1,850,000	1,850,000
362,573	199,655		48,577	13,973	5,037,275
9,407,523	12,435,691	223,802	1,393,085	79,703,306	763,678,846
					537,044,808
					83,942,891
					8,179,664
					734,301
	40,527,022	693,017			41,220,039
			7,772,971		7,772,971
			10,894,259		10,894,259
				15,694,228	15,694,228
				4,720,579	4,720,579
				2,219,189	2,219,189
9,971,406	13,401		232,744	116,800	10,372,045
9,971,406	40,540,423	693,017	18,899,974	22,750,796	722,794,974
	(451,525)	15,000	17,099,062		
	7,861,287	(276,172)	(1,938,413)	2,390,000	
	7,409,762	(261,172)	15,160,649	2,390,000	
(563,883)	(20,694,970)	(730,387)	(2,346,240)	59,342,510	40,883,872
77,631,779	47,709,015	4,920,734	20,475,830	721,046,959	963,292,780
\$77,067,896	\$27,014,045	\$4,190,347	\$18,129,590	\$780,389,469	\$1,004,176,652

**Combined Statement of Current Funds Revenues, Expenditures, and Other Changes**  
**College and University Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Unrestricted	Auxiliary	Restricted	Total
<b>Revenues</b>				
Appropriated General Education Revenues				
State General Account - General Education	\$206,386,360	\$5,913,640		\$212,300,000
Endowment Income	14,082,683			14,082,683
Student Fees and Miscellaneous Receipts	69,201,288		\$44,318	69,245,606
Idaho Dental Education Program	616,800			616,800
Museum of Natural History	509,100			509,100
Family Practice	466,000			466,000
Other State General Accounts	136,250		28,680,578	28,816,828
Federal Appropriations			4,427,710	4,427,710
Vocational Education	22,396,889			22,396,889
Federal Grants and Contracts	248,955	72,533	70,937,650	71,259,138
State Grants and Contracts	898,428		19,766,549	20,664,977
Private Gifts, Grants, and Contracts	8,632,243	2,181,434	21,379,938	32,193,615
Other Student Fees	43,835,026	22,759,765	134,021	66,728,812
Sales and Services of Educational Departments	11,898,066		101,490	11,999,556
Sales and Services of Auxiliary Enterprises		60,709,009	29,381	60,738,390
Indirect Costs Recovered	8,185,125			8,185,125
Other Sources	18,325,462	781,672	3,859,195	22,966,329
Net Inc (Dec) in Fair Value of Investments	1,819,016	18,225		1,837,241
<b>Total Revenues</b>	<b>407,637,691</b>	<b>92,436,278</b>	<b>149,360,830</b>	<b>649,434,799</b>
<b>Expenditures and Mandatory Transfers</b>				
Educational and General				
Instruction	190,366,005		29,262,963	219,628,968
Research	17,112,711		53,678,398	70,791,109
Public Service	5,808,394		23,472,273	29,280,667
Academic Support	29,637,312		732,297	30,369,609
Libraries	17,468,156		64,294	17,532,450
Student Services	22,240,555		2,624,706	24,865,261
Institutional Support	47,851,788		478,807	48,330,595
Operations and Maintenance of Plant	40,296,389		473,158	40,769,547
Scholarships and Fellowships	14,101,196		42,786,637	56,887,833
Educational and General Expenditures	384,882,506		153,573,533	538,456,039
Mandatory Transfers for Loans and Matching Grants	1,567,545		(1,263,349)	304,196
Mandatory Transfers for Principal and Interest	10,610,799		156,742	10,767,541
<b>Total Educational and General</b>	<b>397,060,850</b>		<b>152,466,926</b>	<b>549,527,776</b>
Auxiliary Enterprises				
Expenditures		83,942,891		83,942,891
Mandatory Transfers for Principal and Interest		5,696,121		5,696,121
Matching Grants		11,059		11,059
<b>Total Auxiliary Enterprises</b>		<b>89,650,071</b>		<b>89,650,071</b>
<b>Total Expenditures and Mandatory Transfers</b>	<b>397,060,850</b>	<b>89,650,071</b>	<b>152,466,926</b>	<b>639,177,847</b>
<b>Other Transfers and Additions (Deductions)</b>				
Excess (Deficiency) of Restricted Receipts Over Transfers to Revenue			2,939,743	2,939,743
Net Transfers (Voluntary)	(7,238,281)	(502,285)	(219,986)	(7,960,552)
<b>Total Other Transfers and Additions (Deductions)</b>	<b>(7,238,281)</b>	<b>(502,285)</b>	<b>2,719,757</b>	<b>(5,020,809)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$3,338,560</b>	<b>\$2,283,922</b>	<b>(\$386,339)</b>	<b>\$5,236,143</b>

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

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

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

The accompanying financial statements present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary and nonexpendable trust funds. The financial statements include the various departments, agencies, and other organizational units governed by the Idaho State Legislature and/or Constitutional Officers of the State of Idaho.

The financial statements are presented as of and for the year ended June 30, 2001, except for the State Bar (presented in the Regulatory special revenue fund) whose statements are as of and for the fiscal year ended December 31, 2000; the Idaho Dairy Products Commission (presented in the Agriculture and Natural Resources special revenue fund) whose statements are as of and for the fiscal year ended December 31, 2000; the Idaho Potato Commission (presented in the Agriculture and Natural Resources special revenue fund) whose statements are as of and for the year ended August 31, 2001; the Petroleum Clean Water Trust Fund and the Idaho Life and Health Insurance Guaranty Association (discretely presented component units) whose financial statements are as of and for the year ended December 31, 2000.

**B. Financial Reporting Entity**

For financial reporting purposes, the State has included all funds, agencies, boards, commissions, authorities, and account groups. The State has also considered potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. As defined by GASB Statement 14, *The Financial Reporting Entity*, financial accountability exists, generally, if the State appoints a voting majority of the organization's governing board and (1) the State is able to impose its will on the organization, or (2) if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. As required by GAAP, these financial statements present the State of Idaho (primary government) and its component units.

***Blended Component Unit***

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

*Idaho State Building Authority.* The Idaho State Building Authority was created by *Idaho Code*, Title 67, Chapter 64, to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. GASB Statement No. 14 requires the Idaho State Building Authority to be presented as a blended component unit because the Board is appointed by the Governor; the Authority relies entirely on the State's leasing agreements, resulting in a significant financial benefit/burden relationship; and the Authority provides services entirely to the State of Idaho. The Idaho State Building Authority is presented

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

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as a blended component unit in a special revenue fund, the General Long-Term Debt Account Group, and the General Fixed Asset Account Group.

***Discretely Presented Component Units***

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

*The Idaho Housing and Finance Association.* The Idaho Housing and Finance Association was created by the Idaho Legislature in *Idaho Code*, Title 67, Chapter 62, for the purpose of building and rehabilitating residential housing for persons of low income. The Governor appoints the Board to fixed overlapping four-year terms. A financial benefit/burden relationship exists between the State and the Association since the Association is entitled to appropriation from the state sales tax account to back certain capital reserve funds for bonds outstanding. After January 1, 1996, the Association was precluded from issuing debt backed by an appropriation from the state sales tax account. The Association is presented discretely as an enterprise fund.

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

*Petroleum Clean Water Trust Fund.* The Petroleum Clean Water Trust Fund was created by the Idaho Legislature in *Idaho Code*, Title 41, Chapter 49, to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Fund is subject to the direction and supervision of the manager of the State Insurance Fund. The State approves and may modify the Fund's annual budget and thereby has the ability to impose its will on the Fund. The Fund is presented discretely as an enterprise fund.

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

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

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



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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

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

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

**Related Organizations**

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

**C. Constitutional Debt and Liability Limitation**

Article VIII, Section 1, of the *Idaho Constitution* was amended in 1998 to specify that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This section does not apply to liabilities incurred for ordinary operating expenses, debts, or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the general fund of the state are not debts or liabilities of the State of Idaho. The provisions of this section does not make illegal those types of financial transactions that were legal on or before November 3, 1998.

Article VIII, Section 2A, of the *Idaho Constitution* was created in November 2000 to establish the Municipal Bond Bank Authority. The Municipal Bond Bank Authority is empowered to purchase the bonds, notes, or other obligations of a municipality issued or undertaken for any purpose authorized by law and to lend money to a municipality with such loans to be secured by bonds, notes, or other obligations of the municipality issued or undertaken as authorized by law.

**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 financial activities of the State are recorded in the fund types and account groups identified below:

**Governmental Fund Types**

*The General Fund* is the principal operating fund of the State. It accounts for resources that are not accounted for in other funds. These resources are used to provide services that include general government, public safety and corrections, agriculture and economic development, natural resources, health, public education (other than those reported in the university funds), and human services.

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

***Proprietary Fund Types***

*Enterprise Funds* account for governmental operations that function in a manner similar to private business enterprises where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds include Correctional Industries, Liquor Dispensary, State Lottery, and Loan Fund.

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

***Fiduciary Fund Types***

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

*The Investment Trust Fund* accounts for the investments related to external participants in the Joint Exercise of Powers Trust Fund.

*Nonexpendable Trust Funds* account for the transactions, assets, liabilities, and fund equity of the State Endowment Funds. The Endowment Funds were created from federal *Enabling Act* land grants and the sale of such lands. Endowment Fund properties may be exchanged for other assets. 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.

***College and University Funds***

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

Unrestricted Funds account for transactions related to the educational and general operations of the colleges and universities. These funds may be used at the discretion of the governing board or their designee to meet current expenditures for any purpose.

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

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

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

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

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

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

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

**Account Groups**

*The General Fixed Assets Account Group* accounts for land, buildings and improvements, construction in progress, improvements other than buildings, and machinery and equipment of the governmental fund types. Fixed assets of the proprietary fund types, nonexpendable trust funds, pension trust funds, and colleges and universities are accounted for separately in their respective funds.

*The General Long-Term Debt Account Group* accounts for the State's general unmatured long-term obligations of the State. Long-term obligations of the proprietary fund types, nonexpendable trust funds, pension trust funds, and the college and university funds are accounted for in their respective funds.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds and the expendable trust fund are accounted for using the flow of current financial resources measurement focus. With this measurement focus, generally only current assets and liabilities are included on the balance sheet.

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

Governmental funds, the expendable trust fund, and agency funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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available to finance operations of the current fiscal year, and revenues related to claims and judgments are recognized when a legally enforceable claim exists and the resources are available. Available means collected in the current year or within sixty days of year-end. Significant revenue sources susceptible to accrual include sales taxes, individual and corporate income taxes, motor fuels taxes, and federal grants. Licenses, fees, permits, and other miscellaneous revenues, which are derived from an underlying transaction, are recognized when received since they normally are measurable only at that time. Expenditures are recorded when the fund liabilities are incurred.

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

The college and university funds are reported using the accrual basis of accounting except 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.

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.

## **F. Budgeting and Budgetary Control**

### ***Budget Policies and Procedure***

Budgets are adopted in accordance with *Idaho Code*, Title 67, Chapters 35 and 36. In November of each year, State agencies submit requests for appropriations to the Governor's Office—Division of Financial Management so an Executive Budget may be prepared. The budget is generally prepared by agency, fund, program, and object and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Legal level of budgetary control is generally maintained at the same level of detail as appropriated. Appropriated funds include the General Fund, special revenue funds, enterprise funds, internal service funds, the expendable trust fund, earnings of the nonexpendable trust funds, pension trust funds, and college and universities' current and endowment funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures to the extent of available cash. Unexpended appropriation balances generally lapse at fiscal year-end unless reappropriated by the Legislature.

The Governor's budget recommendations are presented to the Legislature within the first five days of each regular legislative session. The Joint Finance and Appropriations Committee reviews the Governor's recommended budget, makes amendments, and prepares the annual appropriation bills for submission to both houses of the Legislature. A simple majority vote by both houses of the Legislature is required to pass the appropriation bills. The appropriation bills become the State's authorized operating budget upon the Governor's signature, or if allowed, become law without the Governor's signature.

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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Agencies may request additional (positive supplemental) appropriations for the current year, which may be granted under authority of the Legislature. If it is anticipated expenditures may exceed available cash, the State Board of Examiners may authorize reduction of a portion of the General Fund appropriation. The Governor may issue an Executive Order for temporary reduction of spending authority. When this occurs, it is recorded in the accounting system as a negative supplemental appropriation. Net supplemental appropriations of \$272,139,400 were made during the year.

Limitations exist regarding the extent to which management may modify an appropriation. At no time, without legislative authority, may an appropriation be transferred from one fund to another. The following adjustments may be made, with the appropriate approval:

*Idaho Code*, Section 67-3511(1), allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriations for personnel costs may be transferred to other objects, but appropriations for other costs may not be transferred to personnel. Per *Idaho Code*, Section 67-3511(3), appropriations for capital outlay may not be used for any other purpose, but appropriations for other objects may be transferred to capital outlay. The Board of Examiners must approve object transfers.

*Idaho Code*, Section 67-3511(2), allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The Division of Financial Management and the Board of Examiners must approve these transfers. The Legislature must approve transfers above 10 percent cumulative change.

Should any change occur that is not within the described limitations, legal compliance is not achieved. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the Office of the State Controller, P.O. Box 83720, Boise, Idaho, 83720-0011, or may be viewed online at [www.sco.state.id.us](http://www.sco.state.id.us) (look for "Financial Reports").

***Encumbrances***

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received may be recorded to reserve that portion of the applicable fund balance. Encumbrances may be carried over to the next fiscal year as a revision to the budgetary appropriation with the approval of the Division of Financial Management. Under budgetary reporting, encumbrances are treated like expenditures and are shown as a reduction of available spending authority. Under GAAP reporting, encumbrances outstanding at year-end and expected to be honored in the subsequent year are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

***Budget Basis of Accounting***

The State's legal budget is prepared using cash basis records. Encumbrances are allowed for budgetary control purposes. Revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual, is prepared on the budgetary basis and includes this variation from GAAP. The reconciliation at the bottom of the budget and actual statement shows the difference between the budgetary basis and GAAP. The State does not adopt a revenue budget. For financial reporting purposes, the budget and actual statement reflects budgeted revenues as being equal to actual revenues.

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

The seven district health departments function as separate legal entities and are fiscally independent; therefore, they are not included in the State's reporting entity. However, the Legislature appropriates funds for the district health departments. For that reason, they are included in the budgetary Legal Basis Financial Report. Below is the reconciliation from the Legal Basis Financial Report, Summary Schedule of Current Year Appropriations and Expenditures Including Prior Year Encumbrances by Fund Type, by Program–Budgetary Basis, to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual (Budgetary Basis)–General Fund and Special Revenue Funds (included in this report) for transfers made from the General Fund to the district health departments:

	Total	
	Adjusted Budget	Actual
General Fund Expenditures (Legal Basis)	\$2,273,374,633	\$2,006,829,040
Transfers to District Health Departments	9,118,100	9,118,100
General Fund Expenditures (CAFR)	<u>\$2,282,492,733</u>	<u>\$2,015,947,140</u>

**G. Assets and Liabilities*****Cash Equity with Treasurer***

Cash Equity with Treasurer represents each fund's interest in an internal investment pool maintained by the State. The State Treasurer is the investment officer for the monies on deposit in the State Treasury. *Idaho Code*, Sections 67-1210 and 67-1210A, governs investment policies of the State Treasurer. Interest earned on pooled cash is allocated to the internal service funds, the expendable trust fund, and certain special revenue funds when so directed by law. All earnings not otherwise allocated are General Fund revenue.

***Cash and Cash Equivalents***

Cash and Cash Equivalents consist of bank accounts, petty cash, and short-term investments. 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 handles investments of state funds and funds of other qualified entities within the State, in accordance with *Idaho Code*, Title 67, Chapter 12. The State Treasurer is allowed to invest in investment grade ("A" rating or higher) securities ranging from U.S. Treasury Bills to domestic corporate bonds.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the State reports certain investments at fair value rather than at cost and the external portion of the State's external investment pool is reported in an investment trust fund at fair value.

The Public Employee Retirement System of Idaho (the System) is permitted to make investments in accordance with the *Idaho Uniform Prudent Investor Act*, Sections 68-501 through 68-514 of the *Idaho Code*. The System 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 value.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2001**

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Certain other entities are also responsible for their own investments.

***Accounts Receivable, Net***

Accounts Receivable in the general fund consist primarily of sales and income taxes. Special revenue fund receivables consist primarily of public assistance and gas taxes. Fiduciary fund receivables consist primarily of unemployment taxes and contributions receivable in the pension trust funds. Proprietary fund receivables occur as part of the ordinary course of business. The college and university fund receivables include money due for tuition, fees, loans, and accrued interest income. See Note 4 for an Accounts Receivable schedule.

***Due from/Advances to and Due to/Advances from Other Funds***

Due from/to Other Funds consist of short-term receivables and payables for quasi-external and reimbursement transactions occurring between individual funds within the State for goods provided or services rendered. Quasi-external transactions are services rendered by one fund to another, which are accounted for as revenues and expenditures or expenses. Reimbursement transactions are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. Advances to/from Other Funds consist of long-term interfund loans. Loans that occur between the primary government and component units are classified as Advance to Primary Government and Advance from Component Unit. See Note 5 for a Due from/Advances to and Due to/Advances from Other Funds schedule.

***Due from Other Entities***

The amounts reflected as Due from Other Entities are comprised mainly of federal grant revenues receivable.

***Inventory***

Inventory consists of materials and supplies which will be consumed within a year. Governmental and proprietary fund-type inventories of supplies and materials are valued at cost, which approximates market, generally using the first-in, first-out method. The fund balances of governmental fund types are reserved for inventories to indicate that these accounts do not represent expendable available resources. The consumption method of inventory accounting is used.

***Deferred Bond Financing Costs***

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

***Notes/Mortgages Receivable, Net***

Notes/Mortgages Receivable consist of long-term receivables less an allowance for uncollectibles.

***Other Assets***

Other Assets include prepaid expenses, advances to sub-grantees, interest receivable, assets in liquidation, non-cash assets, and other miscellaneous items. Prepaid expenses represent amounts paid in the current period for services which will benefit future periods.



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**Fixed Assets, Net**

Fixed Assets include land, building and improvements, improvements other than buildings, book volumes and collections, machinery and equipment, furniture, vehicles, construction in progress, assets under capital lease, and depreciation, when applicable. Assets with a cost of \$5,000 or more and a useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's utility or materially extend an asset's useful life are not capitalized. Interest expense related to fixed asset construction is capitalized for proprietary funds but not governmental funds.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Improvements Other Than Buildings	5 - 50
Machinery, Equipment, and Other	3 - 40

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

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

The college and university funds account for fixed asset acquisition at cost. Construction projects are included in the plant fund while the project is being constructed. These funds capitalize interest expenditures during construction but do not record depreciation. Schedules for the State's fixed assets may be found in Note 6.

**Accounts Payable and Other Liabilities**

Accounts Payable and Other Liabilities consist of accrued accounts payable, amounts payable for investments purchased, taxes payable, outstanding checks and warrants, contingent liabilities, unclaimed property, and other accrued liabilities.

**Payroll and Compensated Absences Payable**

Payroll and Compensated Absences Payable includes accrued payroll payable, vacation and compensatory time earned but not paid, and sick leave balances to pay health insurance benefits for retired employees.

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

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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termination. For governmental funds, the portion of compensated absence liability expected to be funded by current available resources is recognized in the governmental fund. The portion of the liability that is not expected to be funded by current available resources is recognized in the General Long-Term Debt Account Group. For all other fund types, all portions of the compensated absence liability other than sick leave are recorded as individual fund liabilities. As of June 30, 2001, the total value of vacation and compensatory time accrued by employees in the governmental funds and the General Long-Term Debt Account Group was \$10,854,508 and \$30,075,075, respectively.

Employees earn sick leave hours based on hours worked. Sick leave hours are expensed when used. Upon termination, employees are not paid for unused sick leave. However, upon retirement, 50 percent of an employee's unused sick leave value (not to exceed 600 hours) is used by the Public Employee Retirement System of Idaho to purchase health insurance for the retiree. As explained in Note 8, the State funds a portion of its sick leave compensated absences liability and the funded portion is reported in the General Fund.

***Deposits***

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

***Due to Other Entities***

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

***Deferred Revenue***

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

***Bonds and Notes Payable***

Bonds and Notes Payable consist of notes and bonds issued for the construction or acquisition of facilities and for funding various projects. For governmental funds, general long-term debt is reported in the General Long-Term Debt Account Group at face value, without premium or discount. Issuance costs related to general long-term debt are reported as expenditures of the period in which incurred. In all other funds, premiums, discounts, and issuance costs are deferred and amortized over the term of the obligation. See Note 12 for further information.

***Grand Prizes Payable***

Grand Prizes Payable consist of the State Lottery prize obligations. See Note 12 for further information.

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

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***Policy Claim Liabilities***

Policy Claim Liabilities include amounts for probable claims that have been incurred and the amount of the loss has been reasonably estimated. 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 payouts, and other economic and social factors. Claim liabilities include any specific, incremental claim adjustment expense. Any material estimated recoveries are deducted from the liability for unpaid claims.

***Other Long-Term Obligations***

Other Long-Term Obligations consist of claims and judgments, capital leases, and arbitrage rebates (which are treated as a claim or judgment). See Note 12 for further information.

***Capital Leases***

Capital Leases are lease contracts entered into by the State that are in substance a purchase. See Note 11 for further information.

**H. Fund Equity**

Fund Equity represents the difference between fund assets and fund liabilities. The governmental and fiduciary fund equity is called fund balance. Proprietary fund equity attributable to accumulated earnings is referred to as retained earnings. Contributed capital is recorded in proprietary funds that have recorded fixed assets and cash from donations and other funds. Reservations of fund balances and retained earnings identify assets that are not available for subsequent year appropriations or are legally segregated for a specific future use. See Note 13 for a Fund Equity schedule.

**I. Total (Memorandum Only)**

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

**J. Newly Issued Accounting Pronouncements**

The Government Accounting Standards Board issued Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*; Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. These new accounting standards will impact the State’s revenue and expenditure/expense recognition and assets, liabilities, and fund equity reporting. The new standards will also require reformatting of the financial statements and the restating of beginning balances. The State will implement these standards for fiscal year 2002. Management has not yet determined the impact these standards will have on the State’s financial statements.

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

## NOTE 2. DEPOSITS AND INVESTMENTS

## A. Deposits

Cash and Cash Equivalents are deposited with eight financial institutions and are carried at cost. *Idaho Code* does not require collateralization of deposits. The State Treasurer controls the receipt and disbursement of agencies' cash except for the Endowment Funds, the Petroleum Clean Water Trust Fund, the State Lottery, the Public Employees Retirement System of Idaho (the System), the Potato Commission, the Dairy Products Commission, the Wheat Commission, the State Bar, the Idaho State Building Authority, the Idaho Housing and Finance Association, Idaho Life and Health Guaranty Association and some of the college and university funds. The following summary presents the amount of primary government and discretely presented component units' deposits, as of June 30, 2001, by the following categories:

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

## Primary Government (in thousands)

	Category 1	Category 2	Category 3	Total
Cash, Cash Equivalents, and Cash Equity with Treasurer	\$501,030	\$46,104	\$23,215	\$570,349

## Discretely Presented Component Units (in thousands)

	Category 1	Category 2	Category 3	Total
Cash, Cash Equivalents, and Cash Equity with Treasurer	\$37,684	\$268		\$37,952

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

Cash, Cash Equivalents, and Cash Equity with Treasurer per Risk Categorization	\$570,349
Less: Outstanding Warrants	(69,405)
Timing Difference	(3,632)
Plus: Idle Pool Cash included with Investments for Note Disclosure Purposes	865,564
Cash, Cash Equivalents, and Cash Equity with Treasurer per Financial Statements	<u>\$1,362,876</u>

## B. Investments

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

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

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

Some investments are made directly by an agency rather than by the State Treasurer. Only a few agencies are authorized to make such investments and then only for specific programs. All investments are valued in accordance with GASB 31, as described in Note 1. The following summaries identify the level of credit risk assumed by the State and the total fair value of state investments at fiscal year-end:

**Primary Government (in thousands)**

Investments	Credit Risk Categories			Fair Value
	1	2	3	
Deposits	\$75,109	\$2,996		\$78,105
Repurchase Agreements		14,258		14,258
U.S. Government Obligations	843,504	104,403	\$1,845	949,752
U.S. Agency Obligations	741,707		149,343	891,050
Marketable Securities	5,125,584	137,927	1,738	5,265,249
Corporate Bonds	1,838,643	163,106	11,871	2,013,620
Other	52,239			52,239
Risk Classified Investments	<u>\$8,676,786</u>	<u>\$422,690</u>	<u>\$164,797</u>	<u>9,264,273</u>

**Investments Not Subject To Classification Due to Their Nature**

Pooled Short Term Investment Fund	187,412
Idaho Commercial Mortgages	278,597
Real Estate	38,487
Private Equity	116,178
Mutual Fund Holdings	79,235
Index Fund and Fixed Income Fund Holdings in Agency Fund	123,782
Total Non-Classified Investments	<u>823,691</u>
Total Investments	<u>\$10,087,964</u>

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

Investments	Credit Risk Categories			Fair Value
	1	2	3	
U.S. Government Obligations	\$220,171			\$220,171
U.S. Agency Obligations	89,373			89,373
Other	18,121			18,121
Risk Classified Investments	<u>\$327,665</u>			<u>327,665</u>

**Investments Not Subject To Classification Due to Their Nature**

Investment Agreements	104,515
Interest Receivable	3,479
Total Investments	<u>\$435,659</u>

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

Investments per Risk Categorization	\$10,087,964
Less: Idle Pool Cash Included with Investments for Note Disclosure Purposes	(865,564)
Investments per Financial Statements	<u>\$9,222,400</u>

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

**Securities Lending Agreements:** Security lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The State Treasurer

**Notes to the Financial Statements****For the Fiscal Year Ended June 30, 2001**

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participates in securities lending programs with both the External Investment Pool and Idle Pool funds. *Idaho Code*, Section 67-1210, authorizes the State Treasurer to invest excess funds, other than endowment funds. The Treasurer's securities custodian manages the securities lending program. During the year, the custodian loaned U.S. government securities, equity securities, and corporate bonds or notes for collateral for cash and government securities. The investments are collateralized at 102 percent of the market and restated to the market value on a daily basis. There are no restrictions on the amount of loans that can be made. Either the State or the borrower can cancel all securities loaned upon demand.

The cash collateral received is invested by the custodian and held in a separate account in the name of the State Treasurer. Cash is only reinvested in repurchase agreements with terms equally matching the actual securities lent. The Treasurer is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end, the State Treasurer had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. There were no loaned securities as of June 30, 2001.

In accordance with *Idaho Code*, Section 57-722, the Endowment Board engages in securities lending activities, whereby certain securities (U.S. government securities and government issues) are loaned to specific entities. The securities borrower will pay a stated premium to the Endowment Board that will be remitted monthly. At the time the securities are loaned, cash or other collateral is received by the Investment Board. Securities lending collateral is comprised of certain U.S. government issued or U.S. government agency securities and is received valued at the required margin of 102 percent of the market value of the securities loaned. The securities lending agreement requires daily monitoring of the market value of the securities loaned and collateral received with additional collateral obtained as necessary to meet margin requirements.

The Endowment Board is indemnified for fraudulent or negligent acts performed by the trustee (Key Trust Company National Association and the Bank of New York Corporation), and should loaned securities not be returned as specified, the Trustees would be required to make the Endowment Board whole. As such, credit risk exposure is limited under these transactions. As of June 30, 2001, the fair value of the loaned securities are as follows:

Public School Endowment Fund	\$215,597,023
Pooled Endowment Fund	\$90,316,160
Capital Permanent Endowment Fund	\$409,342

**Other Investing Activities:** The Public Employee Retirement System of Idaho (the System) purchases forward contracts for certain international investments and United States agency-guaranteed collateralized mortgage obligations for the purpose of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure. The System does not incur any costs for forward contracts until the settlement date. Future potential obligations for the forward contracts are not recognized until the contract expiration date.

The System has entered into forward foreign exchange contracts to purchase or sell currency at various dates in the future at a specific price. The value of foreign currency to be purchased or sold fluctuates continuously. As such, it is possible that the foreign currency market price at the specified time to purchase or sell may be lower than the price at which the System is committed to buy or sell. The System could sell the forward contract at a loss, or if it were to continue to hold the contract, the System may make a termination payment to the counterparty to cancel its obligation under the contract and then buy the currency on the open market. The System is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty should the System have to purchase currency on the open market. Unrealized gains of \$10,290,668 at June 30, 2001, were recognized, which represents the gain that would occur from executing forward foreign exchange contracts at June 30, 2001.

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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The Endowment Board engages in sales (writing) of call options, in accordance with investment laws, to increase yield for certain securities that are owned. These options are usually outstanding for periods of one week to one month and the Endowment Board receives cash for the sale of the call. During the time the options are outstanding, the Endowment Board is exposed to market risk, or the risk of changes in interest rates. As interest rates decrease and bond prices increase to or above the exercise price as specified in the option, the security could be called, and the Endowment Board would be forced to sell the security at the call price, giving up the potential yield on the security. If the bond is called, and the Endowment Board does not want to lose the security, they will buy back the call option at a loss. For the year ended June 30, 2001, the Endowment Board had not recognized any gains on the sale of covered call options. At year-end the Endowment Board had no outstanding call options.

The Endowment Board also invests in collateralized mortgage obligations. These securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The Idaho Millennium Fund, which is made up of the tobacco settlement receipts, is reported as part of the General Fund. The receipts are not legally restricted in how they can be used and in accordance with *Idaho Code*, Section 67-1801, the State Treasurer is granted the authority to separately invest the assets as authorized by the standards of the Idaho Uniform Prudent Investor Act, Chapter 5, Title 68.

Boise State University invests in interest-only U.S. Treasury strips (a derivative) to maximize yields. These investments are based on cash flows from interest payments on underlying U.S. Treasury Securities. The underlying securities are guaranteed by the U.S. Government and do not present the same level of risk as do other forms of derivatives.

**NOTE 3. EXTERNAL INVESTMENT POOL**

***Overview of the State Treasurer's Authority***

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

Investments are converted to fair value at June 30 in accordance with GASB Statement 31. Fair value is defined as the market value (bid) if the investment is traded on a recognized exchange or the value of the investment in a current transaction with a willing buyer other than a forced liquidation sale. Investments were valued through a quoted market price. The Pool operates and reports to participants on an amortized cost basis. Specifically, the Pool distributes earnings to the participants monthly based on their relative participation during the month. Distributed earnings are calculated based on (1) realized gains and losses calculated on an amortized cost basis; (2) interest income; (3) amortization of discounts and premiums on a straight-line basis; and (4) administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pool's investments. Thus the participant's share of the Pool is not based on fair value. The Treasurer does not provide any legally binding guarantees to support the value of shares to the participants. No separate reports of the external investment pool have been issued. The assets in these notes will not agree to the asset amounts included in the combining financial statements for the Investment Trust Fund because GASB



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

Statement 31 requires that only the external portion of the investment pool assets be reported in that fund. The internal portion of assets must be reported in the applicable individual fund or component units.

The following schedule summarizes the investments for the External Investment Pool at June 30, 2001:

Summary of Fair Value (in thousands)				
Security	Amortized Cost	Fair Value	Purchase Yield	Maturity
Commercial Paper*	\$151,547	\$151,547	3.924% - 5.028%	7/01 - 08/01
Corporate Bonds	96,852	98,332	1.369% - 7.110%	8/01 - 11/03
Repurchase Agreements*	14,488	14,488	3.950%	07/01
United States Treasury Notes	96,416	96,944	2.353% - 6.369%	8/01 - 06/03
Federal Farm Credit Bank	40,071	40,091	3.830% - 4.823%	7/01 - 11/06
Federal Home Loan Bank	172,985	174,393	2.785% - 5.755%	7/01 - 06/06
Federal Home Loan Mortgage Corp.	146,642	147,637	4.250% - 6.398%	7/01 - 09/06
Federal National Mortgage Assoc.	240,751	241,723	3.544% - 5.500%	7/01 - 11/05
Certificates of Deposit*	6,350	6,350	4.600% - 6.900%	7/01 - 08/02
Purchase Accrued Interest*	3,112	3,112	0.000%	7/01 - 12/01
<b>Total</b>	<b>\$969,214</b>	<b>\$974,617</b>		

\*Represents Cash and Cash Equivalents

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

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

### Calculation of Change in Fair Value

The State uses the aggregate method for determining the increase (decrease) in fair value of the investments in the Joint Exercise of Powers Trust Fund. Below is a schedule showing the increase in the fair value of investments during fiscal year 2001 (in thousands):

Fair Value at June 30, 2001	\$974,617
Add: Proceeds of Investments Sold in FY 01	7,870,114
Less: Cost of Investments Purchased in FY 01	(8,208,384)
Fair Value at June 30, 2000	(612,030)
Change in Fair Value of Investments During FY 01	<u>\$24,317</u>

**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

The Joint Exercise of Powers Trust Fund condensed financial statements, inclusive of external and internal participants, for the fiscal year ended June 30, 2001, are as follows:

**Joint Exercise of Powers Trust Fund**  
**Statement of Net Assets**  
**June 30, 2001**  
*(in thousands)*

<b>Assets</b>	
Investments at Fair Value	\$799,121
Cash and Cash Equivalents	175,496
Interest Receivable to the Pool	9,132
<b>Net Assets Held in Trust for Pool Participants</b>	<b>\$983,749</b>
Net Assets Consist of:	
External Participant Units Outstanding (\$1.00 par)	\$948,462
Internal Participant Units Outstanding (\$1.00 par)	20,752
Undistributed and Unrealized Gains (Losses)	14,535
Total Participant Units Outstanding (\$1.00 par)	983,749
<b>Net Assets Held in Trust for Pool Participants</b>	<b>\$983,749</b>
Participant Net Asset Value, Offering Price and Redemption Price per Share (\$983,749/\$969,214)	\$1.02

**Joint Exercise of Powers Trust Fund**  
**Statement of Operations and Changes in Net Assets**  
**June 30, 2001**  
*(in thousands)*

<b>Investment Income</b>	
Interest Income	\$31,201
Net Increase (Decrease) in Fair Value of Investments	24,317
<b>Total Investment Income</b>	<b>55,518</b>
<b>Expenses</b>	
Administrative Fees	(241)
<b>Net Investment Income (Net Increase in Net Assets as a Result of Operations)</b>	<b>55,277</b>
<b>Distributions to Participants</b>	
Distributions Paid and Payable	(42,652)
<b>Share Transactions at Net Asset Value of \$1.00 per Share</b>	
Purchase of Units	1,743,300
Redemptions of Units	(1,392,466)
Net Increase (Decrease) in Net Assets and Shares Resulting From Share Transactions	350,834
Total Increase (Decrease) in Net Assets	363,459
<b>Net Assets Held in Trust for Pool Participants</b>	
Beginning of Period	620,290
End of Period	\$983,749

# Notes to the Financial Statements

## For the Fiscal Year Ended June 30, 2001

### NOTE 4. ACCOUNTS RECEIVABLE

Below is a schedule of Accounts Receivable balances at June 30, 2001:

<b>Fund</b>	<b>Accounts Receivable</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net Accounts Receivable</b>
General Fund	\$176,612,442	\$73,966	\$176,538,476
Special Revenue Funds			
Fish and Game	189,759		189,759
Health and Welfare	15,984,161	10,239	15,973,922
Transportation	20,667,236	90,955	20,576,281
Regulatory	155,133	9,308	145,825
Agriculture and Natural Resources	4,257,381		4,257,381
Miscellaneous	3,625,478	736,056	2,889,422
Total Special Revenue Funds	44,879,148	846,558	44,032,590
Enterprise Funds			
Correctional Industries	426,590	5,600	420,990
Liquor Dispensary	59,042		59,042
State Lottery	768,438		768,438
Total Enterprise Funds	1,254,070	5,600	1,248,470
Internal Service Funds			
General Services	400,831		400,831
Total Internal Service Funds	400,831	0	400,831
Fiduciary Funds			
Unemployment Compensation	39,655,872	2,845,629	36,810,243
Nonexpendable Trust Funds	3,568,986		3,568,986
Agency Funds	790,114		790,114
PERSI Base Plan	18,663,325		18,663,325
Firemen's Retirement Fund	522,892		522,892
Judges' Retirement Plan	156,326		156,326
Total Fiduciary Funds	63,357,515	2,845,629	60,511,886
Colleges and Universities	67,332,198	950,388	66,381,810
<b>Total Reporting Entity</b>	<b>\$353,836,204</b>	<b>\$4,722,141</b>	<b>\$349,114,063</b>

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

## NOTE 5. INTERFUND TRANSACTIONS

## A. Due from/Advances to and Due to/Advances from Other Funds

Below is a schedule of the Due from/to and Advances to/from Other Funds at June 30, 2001:

<b>Fund</b>	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>	<b>Advances to Other Funds</b>	<b>Advances from Other Funds</b>
General Fund	\$294,112	\$2,821,570	\$301,499	-
Special Revenue Funds				
Fish and Game		255,506		
Health and Welfare	14,156	1,900,004		
Transportation	71,072	548,601		
Federal	387,612	1,464,538		\$50,000
Regulatory	10,700	329,779		
Agriculture and Natural Resources	139,383	260,926		251,499
Miscellaneous	232,497	99,977		
Total Special Revenue Funds	855,420	4,859,331	-	301,499
Enterprise Funds				
Correctional Industries	528,141	1,531		
Liquor Dispensary		2,952		
Total Enterprise Funds	528,141	4,483	-	-
Internal Service Funds				
General Services	1,043,767	211,702		
Data Processing Services	1,161,002	502		
Group Insurance		7,183		
Risk Management	308,276	12,576		
Total Internal Service Funds	2,513,045	231,963	-	-
Colleges and Universities	17,659,083	13,932,454	-	-
<b>Total Reporting Entity</b>	<b>\$21,849,801</b>	<b>\$21,849,801</b>	<b>\$301,499</b>	<b>\$301,499</b>

Advance to/from between discretely presented component units and the primary government consist of a receivable by the Petroleum Clean Water Trust Fund for \$10,000,000 and a payable by the primary government of \$9,000,000. The inequality between the receivable and payable arose because the Petroleum Clean Water Trust Fund reports using a fiscal year-end date of December 31.

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**B. Operating Transfers**

Operating transfers are legally authorized cash transfers between funds that are receiving revenues to funds in which the resources are to be expended. Transfers from the General Fund are transfers of appropriated or diverted tax revenues. The State does not eliminate interfund transactions but does make eliminating entries for intrafund operating transfers. Following is a schedule of operating transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$115,396,740	\$371,572,407
Special Revenue Funds		
Fish and Game	116,800	
Health and Welfare	316,947,745	899,840
Transportation	17,000,000	15,608,067
Federal		437,785
Regulatory		59,078,022
Agriculture and Natural Resources	17,984,162	7,941,420
Miscellaneous	16,187,767	2,697,708
Idaho State Building Authority	454,840	
Enterprise Funds		
Liquor Dispensary		8,295,000
State Lottery		18,000,000
Loan Fund	13,200,000	
Internal Service Funds		
General Services		679,406
Fiduciary Fund		
Nonexpendable Trust	269,500	12,347,899
<b>Total Operating Transfers</b>	<b>\$497,557,554</b>	<b>\$497,557,554</b>

**NOTE 6. FIXED ASSETS**

The following schedules present changes in the State's General Fixed Asset Account Group by class and source:

<u>Class</u>	<u>General Fixed Assets June 30, 2000 (as adjusted)</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 2001</u>
Land	\$141,226,719	\$5,685,133		\$146,911,852
Buildings and Improvements	363,775,714	24,307,503	\$86,524	387,996,693
Construction in Progress	95,408,112	38,782,132	40,738,622	93,451,622
Improvements Other Than Buildings	14,425,506	5,010,697	5,837	19,430,366
Machinery, Equipment, and Other	210,385,436	33,710,058	13,726,960	230,368,534
<b>Total General Fixed Assets</b>	<b>\$825,221,487</b>	<b>\$107,495,523</b>	<b>\$54,557,943</b>	<b>\$878,159,067</b>
<b>Funding Source</b>				
General	\$263,482,906	\$59,907,035	\$37,629,260	\$285,760,681
Special Revenue	561,738,581	47,588,488	16,928,683	592,398,386
<b>Total General Fixed Assets</b>	<b>\$825,221,487</b>	<b>\$107,495,523</b>	<b>\$54,557,943</b>	<b>\$878,159,067</b>

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

The following schedule presents the State's proprietary and fiduciary fund-type, college and university, and component unit fixed assets by class and source:

	Primary Government				Component Unit Proprietary Funds
	Enterprise Funds	Internal Service Funds	Trust and Agency	Colleges and Universities	
Land	\$297,943		\$2,457,347	\$22,739,794	\$993,428
Buildings and Improvements	4,064,594	\$1,064,089	7,122,847	621,846,871	5,298,540
Construction in Progress		79,117		43,575,484	
Improvements Other Than Buildings	6,044,133	14,333	284,492		
Machinery, Equipment, and Other	14,423,161	12,006,869	7,511,155	296,388,812	6,199,943
Accumulated Depreciation	(10,486,467)	(8,646,976)	(3,739,442)		(5,319,451)
<b>Total Fixed Assets</b>	<b>\$14,343,364</b>	<b>\$4,517,432</b>	<b>\$13,636,399</b>	<b>\$984,550,961</b>	<b>\$7,172,460</b>

NOTE 7. RETIREMENT PLANS

Summary of Plans

The Public Employee Retirement System of Idaho (the System) administers the Public Employee Retirement Fund Base Plan (PERSI), the Firemen's Retirement Fund (FRF), and the Defined Contribution Retirement Plan. A retirement board, appointed by the Governor and confirmed by the State Senate, manages the System, which includes selecting the funding agents and establishing funding policy. The Idaho Judicial Department, under the direction of the Idaho Supreme Court, administers the Judges' Retirement Fund. The Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) administers an Optional Retirement Plan (ORP) for the colleges and universities. The Idaho Department of Labor administers a Closed Retirement Plan for employees of the Idaho Department of Labor hired prior to October 1, 1980. Each of these plans is discussed individually below.

A. Public Employee Retirement Fund and Firemen's Retirement Fund

Plan Description

Organization and Purpose

PERSI and the FRF are cost-sharing, multiple-employer defined benefit retirement plans. Statutes governing PERSI are *Idaho Code*, Title 59, Chapter 13 and Title 50, Chapter 15. Statutes governing FRF are *Idaho Code*, Title 72, Chapter 14.

Membership

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to PERSI and FRF. All state employees not covered by the other plans described below, who normally work more than twenty hours per week and have been employed by an employer member for more than five consecutive months, are covered by PERSI. As of June 30, 2001, the number of participating employer units in PERSI was 645 and actual benefit recipients and members in PERSI were:

Retirees and Beneficiaries/Vested Terminated Employees	29,838
Current Active Employees	<u>62,125</u>
Total	<u>91,963</u>

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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For FRF, as of June 30, 2001, there were 23 participating employer units, all consisting of fire departments, participating in the System. Total employee membership showed 526 retired members or beneficiaries collecting benefits from the FRF and 103 active members.

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

*Benefits*

The benefit structure for both PERSI and FRF is based on members' years of service, age, and final compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification or a combination of age plus service. Effective June 30, 2000, the annual service retirement allowance for each month of credited service was 2 percent (2.3 percent police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

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

*Summary of Significant Accounting Policies*

The System's basic financial statements of the pension funds are prepared on the accrual basis of accounting. For the financial statements of the pension funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed, investment income is recognized when earned, and benefit payments, refunds, and other expenses are recorded when incurred. The pension funds are accounted for on a flow of economic resources measurement focus. The System adheres to GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. Investments held by PERSI and FRF are commingled. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments has been estimated based on independent appraisals. Short-term investments are reported at market value when published market prices and quotations are available or at cost plus accrued interest, which approximate market value.

*Funding Policy*

*Contributions and Vesting*

The System's funding policy for PERSI and FRF is determined by the Board within limitations, as defined by Idaho law. The funding policy provides for periodic employer contributions at actuarially determined rates, that expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits

**Notes to the Financial Statements****For the Fiscal Year Ended June 30, 2001**

when due. Level percentage of payroll employer contribution rates are determined using the Entry Age Actuarial Cost Method for PERSI and a modified aggregate funding method for FRF. Under the Entry Age Actuarial Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. FRF amortizes the difference between the FRF benefits not provided by PERSI and the FRF assets over the earnings of all firemen. PERSI amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. FRF amortizes any unfunded liability based on a level dollar amount. The maximum amortization period for PERSI permitted under *Idaho Code*, Section 59-1322, is 25 years. The maximum amortization period for FRF permitted under *Idaho Code*, Section 59-1394, is 50 years. The payroll for employees covered by PERSI and the FRF was approximately \$1,938,000,000 and \$32,000,000, respectively.

PERSI contributions required and paid were \$44,091,652, \$62,369,887, and \$59,535,677, for the years ended June 30, 2001, 2000, and 1999, respectively. During fiscal year 2001, PERSI implemented a gain sharing program, whereby employers received a total credit of \$20,100,500 to be used toward their contributions; this made actual contributions of \$64,192,152.

Actuarial valuations of PERSI and FRF are performed annually. The last valuation of PERSI and FRF was performed as of July 1, 2001.

Normal cost is 14.74 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 1.04 percent of covered payroll for PERSI. There is no normal cost associated with FRF and all contributions to FRF are available to reduce the unfunded actuarial liability.

The contribution rates for the year ended June 30, 2001, are as follows:

<u>Employee Group</u>	<u>Employer</u>	<u>Employee</u>
PERSI		
General	9.77%	5.86%
Police and Fire	10.01%	7.21%
ORP Employees of Higher Education:		
Colleges and Universities	3.03%	N/A
Junior Colleges	3.83%	N/A

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

After five years of credited service (five months for elected or appointed officials), members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest, accrued at 12.86 percent (11.11 percent prior to January 1, 2001) compounded monthly per annum, are refundable. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

*Funding*

Contributions from members, employers, and earnings from investments, fund PERSI and FRF benefits.

Additional FRF funding is obtained from receipts from a state fire insurance premium tax. Member and employer contributions are a percentage of applicable member compensation. As defined by State law, member contribution rates are a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic



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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2001**

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actuarial valuations and are subject to the approval of the Retirement Board and set forth in state statute. Valuations are based on actuarial assumptions, the benefit formulas, and employee groups of PERSI and FRF. Costs of administering the plans are financed through the contributions and investment earnings of the System.

**B. Defined Contribution Retirement Plan**

The PERSI Choice and the Idaho Super Saver make up the State's defined contribution retirement plan. Statutes governing the PERSI Choice and the Idaho Super Saver are *Idaho Code*, Title 59, Chapter 13. Participants direct their investment mix without restriction and may elect to change their salary deferral every pay period.

***PERSI Choice***

***Plan Description***

***Organization and Purpose***

The PERSI Choice is made up of a qualified 401(k) component and a 414(k) component. The assets of the PERSI Choice are commingled. The 401(k) portion of the PERSI Choice is open to all active PERSI Base Plan members and was established February 1, 2001. On May 1, 2001, the PERSI Choice became open to voluntary employer matching contributions at rates determined by the employers.

The System entered into a contract with Dreyfus Retirement Services (now called Mellon Employee Benefits Solutions), the PERSI Choice record keeper, for services relating to eleven investment options, which are mutual or collective funds and include the PERSI Total Return Fund, seven equity funds, two fixed income funds, and a stable value fund. Participants may allocate their assets in 1 percent increments among these options; however, if no allocation preference is indicated, a default investment election to the PERSI Total Return Fund is made.

***Membership***

The PERSI Choice has 645 employer units eligible to have participating employees. As of June 30, 2001, there were 50,638 participants in the PERSI Choice.

***Benefits***

The 414(k) portion of the PERSI Choice was established for gain sharing allocations from PERSI. The gain sharing amount (if any) is based on funding levels in the PERSI Base Plan. Eligibility for gain sharing requires twelve months of active membership in PERSI as defined in Idaho Statutes and the System's rules. On February 1, 2001, all eligible PERSI Base Plan members who were active as of June 30, 2000, and eligible to receive gain sharing contributions, received an allocation.

***Summary of Significant Accounting Policies***

The significant accounting policies are the same as PERSI's.

***Funding Policy***

***Contributions***

Beginning July 1, 2001, employees may make tax-deferred contributions of 1 to 23 percent of their gross salary. Employers contributed \$2,549,366 during the year ended June 30, 2001.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2001**

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*Funding*

The administrative expenses of the PERSI Choice, most of which are paid to Dreyfus, are funded by PERSI.

***Idaho Super Saver–401(k)***

***Plan Description***

*Organization and Purpose*

The Idaho Super Saver–401(k) is a qualified 401(k) open to all employees of the State of Idaho. The Idaho Super Saver is organized to provide investment management services to state employees.

The System has entered into a contract with Zurich Scudder, Inc. (Scudder), the Idaho Super Saver custodian and record keeper, for services relating to nine investment options managed by Scudder. These options include a U.S. Treasury Money Mutual Fund, an Income Mutual Fund, a Balanced Mutual Fund, and six equity mutual funds.

*Membership*

As of June 30, 2001, the Idaho Super Saver had 99 employer units eligible to have participating employees and 3,478 actual participants in the 401(k).

*Benefits*

Benefits depend solely on amounts contributed to the Idaho Super Saver plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the 401(k) contracts. Distributions are allowed for the following: termination of employment, disability, financial hardship, retirement, and death. The financial hardship withdrawal is allowed only for the purposes of paying for college education, extraordinary medical expenses, avoiding eviction, or purchasing a primary home. Employees will be required to pay a 10 percent IRS penalty for “early withdrawal”, if they are under the age of 59½ in addition to regular income taxes.

***Summary of Significant Accounting Policies***

The significant accounting policies are the same as PERSI’s.

***Funding Policy***

*Contributions*

Through September 2001, the Idaho Super Saver allowed participants to make tax-deferred contributions of 1 to 23 percent of their gross salary. Participants contributed \$5,911,090 during the year ended June 30, 2001. There are no employer contributions.

*Funding*

The administrative expenses of the 401(k), most of which are paid to Scudder, are funded by the participants. Because of the addition of the PERSI Choice, the Idaho Super Saver–401(k) will be eliminated. In October 2001, this 401(k) plan will be combined or rolled into the PERSI Choice Plan.

**C. Judges' Retirement Fund**

***Plan Description***

***Organization and Purpose***

The Judges' Retirement Fund (JRF) is a single-employer defined benefit retirement plan, which provides retirement benefits for Justices of the Supreme Court, Court of Appeals Judges, and District Court Judges, hereinafter referred to as "members." The Idaho Judicial Department, under the direction of the Idaho Supreme Court, administers the JRF. The JRF is guided by the *Prudent Man Investment Act* and the *Idaho Code*, Sections 68-501 through 68-506, *Idaho Code*, Title 1, Chapter 20, and *Idaho Code*, Section 59-1301, and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments.

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

***Membership***

As of June 30, 2001, the JRF had 52 retired members or beneficiaries collecting benefits, eight terminated members entitled to but not yet receiving benefits, and 48 active members.

***Benefits***

The benefit structure is based on members' years of service and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature, effective July 1, 2000. Members serving prior to but not on July 1, 2000, are paid under option A. Members serving on or after July 1, 2000, may choose between benefit payment options A or B. Both options are based upon compensation of the highest office in which the member served, with benefits accumulating as follows: for the first ten years of service, benefits are credited at 5 percent per year of members' compensation. For the remaining years of service, benefits are credited at 2.5 percent per year of members' compensation. The maximum benefit is 75 percent of compensation. Surviving spouses will be entitled to benefits equal to 50 percent of the members' calculated benefit. In addition to above benefits, option B offers benefits accumulated at 2.5 percent per year for senior judges with 5 years of service.

***Summary of Significant Accounting Policies***

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

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

***Funding Policy***

***Contributions and Vesting***

Members and the Judicial Department contribute to the JRF during their first 20 years of employment. Member and department contributions are a percentage of member compensation as defined by State law. Contributions

**Notes to the Financial Statements****For the Fiscal Year Ended June 30, 2001**

provide for department and member contributions at 7 percent and 6 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately \$4,066,835 for the year ended June 30, 2001. In addition, specified court filing fees in civil court actions are dedicated to the JRF.

The funding status and required contribution levels are reviewed periodically by an actuary using the Entry Age Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. Actuarial valuations of the JRF are generally performed biennially. Based on the most recent actuarial valuation at July 1, 2000, the Annual Required Contributions (ARC) were \$1,631,000. Total contributions to the pension plan for the fiscal year ended June 30, 2001, amounted to \$1,936,423, of which \$283,351 and \$245,127 were made by the Judicial Department and its justices and judges, respectively. In addition, the JRF received contributions from court filing fees of \$1,407,945. As of the last actuarial valuation, since the state contributions plus the filing fee contributions have been approximately equal to the ARC, the Annual Pension Cost (APC) is equal to the ARC and the Net Pension Obligation (NPO) is zero. There was no change in the NPO from the prior actuarial valuation.

The State's APC and NPO to JRF for the current year and two preceding years are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/99	\$1,545,000	100.0%	\$0
6/30/00	\$1,631,000	100.0%	\$0
6/30/01		No valuation	

Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the JRF prior to four years of service, the member's contributions plus 6.5 percent per annum will be returned. Members are eligible for retirement benefits upon attainment of the age 65 with four years of service; attaining the age of 60 with ten years of service; attaining the age of 55 with 15 years of service or after 20 years of service.

*Funding*

The JRF's benefits are funded by contributions from members and the Judicial Department, earnings from investments, and court filing fees. Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

**D. College and University Optional Retirement Plan***Plan Description**Organization and Purpose*

Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for college and university faculty and exempt employees. Statutes governing this plan are *Idaho Code*, Sections 33-107A and 33-107B. Vendor options include TIAA-CREF and Variable Annuity Life Insurance Company. The Plan is administered by TIAA-CREF and they may be reached at (800) 842-2009.

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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*Membership*

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.

*Funding Policy*

*Contributions and Vesting*

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State of Idaho. Although enrollees in the ORP no longer belong to PERSI, the employer is required to contribute 3.03 percent of the annual covered payroll to PERSI through July 1, 2015. During the year ended June 30, 2001, this supplemental funding payment made to PERSI was \$3,891,127.

The contribution requirement and amount paid for the year ended June 30, 2001, was \$18,868,065, which consisted of \$9,911,887 from the universities and \$8,956,178 from employees. These contributions represented approximately 7.72 percent and 6.97 percent of covered payroll.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

**E. Department of Labor Retirement Plan**

*Plan Description*

*Organization and Purpose*

This stand-alone, insured retirement plan provides retirement benefits for employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980. The authorities under which benefits are provided and may be amended are *Idaho Code*, Section 72-1335 and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered by the Department of Labor, which may be reached at (208) 332-3570 ext. 3228.

*Membership*

There are 110 current participating employees of the Idaho Department of Labor and 397 retired former employees or beneficiaries receiving benefits in the Labor Retirement Plan.

*Benefits*

The retirement benefit payments for the Retirement Plan are calculated using a benefit formula established by the Plan. This monthly benefit is payable for life, through an annuity purchased by Prudential Investments, with 120 payments guaranteed. An annuity is purchased for each retired employee. Once an annuity is purchased the State has no further liability. Prudential Investments has guaranteed to pay for benefits in the event of Prudential's insolvency. At September 30, 2000, (the last actuarial valuation date), there was no unfunded liability. The normal service retirement allowance is the average annual salary for the highest three consecutive years times the sum of:

1. 1 1/2 percent times each of the first five years of credited service,
2. 1 3/4 percent times each of the next five years of credited service, and
3. 2 percent times each year of credited service in excess of ten years.

According to the latest periodic actuarial valuation on September 30, 2000, the present value of future retirement benefits was \$118,541,000. The average assumed rate of return used in determining the actuarial present value of

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2001**

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accumulated plan benefits was 7 percent for 2000. Net assets available for benefits (at fair value) are \$157,632,000.

***Funding Policy***

***Contributions***

Until August 1999, the employee contributed a portion of the normal cost contribution rate, 7 percent. The 7 percent employee contribution was required by the Plan and was therefore made even though it was not actuarially needed to finance future benefits. In August 1999, the United States Department of Labor approved a plan change to allow the Plan Actuary to determine the employee contribution rate. Employee contributions were then suspended through September 30, 2000, consistent with the most recent actuarial valuations. This valuation certified that the total contribution rate should remain at zero through September 30, 2002. The total employer contribution for fiscal year 2001, was zero. The employer payments have been fully funded by federal revenues from the U.S. Department of Labor.

**NOTE 8. POSTEMPLOYMENT BENEFITS**

The State funds or partially funds the following postemployment benefits relating to health, disability, and life insurance. The authority establishing the benefits and obligations to contribute is found in *Idaho Code*, Sections 67-5760 and 67-5761.

**A. Postemployment Benefits Other Than Pensions**

***Retirees Health Insurance Subsidy***

A retired officer or employee of a state agency, department, or institution, including state officials and elected officials, who are eligible to retire under the Public Employee Retirement System of Idaho (the System) and whose unreduced System monthly benefit at the time of retirement would meet or exceed the monthly cost of single retiree health insurance coverage, may elect to have the State's retiree health insurance coverage for themselves and eligible dependents. To be eligible, state employees must enroll within sixty days of the date of their retirement and must have ten or more years (20,800 or more hours) of credited state service in a state-sponsored retirement plan. If the date of enrollment is deferred beyond the original date of retirement, employees' monthly retirement benefit amount must equal or exceed the single retiree premium at the time of the deferred enrollment.

The retiree coverage is different than that for active employees. The retiree pays the majority of the premium cost (unless they are participating in the sick leave fund described later). However, the retiree plan costs are "subsidized" by the active employee plan. The State contributes seven dollars per active non-retired employee per month and the active employees contribute an equal amount, which goes to a reserve to offset the monthly costs of the retirees' benefit. Other than an aging population, there are no significant matters that affect comparability of the State's costs from one year to the next. For 2001, the State's monthly contribution towards the monthly premium of \$129,609 was approximately 4.2 percent of the total annual State and employee contribution of \$3,110,618. The State's annual contribution towards the retiree premium cost was approximately \$1,555,309. As of June 30, 2001, 2,885 retired employees were eligible to receive benefits. The Legislature has not set aside any assets to pay future benefits. The benefits are pay-as-you-go.

***Long-Term Disability***

Long-term disability benefits are available for disabled employees, generally up to a maximum age of 70. Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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they were hired for the first 30 months of disability, or any job thereafter for which they are reasonably qualified by experience, education, or training. Additionally, to qualify for long-term disability, the waiting period of the later of 26 weeks of continuous total disability or exhaustion of accrued sick leave must be met. The gross benefit equals 60 percent of monthly salary or \$3,000 (whichever is less). The State pays 100 percent of the cost of the program. Each fiscal year, the present value of benefits for disabilities incurred in that fiscal year is funded. In addition, funding for disabilities incurred in prior fiscal years is adjusted to reflect unanticipated changes in number of claimants or benefit levels. Significant actuarial assumptions include an interest rate of 6.5 percent and a standard disability termination table. Plan assets are valued at cost and as of June 30, 2001, the net assets available for future payments were \$14,990,000. The actuarial accrued liability for disabilities incurred in fiscal year 2001 and all prior years was \$14,990,000 as of June 30, 2001, and the unfunded liability was \$0. The State's actuarially required contribution for the period was 0.505 percent of payroll, and actual contributions for the period were 0.505 percent of payroll. As of June 30, 2001, there were 271 disabled employees receiving this benefit.

***Payment of Life Insurance Premiums for Disabled Employees***

The State pays 100 percent of the cost of basic life and dependent life coverage for disabled employees (as defined in the previous paragraph), generally up to a maximum age of 70. Each fiscal year, the present value of benefits for disabilities incurred in that fiscal year is funded. In addition, funding for disabilities incurred in prior fiscal years is adjusted to reflect unanticipated changes in number of claimants or benefit levels. Significant actuarial assumptions include an interest rate of 6.5 percent and a standard waiver of premium life table. Plan assets are valued at cost and as of June 30, 2001, the net assets available for future payments were \$5,020,000. The actuarial accrued liability for disabilities incurred in fiscal year 2001 and all prior fiscal years was \$5,020,000 as of June 30, 2001, and the unfunded liability was \$0. The funding for these reserves is built into the premiums paid by the State to the life insurance carrier. As of June 30, 2001, there were 474 disabled employees receiving this benefit.

***Payment of Health Insurance Premiums for Disabled Employees***

For up to 30 months following the date of disability, the State pays 100 percent of the State's share of medical/dental premiums while the employee remains disabled. The employee is required to pay the normal contribution, if any, for these benefits. Each fiscal year, the present value of benefits for disabilities incurred in the fiscal year is funded. In addition, funding for disabilities incurred in prior fiscal years is adjusted to reflect unanticipated changes in number of claimants or benefit levels. Significant actuarial assumptions include a standard disability termination table and a medical trend rate equal to the discount rate. Plan assets are valued at cost, and as of June 30, 2001, the net assets available for future payments were \$730,000. The actuarial accrued liability for disabilities incurred in fiscal year 2001 and all prior fiscal years was \$730,000 as of June 30, 2001, and the unfunded liability was \$0. The State's actuarially required contribution for the period was \$2.61 per employee per month, and actual contributions for the period were \$2.61 per employee per month. As of June 30, 2001, there were 191 disabled employees receiving this benefit.

**B. Postemployment Healthcare Benefits**

***Sick Leave/Insurance Reserve Fund***

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

The Public Employee Retirement System of Idaho (the System) acts as an agent for this fund on behalf of the employers. The employers finance the program by remitting a percentage of payroll to the System to cover future

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

insurance premiums. The funds are held in the General Fund for state retirees and in an agency fund for school district retirees. Employers are responsible for any unfunded benefit obligations. The funded sick leave liability recorded in the General Fund is \$47,129,435. The sick leave/insurance reserve fund assets are valued at market value.

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

*School District Retirees*—the unused sick leave amount available for benefits is based on one-half of their sick leave balance and rate of compensation at retirement.

*State Retirees*—the unused sick leave amount available for benefits is based on one-half of their sick leave balance and rate of compensation at retirement up to the maximums described below:

Credited Hours of State Service	Maximum Allowable Sick Leave Hours Effective June 30, 2001
0 - 10,400 (0-5 years of service)	420
10,401 - 20,800 (5-10 years of service)	480
20,801 - 31,200 (10-15 years of service)	540
31,201 + (15 years of service or more)	600

Presented below is pertinent actuarial information from the most recent actuarial valuation dated July 1, 2001:

	<u>State</u>	<u>School Districts</u>	<u>Total</u>
Active Participants	45,647	16,478	62,125
Contributions Required and Paid	\$8,180,582	\$7,657,137	\$15,837,719
Rate of Contribution	.65%	1.15%	
Total Net Assets Available for			
Future Payments	\$47,300,000	\$77,600,000	\$124,900,000
Unfunded Actuarial Liability	\$16,100,000	\$27,700,000	\$43,800,000
Actuarially Accrued Liability	\$63,400,000	\$105,300,000	\$168,700,000

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

**NOTE 9. TAX ANTICIPATION NOTES**

*Idaho Code*, Title 63, Chapter 32, authorizes the State Treasurer, on approval of the State Board of Examiners, to borrow money in anticipation of income or revenue from taxes. Such borrowing is for the current year only and is limited to no more than 75 percent of the income or revenue which is reasonably anticipated to be collected during the current fiscal year. External Tax Anticipation Notes sold on the open market were issued on July 3, 2000, in the principal amount of \$200,000,000. These notes were redeemed on June 29, 2001. The interest expense incurred and paid was \$10,630,556.



#### NOTE 10. RISK FINANCING

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

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

The Group Insurance Fund is used to account for and finance life, health, and disability insurance programs. Long-term disability benefits within Group Insurance are partially insured through others but the majority is self-insured. The liability for self-insurance claims has been actuarially determined. Policy claim liabilities are presented in the Group Insurance Fund and are composed of the liability for self-insured claims and the amounts required to fund premium payments of life and health coverage for disabled employees. Life, short-term disability, and health insurance programs are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 9 percent of the annual premiums for medical, 10 percent for dental, and 10 percent of the annual premiums for the life coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. The amount the State is responsible for is accounted for and presented as reserved retained earnings in the Group Insurance Fund. The State also maintains program and premium stabilization balances in the event they exhaust reserved equity. These amounts are included in unreserved retained earnings in the Group Insurance Fund.

All state entities may participate in the Risk Management and Group Insurance programs. Payments are made to the Risk Management Fund based on actuarial estimates, loss experience, exposure, and asset value covered. Payments made to the Group Insurance Fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. Claim settlements for both funds did not exceed insurance coverage during the past three fiscal years.

The liabilities for the Risk Management and Group Insurance Funds for the State are based on the requirements of GASB Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities for Risk Management include claim adjustment costs and any anticipated subrogation receipts. At fiscal year-end 2001, \$19,641,909 of unpaid claim liabilities for Risk Management are presented at their present value of \$17,512,395 using a 4.5 percent discount interest rate. Unpaid claim liabilities of \$25,060,174 for Group Insurance are presented at their present value of \$20,746,042 using a 6.5 percent discount rate.

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2001

The following table presents changes in policy claim liabilities for the fiscal years ending June 30, 2000, and June 30, 2001:

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Current Year Claims and Changes in Estimate</b>	<b>Claim Payments</b>	<b>Ending Balance</b>
<b>Risk Management</b>				
2000	\$14,509,326	\$1,596,751	(\$2,936,865)	\$13,169,212
2001	\$13,169,212	\$7,768,958	(\$3,425,775)	\$17,512,395
<b>Group Insurance</b>				
2000	\$19,814,600	(\$4,734,600)		\$15,080,000
2001	\$15,080,000	\$5,666,042		\$20,746,042

The State records its premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income.

#### NOTE 11. LEASES

##### A. State as Lessee

The State leases office buildings, vehicles, and office/computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures.

##### *Operating Leases*

Operating leases are leases for which the State will not gain title to the asset; therefore, the lease agreements are not reflected as assets in the State's balance sheet. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease expenditures for fiscal year 2001 were \$26,742,887 for the primary government, \$39,283 for component units, and \$46,374 for colleges and universities.

##### *Capital Leases*

Capital leases are leases the State has entered into that are, in substance, a purchase. At the date of acquisition, the assets are valued on the balance sheet at the present value of the future minimum lease payments. Assets under capital leases originating in governmental funds are recorded in the General Fixed Assets Account Group and are not depreciated. Capital lease obligations for governmental funds are reported in the General Long-Term Debt Account Group. Capital lease assets and obligations for proprietary fund types are recorded in the respective funds as fixed assets and long-term obligations. Interest expense for capital leases is not capitalized in either fund type. Capital leases for college and university funds are reported in those funds along with the assets.

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2001**

Future minimum lease commitments for noncancelable operating and capital leases as of June 30, 2001, are as follows:

Fiscal Year	Operating Leases				Capital Leases			
	Primary Government	Component Units	Colleges and Universities	Total Operating Leases	General Long-Term Debt Account Group	Proprietary Funds	Colleges and Universities	Total Capital Leases
2002	\$19,203,986	\$7,850	\$30,996	\$19,242,832	\$556,725	\$540,479	\$1,430,449	\$2,527,653
2003	16,849,265	12,168	23,049	16,884,482	556,725	529,059	1,425,352	2,511,136
2004	12,687,426	12,560	14,001	12,713,987	556,725	529,059	1,389,225	2,475,009
2005	10,870,409		14,001	10,884,410	556,725	498,778	1,095,598	2,151,101
2006	7,940,563		14,001	7,954,564	556,725	364,147	801,517	1,722,389
Thereafter	12,985,316		112,008	13,097,324	6,882,183	4,372,783	6,153,325	17,408,291
<b>Total Payments</b>	<b>\$80,536,965</b>	<b>\$32,578</b>	<b>\$208,056</b>	<b>\$80,777,599</b>	9,665,808	6,834,305	12,295,466	28,795,579
Less:								
Imputed Interest					5,857,578	4,135,593	4,242,957	14,236,128
<b>Total Present Value of Minimum Lease Payments</b>					<b>\$3,808,230</b>	<b>\$2,698,712</b>	<b>\$8,052,509</b>	<b>\$14,559,451</b>

The schedule below is an analysis of assets under capital leases as of June 30, 2001:

	General Fixed Asset Account Group	Proprietary Funds	Colleges and Universities	Fixed Assets Under Capital Leases
Land	\$321,482			\$321,482
Buildings	3,000,114	\$2,500,000	\$6,045,000	11,545,114
Machinery, Equipment, and Other	247,003	736,655	4,865,208	5,848,866
Improvements Other Than Buildings	1,031,411			1,031,411
<b>Total Capital Leases</b>	<b>\$4,600,010</b>	<b>\$3,236,655</b>	<b>\$10,910,208</b>	<b>\$18,746,873</b>

**B. State as Lessor**

Non-state parties rent land and buildings from the State under operating leases from the Departments of Health and Welfare, Juvenile Corrections, Lands, Parks and Recreation, the Historical Society, and the Lava Hot Springs Foundation. At June 30, 2001, the State leased the following:

Asset Class	Fair Market Value at Date of Acquisition
Land	\$2,024,534
Buildings	374,320
Improvements Other Than Buildings	4,487
<b>Total</b>	<b>\$2,403,341</b>

The Department of Lands participates in a Zero Service Lease. A Zero Service Lease is an operating lease in which the lessee pays the State a market rent for use of the real property with no other services provided by the State. The lessee bears the responsibility for actual operating costs associated with the services necessary to operate the property, with the exception of property damage and casualty insurance which the State maintains as part of the State's risk management program. The actual cost of operating the property does not affect the market rent under the lease. The market rent paid by the lessee is established by an independent appraisal.

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2001

The following is a schedule of minimum future rentals for operating leases as of June 30, 2001:

<u>Year Ending June 30</u>	<u>Total</u>
2002	\$6,123,493
2003	6,421,269
2004	6,772,369
2005	7,212,969
2006	7,663,614
Thereafter	42,252,892
<b>Total minimum future rentals</b>	<b><u><u>\$76,446,606</u></u></b>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rentals amounted to \$11,748 in fiscal year 2001.

#### NOTE 12. BONDS/NOTES/OTHER LONG-TERM OBLIGATIONS

##### A. Primary Government and Blended Component Unit

*The Idaho State Building Authority*, a blended component unit reported as a special revenue fund, issued notes and bonds to finance construction or acquisition of facilities for lease to the State subject to prior legislative approval. Bonds payable, in thousands, are as follows:

<u>Bond Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal at June 30, 2001</u>	<u>Interest</u>	<u>Total</u>
1992 Series A Refunding Revenue Bonds	1993 to 2002	4.95% to 5.40%	\$1,910	\$78	\$1,988
1992 Series B Refunding Revenue Bonds	1993 to 2006	4.95% to 5.75%	1,840	303	2,143
1992 Series C Refunding Revenue Bonds	1993 to 2008	0.00% to 5.70%	18,225	2,953	21,178
1992 Series D Revenue Bonds	1993 to 2003	5.10% to 5.60%	425	30	455
1992 Series E Revenue Bonds	1993 to 2003	5.20% to 5.60%	1,200	86	1,286
1994 Series Revenue Bonds	1995 to 2008	5.00% to 5.90%	2,055	474	2,529
1995 Series Refunding Revenue Bonds	1996 to 2001	4.20% to 4.40%	800	9	809
1998 Series A Revenue Bonds	1999 to 2025	3.90% to 5.05%	57,770	41,001	98,771
1998 Series B Refunding Revenue Bonds	1999 to 2012	3.70% to 4.75%	1,930	644	2,574
1998 Series C Refunding Revenue Bonds	1999 to 2012	3.70% to 4.75%	5,355	1,789	7,144
2001 Series A Revenue Bonds	2002 to 2007	4.00%	5,790	767	6,557
<b>Total Bonds Payable</b>			<b><u><u>\$97,300</u></u></b>	<b><u><u>\$48,134</u></u></b>	<b><u><u>\$145,434</u></u></b>

**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

Sinking fund requirements, in thousands, for the fiscal years subsequent to June 30, 2001, are as follows:

<b>Bond Description</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Thereafter</b>	<b>Total</b>
1992 Series A Revenue Refunding Bonds	\$995	\$993					\$1,988
1992 Series B Revenue Refunding Bonds	357	357	\$361	\$358	\$355	\$355	2,143
1992 Series C Revenue Refunding Bonds	2,467	2,468	2,471	2,473	2,477	8,822	21,178
1992 Series D Revenue Bonds	153	150	152				455
1992 Series E Revenue Bonds	431	429	426				1,286
1994 Series Revenue Bonds	316	315	318	319	315	946	2,529
1995 Series Revenue Refunding Bonds	809						809
1998 Series A Revenue Bonds	3,965	3,967	3,967	3,963	3,960	78,949	98,771
1998 Series B Refunding Bonds	100	100	104	253	256	1,761	2,574
1998 Series C Revenue Refunding Bonds	277	280	279	708	706	4,894	7,144
2001 Series A Revenue Refunding Bonds	906	990	991	991	990	1,689	6,557
<b>Total Bonds Payable</b>	<b>\$10,776</b>	<b>\$10,049</b>	<b>\$9,069</b>	<b>\$9,065</b>	<b>\$9,059</b>	<b>\$97,416</b>	<b>\$145,434</b>

All bonds referred to above are direct obligations of the Authority payable from and secured by a pledge of lease revenues and other funds and reserves held under the bond resolutions. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds. No amounts were outstanding at June 30, 2001, under these surety bonds.

The Authority has defeased several bonds by placing governmental securities into irrevocable trusts that are sufficient to provide for all future debt service payments on these bonds. Consequently, the related liability was appropriately removed from the financial statements in the year of defeasance. The remaining outstanding debt payable by the trust as of June 30, 2001, for each bond issue follows:

<b>Bond Issue</b>	<b>Amount Defeased</b>	<b>Remaining Liability</b>
1978 Series A	\$15,284,300	\$7,500,000
1992 Series D	\$1,820,000	\$1,820,000
1992 Series E	\$5,090,000	\$5,090,000

The 1978 Series A Bonds were ultimately defeased by the 1995 Series Refunding Revenue Bonds. The advance refunding of the 1992 Series D and Series E bonds allowed the Authority to reduce its aggregate debt service payments by approximately \$128,000 and \$279,000 over the remaining term of the bond. The refunding on the 1992 Series D and Series E bonds also resulted in an economic gain of approximately \$89,000 and \$402,000. The economic gain is defined as the difference between the present values of the old and new debt service payments.

**Claims and Judgments** are payable on behalf of the State and its agencies for various legal proceedings and claims. In general, the State records liabilities for material claims and judgments when they are considered probable and estimable. The State has reported the following claims and judgments with Other Long-Term Obligations in the General Long-Term Debt Account Group (GLTDAG).

*The Idaho State Building Authority* has determined that, based upon currently available information concerning bond proceeds' interest earnings, an arbitrage amount of \$152,685 has been determined and

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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recorded in the GLTDAG. This amount is estimated utilizing current interest earnings information and will be fully determinable and payable to the Internal Revenue Service in April 2003.

*The American Trucking Association Settlement Fund*, reported as a Transportation special revenue fund, was established by the Idaho Legislature to fund payment of a \$27,000,000 court-approved settlement. In April 2000, a lawsuit by the American Trucking Association (ATA) *et al.* versus the State of Idaho resulted in this agreement. Of the initial \$27,000,000 the remaining balance is \$18,052,835. Monthly payments will be made until the balance is paid-in-full during July 2002.

*The Department of Transportation State Highway Fund*, reported as a Transportation special revenue fund, experiences contractor claims for reimbursement of additional/extraordinary expenses incurred for the performance of construction contract requirements. The State has recorded an estimated liability of \$3,743,960 for contractor claims.

*The Department of Agriculture Commodity Indemnity Account*, reported as an Agriculture and Natural Resources special revenue fund, secures producers who have placed commodities in the hands of others for commodity distribution. In the event the distributor should fail to perform or commits fraud, the Commodity Indemnity Account reimburses the producer up to 90 percent of their initial investment. Due to a distributor's warehouse failure, an estimated \$2,000,000 in claims has been recorded, which are expected to be paid during November.

*The Idaho State Tax Commission Abandoned Property Trust Fund*, reported as part of the General Fund, has identified approximately \$1,250,000 in unclaimed property payments that were payable as of June 30, 2001.

## Notes to the Financial Statements

### For the Fiscal Year Ended June 30, 2001

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

<b>Bonds Payable</b>	<b>Maturity Dates</b>	<b>Interest Rates</b>	<b>Balance at June 30, 2001</b>
Series A	1967 to 2004	3.63%	\$165
Series 1992	1993 to 2015	4.90% to 6.40%	5,420
Series 1993	1994 to 2017	4.40% to 5.50%	10,105
Series 1994	1995 to 2019	4.55% to 6.50%	13,525
Series 1995	1996 to 2020	4.65% to 5.80%	5,500
Series 1996	1997 to 2013	4.10% to 5.85%	22,970
Series 1997	1998 to 2022	4.10% to 6.85%	31,875
Series 1998	1999 to 2023	3.65% to 5.20%	49,610
Series 1999	2000 to 2026	3.60% to 6.50%	44,175
Series 2001	2002 to 2021	4.00% to 5.10%	4,455
Total Bonds Payable			<u>187,800</u>
<b>Notes Payable</b>			
Secured by Future Revenues	12/31/2019	6.80%	124
Secured by Future Revenues	1994 to 2004	5.43%	217
Secured by Future Revenues	1999 to 2009	4.99%	1,385
Unsecured	1987 to 2010	3.00%	99
Unsecured	1996 to 2016	5.14%	4,352
Other Notes Payable and Line-of-Credit Through the Year 2017 with Interest Rates Ranging from 5% to 10%			<u>1,570</u>
Total Notes Payable			<u>7,747</u>
Total Bonds and Notes Payable Without Premium			<u>195,547</u>
Premium on Bonds			<u>562</u>
<b>Grand Total Bonds and Notes Payable</b>			<u><b>\$196,109</b></u>

A number of limitations and restrictions are contained in the various bond indentures. Principal maturities on notes and bonds payable, in thousands, for future years ending June 30 are as follows:

<b>Years</b>	<b>Principal Payable</b>
2002	\$7,444
2003	7,840
2004	7,963
2005	7,665
2006	7,869
Thereafter	<u>156,766</u>
<b>Total</b>	<u><b>\$195,547</b></u>

**Notes to the Financial Statements****For the Fiscal Year Ended June 30, 2001**

At June 30, 2001, debt in the amount of \$16,440,000 for the University of Idaho is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds are invested in government securities and placed in escrow to assure timely payments of the maturities of those prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

The University of Idaho has an unsecured non-revolving line-of-credit with a bank for the purchase of real property, equipment, and other capital expenditures. The University may borrow at a variable or fixed rate based on the five-year U.S. Government Treasury Note Index less 1.35 percent. The minimum interest rate is 5 percent, and interest is due semi-annually on any outstanding balance. The maximum available line is \$628,994 with \$816,518 in outstanding borrowings at June 30, 2001.

University of Idaho and Boise State University have bonds payable premiums in the amount of \$262,045 and \$300,367, respectively.

At June 30, 2001, debt in the amount of \$11,590,000 for Boise State University is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds are 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.

At June 30, 2001, debt in the amount of \$7,515,000 for Idaho State University is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds are 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. Enterprise Funds**

*The Idaho Water Resource Board* is authorized to issue and sell revenue bonds under provisions in *Idaho Code*, Sections 42-1739 through 42-1749. Bonds issued in 1999 for the Dworshak Hydroelectric Project and the revenues that the board shall derive from this project are pledged in order to pay its costs of planning, financing, acquisition, construction, operation, and maintenance of the water project. These bonds are not considered general obligations of the State. Bonds payable are as follows:

<u>Bond Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2001</u>
Water Resource Development Revenue Bonds, Series 1999	2002 to 2019	6.50% to 7.75%	\$4,990,000

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

<u>Years</u>	<u>Principal Payable</u>
2002	\$25,000
2003	40,000
2004	60,000
2005	80,000
2006	100,000
Thereafter	4,685,000
<b>Total</b>	<b><u><u>\$4,990,000</u></u></b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**The State Lottery** has an agreement with GTECH Corporation (GTECH) to install and operate the state lottery system. The agreement, which was amended on February 19, 1999, expires February 18, 2003, and is renewable for additional periods. The agreement provides for the Lottery to purchase certain computer hardware and a software license from GTECH and for GTECH to provide ongoing services to the Lottery.

In connection with the computer hardware purchase, the agreement requires that, commencing July 1, 1999, the Lottery pay GTECH a total of \$888,000, together with interest thereon at the rate of 7.95 percent per year, payable in monthly installments for a period of three years. In connection with the software license purchase, the agreement requires that, commencing February 19, 1999, the Lottery pay GTECH a total of \$2,080,000 payable in weekly installments of \$10,000 for a period of four years. These payments have been discounted at 7.95 percent. The unamortized discount is \$54,711 at June 30, 2001.

The remaining payments required to GTECH under the agreement to purchase hardware and the software license are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2002	\$770,210
2003	331,067
	<u>1,101,277</u>
Less Current Portion	(770,210)
<b>Total</b>	<b><u>\$331,067</u></b>

The State Lottery participates in a Multi-State Lottery Association (MUSL). The following sets forth the remaining payments required under the grand prize obligations:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2002	\$9,181,000
2003	9,181,000
2004	9,181,000
2005	9,181,000
2006	9,181,000
2007 and Thereafter	<u>72,802,380</u>
	118,707,380
Amount Representing Interest	(39,934,591)
Current Portion	<u>(9,181,000)</u>
<b>Total</b>	<b><u>\$69,591,789</u></b>

In October 1998, Congress amended the United States tax code to waive the application of the constructive receipt rule in certain limited circumstances and created a period of time during which previous Grand Prize winners may elect to convert their lottery annuity prize to a one-time lump sum payment. Pursuant to this change, in January 2000, the Lottery Commission offered prior on-line winners the opportunity to convert their annuity prize to a lump sum cash payment. This cash payment is based on the actual proceeds from the sale of securities held to fund the annuity prize, discounted to present value. This one-time option to convert had to be exercised by December 31, 2000. In August 2000, a portion of one grand prize annuity (Annuity No. 2) was converted resulting in a one-time cash distribution of approximately \$1,400,000.

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**C. Discretely Presented Component Unit**

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

<b>Bond Types</b>	<b>Delivery Dates</b>	<b>Due Dates</b>	<b>Average Bond Yield</b>	<b>Amount</b>
Single Family Mortgage Purchase Bonds	3/78 to 3/83	1980 to 2015	5.80% to 9.58%	\$5,990 *
Single Family Mortgage Bonds	4/88 to 5/01	1990 to 2032	4.65% to 8.36%	1,547,207 *
FHA Insured Housing Revenue Bonds	12/86 to 5/00	1993 to 2041	5.02% to 8.46%	36,113
Insured Section 8 Assisted Housing Bonds	7/77 to 6/79	1980 to 2021	5.75% to 6.80%	17,310 *
Multifamily Housing/Refunding Bonds	5/94	1995 to 2024	6.58% to 8.23%	36,255
General Obligation Bonds	3/94	2004	5.00%	3,620
Interest Payable				45,836
<b>Total</b>				<b>\$1,692,331</b>

\*A capital reserve fund was established from the proceeds of the above-identified bonds and is security for those bonds. The Idaho Legislature has authorized a continuing appropriation from the Idaho state sales tax account to the extent necessary to restore an annual deficiency in the capital reserve funds. The total principal amounts of the bonds outstanding that are secured by a capital reserve fund (and are entitled to a continuing appropriation from the state sales tax account) shall not exceed \$89,000,000. However, management anticipates the principal amount of bonds outstanding will never exceed the current outstanding bond total of \$39,775,000 since future bond issues will not utilize this security feature.

Following is a schedule of IHFA principal debt maturities, in thousands (not including interest payable), for the fiscal years subsequent to June 30, 2001:

<b>Bonds</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Thereafter</b>	<b>Total</b>
Single Family Mortgage Purchase Bonds	\$1,030	\$1,045	\$615	\$615	\$565	\$2,120	\$5,990
Single Family Mortgage Bonds	33,776	37,377	40,597	42,797	44,505	1,348,155	1,547,207
FHA Insured Housing Revenue Bonds	236	284	328	282	252	34,731	36,113
Insured Section 8 Assisted Housing Bonds	685	720	765	815	870	13,455	17,310
Multifamily Housing/Refunding Bonds	910	1,000	1,090	1,170	1,310	30,775	36,255
General Obligation Bonds						3,620	3,620
<b>Total</b>	<b>\$36,637</b>	<b>\$40,426</b>	<b>\$43,395</b>	<b>\$45,679</b>	<b>\$47,502</b>	<b>\$1,432,856</b>	<b>\$1,646,495</b>

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

Serial bonds and term bonds are subject to redemption at the option of the Association and subject to the terms of the respective bond indenture or bond resolution, in whole or in part, on various dates at prescribed redemption prices ranging from 100 to 103 percent. The bonds are also subject to special redemption at 100 percent from (1) unexpended proceeds of the bonds not committed to purchase mortgage loans, (2) forfeited commitment fees, and (3) early recoveries of principal and pledged receipts at any time. The par value of the Single Family Mortgage Bonds redeemed for the year ended June 30, 2001, was \$82,570,000.

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

Costs of issuing bonds are capitalized in the respective bond funds and amortized over the term of the bonds. During the year ended June 30, 2001, \$2,166,000 of financing costs was capitalized. The Association had special bond redemptions on January 1, 2001, and July 1, 2000. The deferred bond financing costs related to these special redemptions were written off and are shown separately in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances as Other Non-operating Expenses.

IHFA also holds commercial paper in the amount of \$15,000,000. This provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. Maturities range from 52 to 86 days and have a weighted average interest rate of 4.028 percent.

Conduit debt obligations are certain limited obligation debt instruments issued for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. From time to time the Association has issued bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the entity served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2001, there were seven series of bonds outstanding that meet the description of conduit debt obligations. They had an aggregate principal amount payable of \$23,550,000.

**D. Changes in General Long-Term Debt Account Group**

The changes in the GLTDAG for the fiscal year ended June 30, 2001, are summarized as follows:

	<b>Balances at July 1, 2000</b>			<b>Balances at June 30, 2001</b>
	<b>As Adjusted</b>	<b>Increases</b>	<b>Decreases</b>	
Compensated Absences	\$30,289,085		\$214,010	\$30,075,075
Bonds and Notes	97,535,000	\$5,790,000 *	6,025,000	97,300,000
Claims and Judgments	23,569,842	7,146,645	5,517,007	25,199,480
Capital Leases	3,539,850	669,503	401,123	3,808,230
<b>Totals</b>	<b>\$154,933,777</b>	<b>\$13,606,148</b>	<b>\$12,157,140</b>	<b>\$156,382,785</b>

\* The amount presented for Increases to Bonds and Notes is reported at face value. This amount differs from that presented for "Proceeds of Bond Issues" on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, which includes accrued interest and a bond premium.

**NOTE 13. FUND EQUITY****A. Reservations and Designations of Fund Equity*****Retained Earnings and Fund Balances***

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

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2001**

*Retained Earnings*

At June 30, 2001, the following amounts of Retained Earnings were reserved:

	<u>Internal Service</u>	<u>Component Units</u>
<b>Retained Earnings Reserved for:</b>		
Contract Requirements	\$14,726,331	
Bond Indentures		\$64,723,000

In addition to the above specific reservations, management intends to use \$6,212,654 unreserved retained earnings in the Group Insurance Fund (internal service fund) as a buffer to protect the insured against significant increases in insurance premium rates. The Board of Idaho Housing and Finance Association (discretely presented component unit) has resolved to allocate \$65,809,426 of the unreserved retained earnings to internal reserve accounts in order to sustain expected debt issuance patterns and to maintain bond ratings at current or higher levels. Management also intends to use \$17,638,000 of the Unreserved Retained Earnings for programmatic uses in connection with the Affordable Housing Trust Investment Fund.

*Fund Balances*

At June 30, 2001, the following amounts of fund balances were reserved or designated:

	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>Colleges and Universities</u>	<u>Totals</u>
<b>Fund Balances Reserved for:</b>					
Bond Indentures				\$6,596,575	\$6,596,575
Capital Outlay		\$19,025			19,025
Debt Service		2,918,742			2,918,742
Encumbrances	\$53,547,986	36,441,719			89,989,705
Advances	301,499				301,499
Inventory	615,607	21,299,690			21,915,297
Employees' Pension Benefits			\$6,850,432,599		6,850,432,599
Loans and Notes	598,666	10,139,461	1,194,928	25,377,575	37,310,630
Endowment Principal			757,191,014	77,067,896	834,258,910
External Investment Fund Participants			962,996,291		962,996,291
<b>Total Reserved Fund Balances</b>	<b>\$55,063,758</b>	<b>\$70,818,637</b>	<b>\$8,571,814,832</b>	<b>\$109,042,046</b>	<b>\$8,806,739,273</b>
<b>Unreserved Fund Balances</b>					
<b>Designated for:</b>					
Contingencies		\$527,218			\$527,218
Plant Funds				\$18,540,025	18,540,025
Other Specified Purposes				8,071,789	8,071,789
<b>Total Unreserved, Designated Fund Balances</b>		<b>\$527,218</b>		<b>\$26,611,814</b>	<b>\$27,139,032</b>

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**B. Adjusted Beginning Balances**

For fiscal year 2001, additional information became available that required the restatement of fund equity amounts. The following is a summary of reclassifications and adjustments, which were reported in the accompanying financial statements for the year ended June 30, 2001:

	Special Revenue	Internal Service	Nonexpendable Trust	General Fixed Assets	Long-Term Debt Account Group	College and University
A.	\$333,586,119	\$39,544,032	\$813,967,177	\$805,714,542	\$164,577,439	\$994,192,638
B.	(23,878,617)		25,857,151	(957,363)		
C.	(2,855,174)	(1,834,097)		20,464,308	(9,643,662)	(30,899,858)
D.	\$306,852,328	\$37,709,935	\$839,824,328	\$825,221,487	\$154,933,777	\$963,292,780

- A. Beginning Balances, as previously reported.
- B. Reclassification of fund structure.
- C. Accounting corrections related to prior years.
- D. Beginning Balances, as adjusted.

During the year, the Endowment Earnings Fund was reclassified from an Agriculture and Natural Resources special revenue fund to the Endowment nonexpendable trust funds. In addition, funds of the Division of Environmental Quality were reclassified from the Health and Welfare special revenue fund to the Agriculture and Natural Resources special revenue fund.

**C. Fund Deficits**

At June 30, 2001, the Health and Welfare special revenue fund reported a deficit fund balance in the amount of \$18,031,583. The 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. The deficit is the result of recorded accrual expenditures over current grant revenue.

**NOTE 14. SEGMENT INFORMATION****A. Enterprise Funds**

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

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

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

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

**Loan Fund** – provides loans to Idaho municipalities to make improvements to their wastewater and drinking water systems and other water related projects.

**Notes to the Financial Statements****For the Fiscal Year Ended June 30, 2001**

Segment information for these enterprise funds, for the year ended June 30, 2001, is summarized below:

	<b>Correctional Industries</b>	<b>Liquor Dispensary</b>	<b>State Lottery</b>	<b>Loan Fund</b>	<b>Total</b>
Operating Revenues	\$5,958,818	\$69,775,325	\$82,398,597	\$15,655,328	\$173,788,068
Depreciation	247,438	160,390	1,662,028	148,460	2,218,316
Operating Income	(438,336)	9,658,867	14,859,820	11,036,129	35,116,480
Operating Transfers In				13,200,000	13,200,000
Operating Transfers Out		(8,295,000)	(18,000,000)		(26,295,000)
Net Income (Loss)	(438,615)	1,449,206	522,777	27,140,771	28,674,139
Property, Plant, and Equipment:					
Increase	223,025	48,748	932,067	1,160,841	2,364,681
Decrease	(242,504)	(160,390)	(1,662,028)	(148,460)	(2,213,382)
Net Increase (Decrease)	(19,479)	(111,642)	(729,961)	1,012,381	151,299
Net Working Capital	3,168,535	7,226,228	83,351,402	73,953,022	167,699,187
Total Assets	5,323,562	14,377,412	101,705,632	142,237,967	263,644,573
Bonds and Other Long-Term Liabilities		2,089,741	69,922,856	4,990,000	77,002,597
Total Equity	4,829,010	8,238,586	17,999,527	137,146,276	168,213,399

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**B. Discretely Presented Component Units**

The following component unit financial statements include information for the component units described in Note 1:

<b>Balance Sheet</b>				
<b>June 30, 2001</b>				
	<b>Idaho Housing and Finance Association</b>	<b>Idaho Life and Health Insurance Guaranty Association</b>	<b>Petroleum Clean Water Trust Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash Equity with Treasurer			\$3,027,844	\$3,027,844
Cash and Cash Equivalents	\$34,556,000	\$367,830		34,923,830
Investments	400,181,000	8,162,296	27,315,773	435,659,069
Advance to Primary Government			10,000,000	10,000,000
Deferred Bond Financing Costs	19,346,000			19,346,000
Notes/Mortgages Receivable, Net	1,427,189,000			1,427,189,000
Other Assets	2,762,000	71,484	523,491	3,356,975
Fixed Assets, Net	7,171,000	1,460		7,172,460
<b>Total Assets</b>	<b>\$1,891,205,000</b>	<b>\$8,603,070</b>	<b>\$40,867,108</b>	<b>\$1,940,675,178</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$11,856,000	\$378,076	\$2,343,986	\$14,578,062
Deposits	10,716,000			10,716,000
Deferred Revenue		3,956		3,956
Bonds and Notes Payable	1,707,331,000			1,707,331,000
Policy Claim Liabilities		170,000	4,631,071	4,801,071
<b>Total Liabilities</b>	<b>1,729,903,000</b>	<b>552,032</b>	<b>6,975,057</b>	<b>1,737,430,089</b>
<b>Fund Equity</b>				
Retained Earnings				
Reserved	64,723,000			64,723,000
Unreserved	96,579,000	8,051,038	33,892,051	138,522,089
<b>Total Fund Equity</b>	<b>161,302,000</b>	<b>8,051,038</b>	<b>33,892,051</b>	<b>203,245,089</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$1,891,205,000</b>	<b>\$8,603,070</b>	<b>\$40,867,108</b>	<b>\$1,940,675,178</b>

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

**Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**For the Fiscal Year Ended June 30, 2001**

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Operating Revenues</b>				
Licenses, Permits, and Fees	\$7,830,000		\$9,156	\$7,839,156
Sales of Services, Goods, and Property		\$486,762		486,762
Investment Income	89,841,000			89,841,000
Miscellaneous Income	931,000	300,185	433,696	1,664,881
<b>Total Operating Revenues</b>	<u>98,602,000</u>	<u>786,947</u>	<u>442,852</u>	<u>99,831,799</u>
<b>Operating Expenses</b>				
Personnel Costs	5,058,000	90,510		5,148,510
Services	1,226,000	78,390	1,896,694	3,201,084
Insurance, Utilities, and Rent		11,881		11,881
Miscellaneous	797,000	1,121,397		1,918,397
Depreciation	3,021,000	584	3,567	3,025,151
Awards and Claims		230,506	2,278,758	2,509,264
<b>Total Operating Expenses</b>	<u>10,102,000</u>	<u>1,533,268</u>	<u>4,179,019</u>	<u>15,814,287</u>
<b>Operating Income (Loss)</b>	<u>88,500,000</u>	<u>(746,321)</u>	<u>(3,736,167)</u>	<u>84,017,512</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	22,490,000	592,758	1,170,269	24,253,027
Interest Expense	(94,542,000)			(94,542,000)
Other	(1,050,000)			(1,050,000)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(73,102,000)</u>	<u>592,758</u>	<u>1,170,269</u>	<u>(71,338,973)</u>
<b>Net Income (Loss)</b>	<u>15,398,000</u>	<u>(153,563)</u>	<u>(2,565,898)</u>	<u>12,678,539</u>
Beginning Retained Earnings	145,904,000	8,204,601	36,457,949	190,566,550
<b>Ending Retained Earnings</b>	<u><u>\$161,302,000</u></u>	<u><u>\$8,051,038</u></u>	<u><u>\$33,892,051</u></u>	<u><u>\$203,245,089</u></u>

**NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS****A. Litigation and Contingencies**

In *ISEEO, et al. v. Evans, et al.*, the plaintiffs allege that the current public school system does not provide a “thorough” education as required by the Idaho Constitution. Plaintiffs allege that approximately \$700 million to \$1 billion in construction expenditures will be needed to bring public schools up to standards. The case has been dismissed three times by the district court and appealed three times to the Supreme Court. The Supreme Court has remanded the case back to the district court, each time providing additional directions. The district court most recently determined that the funding system does not provide constitutionally adequate facilities in some circumstances and indicated the court would take some unspecified action if the next session of the legislature does not address the court’s concerns. The State vigorously contests both the allegation 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.

As the result of a November 1998 Master Settlement Agreement between the five largest tobacco manufacturers and 46 states, Idaho expects to receive approximately \$25 million to \$30 million per year over the next 23 years.



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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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The annual payments are to be received into perpetuity, subject to numerous adjustments. The State received \$22,751,124 during fiscal year 2001. Too many contingencies are associated with the calculation of the annual payments for the State to record an accounts receivable.

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.

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

***Primary Government***

A contingent liability exists for the Department of Insurance (special revenue fund) regarding Investment Premium Tax Credits, Premium Tax Refunds, and Retaliatory Taxes on Foreign Insurers. This contingent liability has not changed status (with the exception of the amount of the potential liability) from the prior year. Last year's estimated range of \$19,049,000 to \$34,245,000 has changed to \$20,636,000 to \$38,067,000.

The Department of Transportation (special revenue fund) faces a potential liability of \$10,697,029 for unpaid contractual claims. Historically, 35 percent of contractual claims are paid. A probable cost of \$3,743,960 has been recognized in GLTDAG, with a remaining contingent liability of \$6,953,069.

***Component Unit***

Idaho Life and Health Insurance Guaranty Association has not assessed or accrued for all potential shortfall for several insolvent insurers. The total liability relating to these insolvencies is not yet determined. However, management's best estimate of future unrecorded shortfall at this time is \$4,056,000 for Executive Life. Assessments for the shortfall will be made in future periods as amounts become due, if necessary.

**B. Commitments**

***Primary Government***

The Department of Administration (General Fund) estimates there will be approximately \$41,312,576 of additional costs to complete state buildings and other assets currently under construction. Public Broadcasting, Military Division, and the Idaho Transportation Department (General Fund and special revenue funds) have a total of \$147,624,182 in outstanding commitments for construction projects underway at year-end, of which \$130,985,977 is for infrastructure.

Colleges and Universities estimate costs to complete property authorized or under construction at June 30, 2001, totaled \$92,347,130.

The Department of Correction (General Fund) has entered into a three-year contract with Corrections Corporation of America to operate a 1,250-bed prison. The contract went into effect July 2000. Cost per inmate is \$37.60 per day, with a potential cost for a full year at full occupancy of \$17,155,000. Total potential cost for the remaining

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

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two-year term of the contract is \$34,830,125. The Department of Correction has a contract until October 1, 2001, with Correctional Medical Services for \$2,336,767. A two-year contract starting October 1, 2001, with Prison Health Services, Inc. will cost approximately \$9,469,644 per year.

The Department of Environmental Quality (special revenue fund) administers the State Revolving Fund (SRF). This fund provides a financing source for the construction of publicly owned water pollution control and drinking water treatment facilities. As of June 30, 2001, the Clean Water SRF had loan commitments of \$25,171,603 that are funded with approximately 83 percent federal funds and 17 percent state matching dollars. The Drinking Water SRF had \$11,107,353 of loan commitments that are funded with approximately 80 percent federal funds and 20 percent state matching dollars. The Department of Environmental Quality also has various contracts with commitments totaling \$5,165,118.

The Dairy Products Commission (special revenue fund) annually commits to participate in a national advertising pool administered by Dairy Management, Inc. By contractual agreement, the Commission's 2001 advertising pool commitment will not exceed \$5,000,000.

On June 28, 2001, the Commissioners of the State Lottery (enterprise fund) approved a total transfer of \$15,000,000 to the School District Building Fund and the State Permanent Building Fund. The transfers were made in July and August 2001. The State Lottery has contracted with GTECH, Inc., to install and operate the on-line lottery system. The contract, which was amended on February 19, 1999, expires February 18, 2003. In addition to agreements related to hardware and software purchases, which are discussed in Note 12, the State Lottery agreed to pay GTECH, Inc., 2.99 percent of gross, weekly on-line ticket sales plus \$16,000 per week and \$75 per instant ticket vending machine placed in service per month for ongoing management services. The State Lottery paid \$1,344,680 to GTECH, Inc. for the year ended June 30, 2001.

**NOTE 16. SUBSEQUENT EVENTS**

Subsequent to June 30, 2001, the State experienced a \$20 million shortfall in projected revenues. In August and November the Governor ordered spending reductions or holdbacks for fiscal year 2002 of 2.5 percent for Education and 3 percent for other General Funded programs of the State.

***Primary Government***

In October 2001, the University of Idaho issued revenue bonds in the amount of \$40,930,000 for University Housing Improvement Projects. The bonds are Student Fee Revenue Bonds, Series 2001, consisting of serial bonds due in annual installments increasing periodically from \$250,000 to a maximum of \$2,125,000, plus interest from 3.5 to 5.4 percent, through the year 2031, collateralized by a pledge of certain student fees, and certain other pledged revenue.

Boise State University acquired a line of credit for \$5,000,000 for property acquisitions. The line of credit was drawn down in its entirety on August 10, 2001. The funds are being held for use in several land purchase negotiations.

***Component Units***

The Idaho Housing and Finance Association issued Single-Family Mortgage Bonds 2001 Series C in the amount of \$35,000,000, and retired Single Family Mortgage Purchase Bonds 1978 Series A in the amount of \$3,710,000, and Single-Family Mortgage Purchase Bonds 1983 Series A in the amount of \$2,280,000.

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**Notes to the Financial Statements**

**For the Fiscal Year Ended June 30, 2001**

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In September 2001 the Idaho State Building Authority issued Series B Revenue Bonds with par value totaling \$9,325,000. The bond proceeds are to be used for construction costs relating to the new State School and Hospital project. In August 2001 the Authority entered into a contract for construction of the new State School and Hospital for \$8,075,985.

In September 2001 the Idaho State Building Authority issued 2001 Series C Revenue Bonds with par value totaling \$6,725,000. The bond proceeds are to be used for the acquisition of land for a state park in and around Billingsley Creek area near Hagerman, Idaho.

# Required Supplementary Information



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C.J. Fogg, 3, drops some pennies in a jug with a little help from his mother Jennifer Fogg. The money will go to the American Red Cross for victims of September 11, 2001.

**State of Idaho**

**Schedules of Funding Progress  
For the Fiscal Years 1996 - 2001**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial	Actuarial	Accrued	PV of	Unfunded	Funded	Annual	UAAL as a
Valuation	Market	Liability (AAL)	Future ORP	AAL (UAAL)	Ratios	Covered	Percentage
Date	Value	Entry Age	Contributions	(2) – (1) – (3)	(1) : (2 – 3)	Payroll	of Covered
	of Assets						Payroll
							(4) : (6)
<b>PERSI Plan (dollars in millions)</b>							
7/1/96	\$3,761.2	\$4,461.5	\$60.8	\$639.5	85.5%	\$1,497.4	42.7%
7/1/97	4,609.8	4,801.9	63.2	128.9	97.3	1,575.5	8.2
7/1/98	5,488.2	5,060.0	65.7	(493.9)	109.9	1,627.7	(30.3)
7/1/99	6,171.9	5,536.8	68.9	(704.0)	112.9	1,733.5	(40.6)
7/1/00	7,032.9	6,105.1	70.5	(998.3)	116.5	1,827.2	(54.6)
7/1/01	6,492.8	6,751.3	72.2	186.3	97.2	1,975.3	9.4

**Firemen's Retirement Fund (dollars in millions)**

7/1/96	\$132.1	\$246.7		\$114.6	53.5%	\$24.6	465.9%
7/1/97	132.1	246.7		114.6	53.5	24.6	465.9
7/1/98	179.0	284.0		105.0	63.0	28.0	375.0
7/1/99	179.0	284.0		105.0	63.0	28.0	375.0
7/1/00	217.8	293.4		75.6	74.2	30.8	245.5
7/1/01	200.4	316.2		115.8	63.4	32.9	352.0

FRF actuarial valuations are performed annually.

**Judges' Retirement Fund (dollars in millions)**

7/1/96				no valuation			
7/1/97	\$39,720	\$29,488		\$(10,176)	134.7%	\$3,611	0.0%
7/1/98				no valuation			
7/1/99	60,792	34,574		(26,218)	175.8	3,961	0.0
7/1/00	58,446	54,728		(3,718)	106.8	4,412	0.0
7/1/01				no valuation			

JRP actuarial valuations are performed biennially.

*State of Idaho*
**Schedules of Employer Contributions  
For the Fiscal Years 1996 - 2001**


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**PERSI Plan  
Employer Contributions (dollars in millions)**


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<b>Year Ended June 30</b>	<b>Total Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1996	\$176.5	\$176.4	100.1%
1997	185.9	185.9	100.0
1998	172.3	172.3	100.0
1999	173.2	173.2	100.0
2000	182.9	155.7	117.5
2001	120.2	152.3	129.9

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


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<b>Year Ended June 30</b>	<b>Total Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1996	\$7.25	\$7.25	100.0%
1997	7.48	9.45	79.2
1998	8.00	9.45	84.7
1999	8.57	8.64	99.1
2000	8.67	8.64	100.4
2001	9.23	6.27	147.3

FRF actuarial valuations are performed annually.

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**Judges' Retirement Fund  
Employer Contributions (dollars in millions)**


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<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1996		no valuation	
1997	\$1,495	41.4%	100.0%
1998		no valuation	
1999	1,545	39.0	100.0
2000	1,631	37.0	100.0
2001		no valuation	

Judges' actuarial valuations are performed biennially.

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**Notes to the Required Supplementary Schedules  
For the Fiscal Year Ended June 30, 2001**


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

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

	<u>PERSI Plan</u>	<u>FRF</u>
Valuation date	July 1, 2001	July 1, 2001
Actuarial cost method	Entry Age Actuarial Cost	Entry Age Actuarial Cost
Amortization method	Level Percentage of Projected Payroll	Level Dollar Amount
Remaining amortization period under the open approach	10.2 years - Open	40 years from 1996 - Closed
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.25%	5.25%
Postretirement benefit increase	1.00%	5.25%
Inflation rate	4.00%	N/A

**2. Actuarial Information – Judges’ Retirement Fund**

Valuation date	July 1, 2000
Actuarial cost method	Entry Age Actuarial Cost
Amortization method	Level Percentage of Projected Payroll
Remaining amortization period under the open approach	Not Applicable
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.00%
Postretirement benefit increase	5.00%
Inflation rate	N/A

# Combining Financial Statements and Schedules



Firemen raising a flag in front of what is left of the World Trade Center.





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

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

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

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

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

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

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

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

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

**Combining Balance Sheet**  
**Special Revenue Funds**  
**June 30, 2001**

	Fish and Game	Health and Welfare	Transportation	Federal
<b>Assets</b>				
Cash Equity with Treasurer	\$9,821,402	\$11,687,519	\$81,815,542	\$5,668,693
Cash and Cash Equivalents				
Investments	17,118,712	467,906	63,662,054	
Accounts Receivable, Net	189,759	15,973,922	20,576,281	
Due from/Advance to Other Funds		14,156	71,072	387,612
Due from Other Entities	3,115,505	88,231,481	21,433,267	16,654,565
Inventory		699,303	19,658,784	
Notes/Mortgages Receivable, Net	461,700			
Other Assets	260,495	6,627	900,573	21,216
<b>Total Assets</b>	<b>\$30,967,573</b>	<b>\$117,080,914</b>	<b>\$208,117,573</b>	<b>\$22,732,086</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$1,429,003	\$108,828,553	\$51,539,761	\$7,630,505
Payroll and Compensated Absences Payable	2,640,146	10,770,983	6,611,277	4,638,716
Deposits	5,500	2,111,350	75,500	
Due to/Advance from Other Funds	255,506	1,900,004	548,601	1,514,538
Due to Other Entities				
Advance from Component Unit			9,000,000	
Deferred Revenue		11,501,607	6,099,814	907,584
<b>Total Liabilities</b>	<b>4,330,155</b>	<b>135,112,497</b>	<b>73,874,953</b>	<b>14,691,343</b>
<b>Fund Balances</b>				
Reserved	4,595,767	850,381	41,483,890	1,968,897
Unreserved	22,041,651	(18,881,964)	92,758,730	6,071,846
<b>Total Fund Balances</b>	<b>26,637,418</b>	<b>(18,031,583)</b>	<b>134,242,620</b>	<b>8,040,743</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$30,967,573</b>	<b>\$117,080,914</b>	<b>\$208,117,573</b>	<b>\$22,732,086</b>

Regulatory	Agriculture and Natural Resources	Miscellaneous	Idaho State Building Authority	Total
\$38,202,936	\$59,429,447	\$43,628,643		\$250,254,182
5,528,998	4,664,941	5,240,516	\$5,239,140	20,673,595
305,124	6,223,594	9,927,838		97,705,228
145,825	4,257,381	2,889,422		44,032,590
10,700	139,383	232,497		855,420
	1,494,632	506,364		131,435,814
7,553	527,148	406,902		21,299,690
102,756	9,575,005			10,139,461
48,525	539,909	130,078	17,099	1,924,522
\$44,352,417	\$86,851,440	\$62,962,260	\$5,256,239	\$578,320,502
\$637,984	\$2,412,201	\$1,761,905	\$11,553	\$174,251,465
1,487,466	3,183,333	2,652,991		31,984,912
4,689,148	3,028,296	86,114		9,995,908
329,779	512,425	99,977		5,160,830
	10,202			10,202
				9,000,000
586,680	5,518,782	2,258,462		26,872,929
7,731,057	14,665,239	6,859,449	11,553	257,276,246
904,941	14,889,938	3,187,056	2,937,767	70,818,637
35,716,419	57,296,263	52,915,755	2,306,919	250,225,619
36,621,360	72,186,201	56,102,811	5,244,686	321,044,256
\$44,352,417	\$86,851,440	\$62,962,260	\$5,256,239	\$578,320,502

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Fish and Game	Health and Welfare	Transportation	Federal
<b>Revenues</b>				
Sales Tax				
Other Taxes		\$1,555,390	\$225,254,854	
Licenses, Permits, and Fees	\$28,477,548	3,705,430	93,691,294	\$16,165
Sale of Services, Goods, and Property	732,997	42,816,707	7,721,708	1,149,925
Grants and Contributions	20,244,044	758,877,304	200,409,313	242,707,363
Investment Income	2,039,863	150,691	9,388,245	287,450
Rent and Lease Income	22,230	203,872	468,249	443
Miscellaneous Income	1,991,553	21,371	764,581	39,858
<b>Total Revenues</b>	<b>53,508,235</b>	<b>807,330,765</b>	<b>537,698,244</b>	<b>244,201,204</b>
<b>Expenditures</b>				
Current				
General Government		31,097,819		214,919
Public Safety and Correction				19,700,527
Agriculture and Economic Development	100,000			55,993,635
Natural Resources	45,728,604			3,215,731
Health		902,550,274		5,653,607
Public Education				6,788,091
Human Services		146,061,929		1,060,805
Transportation			267,062,027	
Capital Outlay	3,603,840	5,426,518	257,229,104	4,654,988
Intergovernmental		36,442,175	4,077,177	144,557,427
<b>Total Expenditures</b>	<b>49,432,444</b>	<b>1,121,578,715</b>	<b>528,368,308</b>	<b>241,839,730</b>
<b>Revenues Over (Under) Expenditures</b>	<b>4,075,791</b>	<b>(314,247,950)</b>	<b>9,329,936</b>	<b>2,361,474</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	116,800	316,947,745	17,000,000	
Operating Transfers Out		(899,840)	(15,608,067)	(437,785)
Proceeds from Bond Issues				
Capital Leases Incurred				
<b>Total Other Financing Sources (Uses)</b>	<b>116,800</b>	<b>316,047,905</b>	<b>1,391,933</b>	<b>(437,785)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>4,192,591</b>	<b>1,799,955</b>	<b>10,721,869</b>	<b>1,923,689</b>
<b>Fund Balances - Beginning of Year, as Adjusted</b>	<b>22,444,827</b>	<b>(19,831,538)</b>	<b>123,520,751</b>	<b>6,117,054</b>
<b>Fund Balances - End of Year</b>	<b>\$26,637,418</b>	<b>(\$18,031,583)</b>	<b>\$134,242,620</b>	<b>\$8,040,743</b>

Regulatory	Agriculture and Natural Resources	Miscellaneous	Idaho State Building Authority	Total
	\$4,403,086			\$4,403,086
\$61,385,400	25,603,865	\$24,535,513		338,335,022
33,610,624	27,211,984	9,011,547		195,724,592
832,760	1,168,508	21,404,090		75,826,695
14,225	17,894,227	17,858,626		1,258,005,102
635,733	3,255,583	2,458,250	\$484,447	18,700,262
4,835	968,412	199,545	7,613,155	9,480,741
1,198,208	2,926,230	12,331,570		19,273,371
97,681,785	83,431,895	87,799,141	8,097,602	1,919,748,871
1,419,113	631,852	9,750,755	10,683,457	53,797,915
6,310,376	2,137,437	34,686,247		62,834,587
32,123,190	31,523,032	18,334,550		138,074,407
521,395	42,326,017	1,889,199		93,680,946
		8,249,050		916,452,931
		8,946,507		15,734,598
		129,475		147,252,209
				267,062,027
1,050,134	8,756,289	10,605,650	6,662,030	297,988,553
	9,905,806	6,002,986		200,985,571
41,424,208	95,280,433	98,594,419	17,345,487	2,193,863,744
56,257,577	(11,848,538)	(10,795,278)	(9,247,885)	(274,114,873)
(59,078,022)	17,984,162	16,187,767	454,840	368,691,314
	(7,941,420)	(2,697,708)		(86,662,842)
	422,500		5,855,829	5,855,829
(59,078,022)	10,465,242	13,490,059	6,310,669	288,306,801
(2,820,445)	(1,383,296)	2,694,781	(2,937,216)	14,191,928
39,441,805	73,569,497	53,408,030	8,181,902	306,852,328
\$36,621,360	\$72,186,201	\$56,102,811	\$5,244,686	\$321,044,256

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis) - Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Fish and Game		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax			
Other Taxes			
Licenses, Permits, and Fees	\$28,873,835	\$28,873,835	
Sale of Services, Goods, and Property	254,452	254,452	
Grants and Contributions	19,961,093	19,961,093	
Investment Income	1,625,980	1,625,980	
Rent and Lease Income	10,344	10,344	
Miscellaneous Income	2,260,503	2,260,503	
<b>Total Revenues</b>	<b>52,986,207</b>	<b>52,986,207</b>	
<b>Expenditures</b>			
General Government			
Public Safety and Correction			
Agriculture and Economic Development	100,000	100,000	
Natural Resources	61,382,614	48,160,834	\$13,221,780
Health			
Public Education			
Human Services			
Transportation			
<b>Total Expenditures</b>	<b>\$61,482,614</b>	<b>48,260,834</b>	<b>\$13,221,780</b>
<b>Revenues Over (Under) Expenditures</b>		<b>4,725,373</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In		116,800	
Operating Transfers Out			
Proceeds from Bond Issues			
Capital Leases Incurred			
<b>Total Other Financing Sources (Uses)</b>		<b>116,800</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>4,842,173</b>	
<b>Reconciling Items</b>			
Changes Affected by Accrued Revenues		522,028	
Changes Affected by Accrued Expenditures		(1,171,610)	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>22,444,827</b>	
<b>Fund Balances - End of Year</b>		<b>\$26,637,418</b>	

Continued

Health and Welfare			Transportation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,579,664	\$1,579,664		\$225,641,460	\$225,641,460	
3,705,992	3,705,992		93,368,911	93,368,911	
41,548,706	41,548,706		5,384,754	5,384,754	
705,140,023	705,140,023		189,847,354	189,847,354	
143,676	143,676		7,805,006	7,805,006	
74,652	74,652		18,065	18,065	
			510,749	510,749	
752,192,713	752,192,713		522,576,299	522,576,299	
33,448,330	32,899,780	\$548,550			
874,042,313	864,703,236	9,339,077			
177,538,792	167,661,187	9,877,605			
			660,289,311	522,755,772	\$137,533,539
\$1,085,029,435	1,065,264,203	\$19,765,232	\$660,289,311	522,755,772	\$137,533,539
	(313,071,490)			(179,473)	
	316,947,745			17,000,000	
	(899,840)			(15,608,067)	
	316,047,905			1,391,933	
	2,976,415			1,212,460	
	55,138,052			15,121,945	
	(56,314,512)			(5,612,536)	
	(19,831,538)			123,520,751	
	(\$18,031,583)			\$134,242,620	



**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis) - Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Federal		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax			
Other Taxes			
Licenses, Permits, and Fees	\$16,165	\$16,165	
Sale of Services, Goods, and Property	960,029	960,029	
Grants and Contributions	234,355,001	234,355,001	
Investment Income	287,450	287,450	
Rent and Lease Income	443	443	
Miscellaneous Income	20,631	20,631	
<b>Total Revenues</b>	<b>235,639,719</b>	<b>235,639,719</b>	
<b>Expenditures</b>			
General Government	309,938	268,415	\$41,523
Public Safety and Correction	37,121,821	28,603,693	8,518,128
Agriculture and Economic Development	78,934,565	70,248,849	8,685,716
Natural Resources	9,058,729	4,735,498	4,323,231
Health	8,200,100	4,966,057	3,234,043
Public Education	138,831,947	125,544,257	13,287,690
Human Services	6,575,415	6,021,981	553,434
Transportation			
<b>Total Expenditures</b>	<b>\$279,032,515</b>	<b>240,388,750</b>	<b>\$38,643,765</b>
<b>Revenues Over (Under) Expenditures</b>		<b>(4,749,031)</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Operating Transfers Out		(437,785)	
Proceeds from Bond Issues			
Capital Leases Incurred			
<b>Total Other Financing Sources (Uses)</b>		<b>(437,785)</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>(5,186,816)</b>	
<b>Reconciling Items</b>			
Changes Affected by Accrued Revenues		8,561,485	
Changes Affected by Accrued Expenditures		(1,450,980)	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>6,117,054</b>	
<b>Fund Balances - End of Year</b>		<b>\$8,040,743</b>	

Continued

Regulatory			Agriculture and Natural Resources		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$4,799,999	\$4,799,999	
\$61,348,198	\$61,348,198		25,141,997	25,141,997	
33,636,870	33,636,870		28,410,709	28,410,709	
790,749	790,749		1,108,852	1,108,852	
14,231	14,231		17,335,138	17,335,138	
635,733	635,733		2,928,171	2,928,171	
4,833	4,833		951,800	951,800	
1,189,906	1,189,906		2,813,708	2,813,708	
97,620,520	97,620,520		83,490,374	83,490,374	
1,418,654	1,418,553	\$101	1,263,594	1,092,820	\$170,774
8,040,712	6,583,785	1,456,927	4,003,436	3,678,897	324,539
31,217,385	29,705,197	1,512,188	35,947,100	31,836,147	4,110,953
766,637	525,065	241,572	84,642,842	60,537,119	24,105,723
\$41,443,388	38,232,600	\$3,210,788	\$125,856,972	97,144,983	\$28,711,989
	59,387,920			(13,654,609)	
	(59,078,022)			17,984,162	
				(7,941,420)	
				422,500	
	(59,078,022)			10,465,242	
	309,898			(3,189,367)	
	61,265			(58,479)	
	(3,191,608)			1,864,550	
	39,441,805			73,569,497	
	\$36,621,360			\$72,186,201	

**Combining Statement Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis) - Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Miscellaneous		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax			
Other Taxes	\$22,199,276	\$22,199,276	
Licenses, Permits, and Fees	8,905,934	8,905,934	
Sale of Services, Goods, and Property	16,394,742	16,394,742	
Grants and Contributions	15,816,698	15,816,698	
Investment Income	1,346,812	1,346,812	
Rent and Lease Income	221,191	221,191	
Miscellaneous Income	11,303,471	11,303,471	
<b>Total Revenues</b>	<b>76,188,124</b>	<b>76,188,124</b>	
<b>Expenditures</b>			
General Government	9,981,690	9,829,158	\$152,532
Public Safety and Correction	43,156,792	38,081,035	5,075,757
Agriculture and Economic Development	23,960,567	21,118,992	2,841,575
Natural Resources	3,064,536	2,089,015	975,521
Health	9,034,920	8,678,889	356,031
Public Education	28,199,462	18,870,282	9,329,180
Human Services	248,228	130,125	118,103
Transportation			
<b>Total Expenditures</b>	<b>\$117,646,195</b>	<b>98,797,496</b>	<b>\$18,848,699</b>
<b>Revenues Over (Under) Expenditures</b>		<b>(22,609,372)</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In		16,187,767	
Operating Transfers Out		(2,697,708)	
Proceeds from Bond Issues			
Capital Leases Incurred			
<b>Total Other Financing Sources (Uses)</b>		<b>13,490,059</b>	
<b>Revenues and Other Financing Sources Over (Under)</b>			
<b>Expenditures and Other Financing Uses</b>		<b>(9,119,313)</b>	
<b>Reconciling Items</b>			
Changes Affected by Accrued Revenues		11,611,017	
Changes Affected by Accrued Expenditures		203,077	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>53,408,030</b>	
<b>Fund Balances - End of Year</b>		<b>\$56,102,811</b>	

Idaho State Building Authority			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$4,799,999	\$4,799,999	
			335,910,595	335,910,595	
			196,918,416	196,918,416	
			66,442,284	66,442,284	
			1,182,469,538	1,182,469,538	
\$484,447	\$484,447		15,257,275	15,257,275	
7,613,155	7,613,155		8,894,483	8,894,483	
			18,098,968	18,098,968	
8,097,602	8,097,602		1,828,791,558	1,828,791,558	
17,345,487	17,345,487		63,767,693	62,854,213	\$913,480
			92,322,761	76,947,410	15,375,351
			170,159,617	153,009,185	17,150,432
			158,915,358	116,047,531	42,867,827
			891,277,333	878,348,182	12,929,151
			167,031,409	144,414,539	22,616,870
			184,362,435	173,813,293	10,549,142
			660,289,311	522,755,772	137,533,539
\$17,345,487	17,345,487		\$2,388,125,917	2,128,190,125	\$259,935,792
	(9,247,885)			(299,398,567)	
	454,840			368,691,314	
	5,855,829			(86,662,842)	
				5,855,829	
	6,310,669			422,500	
	(2,937,216)			288,306,801	
				(11,091,766)	
				90,957,313	
				(65,673,619)	
	8,181,902			306,852,328	
	\$5,244,686			\$321,044,256	



**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 enterprise funds.

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**CORRECTIONAL INDUSTRIES**

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

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

**The LOAN FUND** provides loans to Idaho municipalities to make improvements to their wastewater and drinking water systems. Funds are loaned to cities and counties for construction and improvement projects. As the loans are paid back to the State, new loans are made to other cities and counties.

**Combining Balance Sheet**  
**Enterprise Funds**  
**June 30, 2001**

	Correctional Industries	Liquor Dispensary	State Lottery	Loan Fund	Total
<b>Assets</b>					
Cash Equity with Treasurer	\$1,220,843	\$4,380,827	\$10,655,343	\$74,053,870	\$90,310,883
Cash and Cash Equivalents			311,423		311,423
Investments			84,699,911	843	84,700,754
Accounts Receivable, Net	420,990	59,042	768,438		1,248,470
Due from/Advance to Other Funds	528,141				528,141
Inventory	1,493,113	6,835,444	699,536		9,028,093
Notes/Mortgages Receivable, Net				60,482,638	60,482,638
Other Assets	23,636	122,931	176,754	2,367,486	2,690,807
Fixed Assets, Net	1,636,839	2,979,168	4,394,227	5,333,130	14,343,364
<b>Total Assets</b>	<b>\$5,323,562</b>	<b>\$14,377,412</b>	<b>\$101,705,632</b>	<b>\$142,237,967</b>	<b>\$263,644,573</b>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Accounts Payable and Other Liabilities	\$218,652	\$3,164,193	\$13,460,424	\$100,588	\$16,943,857
Payroll and Compensated Absences Payable	274,369	851,497	322,825	260	1,448,951
Deposits				843	843
Due to/Advance from Other Funds	1,531	2,952			4,483
Deferred Revenue		30,443			30,443
Bonds and Notes Payable				4,990,000	4,990,000
Grand Prizes Payable			69,591,789		69,591,789
Other Long-Term Obligations		2,089,741	331,067		2,420,808
<b>Total Liabilities</b>	<b>494,552</b>	<b>6,138,826</b>	<b>83,706,105</b>	<b>5,091,691</b>	<b>95,431,174</b>
<b>Fund Equity</b>					
Retained Earnings					
Unreserved	4,829,010	8,238,586	17,999,527	137,146,276	168,213,399
<b>Total Fund Equity</b>	<b>4,829,010</b>	<b>8,238,586</b>	<b>17,999,527</b>	<b>137,146,276</b>	<b>168,213,399</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$5,323,562</b>	<b>\$14,377,412</b>	<b>\$101,705,632</b>	<b>\$142,237,967</b>	<b>\$263,644,573</b>

**Combining Statement of Revenues, Expenses, and Changes in  
Retained Earnings - Enterprise Funds  
For the Fiscal Year Ended June 30, 2001**

	Correctional Industries	Liquor Dispensary	State Lottery	Loan Fund	Total
<b>Operating Revenues</b>					
Licenses, Permits, and Fees		\$1,500		\$2,101,077	\$2,102,577
Sale of Services, Goods, and Property	\$5,772,770	69,767,537	\$81,744,069	50,284	157,334,660
Contributions and Other Additions				10,983,882	10,983,882
Investment Income				2,519,133	2,519,133
Miscellaneous Income	186,048	6,288	654,528	952	847,816
<b>Total Operating Revenues</b>	<b>5,958,818</b>	<b>69,775,325</b>	<b>82,398,597</b>	<b>15,655,328</b>	<b>173,788,068</b>
<b>Operating Expenses</b>					
Personnel Costs	2,143,255	5,895,692	2,124,430	5,068	10,168,445
Services	338,714	463,042	11,000,071	7,469	11,809,296
Supplies	3,321,010	38,016,091	2,770,268	9,361	44,116,730
Insurance, Utilities, and Rent	317,093	1,821,272		29,979	2,168,344
Miscellaneous	29,644	1,761,071	682,697	1,355	2,474,767
Depreciation	247,438	160,390	1,662,028	148,460	2,218,316
Awards and Claims			49,299,283		49,299,283
Payment as Agent		11,998,900		4,417,507	16,416,407
<b>Total Operating Expenses</b>	<b>6,397,154</b>	<b>60,116,458</b>	<b>67,538,777</b>	<b>4,619,199</b>	<b>138,671,588</b>
<b>Operating Income (Loss)</b>	<b>(438,336)</b>	<b>9,658,867</b>	<b>14,859,820</b>	<b>11,036,129</b>	<b>35,116,480</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income		400,449	3,662,957	2,904,642	6,968,048
Interest Expense	(279)	(315,110)			(315,389)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(279)</b>	<b>85,339</b>	<b>3,662,957</b>	<b>2,904,642</b>	<b>6,652,659</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(438,615)</b>	<b>9,744,206</b>	<b>18,522,777</b>	<b>13,940,771</b>	<b>41,769,139</b>
Operating Transfers In				13,200,000	13,200,000
Operating Transfers Out		(8,295,000)	(18,000,000)		(26,295,000)
<b>Net Income (Loss)</b>	<b>(438,615)</b>	<b>1,449,206</b>	<b>522,777</b>	<b>27,140,771</b>	<b>28,674,139</b>
<b>Beginning Retained Earnings</b>	<b>5,267,625</b>	<b>6,789,380</b>	<b>17,476,750</b>	<b>110,005,505</b>	<b>139,539,260</b>
<b>Ending Retained Earnings</b>	<b>\$4,829,010</b>	<b>\$8,238,586</b>	<b>\$17,999,527</b>	<b>\$137,146,276</b>	<b>\$168,213,399</b>



**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Correctional Industries	Liquor Dispensary	State Lottery
<b>Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$2,083,764	\$69,760,191	\$82,252,472
Receipts from State Agency Customers	4,225,534		
Payments to Suppliers	(4,756,507)	(43,908,560)	(13,730,804)
Payments to Employees for Services and Benefits	(2,067,308)	(5,828,645)	(2,085,977)
Payments to State Agency Suppliers	(90,035)	(245,933)	
Payments of Awards and Claims			(49,299,283)
Payments as Agent		(12,596,672)	
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(604,552)</b>	<b>7,180,381</b>	<b>17,136,408</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers In			
Operating Transfers Out		(8,295,000)	(18,000,000)
Interest Paid	(279)	(315,110)	
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(279)</b>	<b>(8,610,110)</b>	<b>(18,000,000)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payment of Bonds			
Capital Lease Payments		(34,379)	
Acquisition and Construction of Capital Assets	(227,959)	(48,748)	(1,534,596)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(227,959)</b>	<b>(83,127)</b>	<b>(1,534,596)</b>
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends		400,449	
Other Investing Activities			(177,788)
<b>Net Cash Provided (Used) by Investing Activities</b>		<b>400,449</b>	<b>(177,788)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>(832,790)</b>	<b>(1,112,407)</b>	<b>(2,575,976)</b>
<b>Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>2,053,633</b>	<b>5,493,234</b>	<b>13,542,742</b>
<b>Ending Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$1,220,843</b>	<b>\$4,380,827</b>	<b>\$10,966,766</b>

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Loan Fund	Total
\$31,408,479	\$185,504,906
	4,225,534
(14,287,374)	(76,683,245)
(5,506)	(9,987,436)
(10,021)	(345,989)
(53,927)	(49,353,210)
(4,361,065)	(16,957,737)
12,690,586	36,402,823
13,200,000	13,200,000
	(26,295,000)
	(315,389)
13,200,000	(13,410,389)
(10,000)	(10,000)
	(34,379)
(1,160,841)	(2,972,144)
(1,170,841)	(3,016,523)
3,006,809	3,407,258
	(177,788)
3,006,809	3,229,470
27,726,554	23,205,381
46,327,316	67,416,925
\$74,053,870	\$90,622,306

**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Correctional Industries	Liquor Dispensary	State Lottery
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	(\$438,336)	\$9,658,867	\$14,859,820
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	247,438	160,390	1,662,028
Investment Income			
(Increase) Decrease in Accounts Receivable, Net	104,944	(15,134)	(146,125)
(Increase) Decrease in Due from/Advance to Other Funds	(108,819)		
(Increase) Decrease in Inventory	(166,376)	(782,367)	447,420
(Increase) Decrease in Notes/Mortgages Receivable			
(Increase) Decrease in Other Assets	11,572	41,672	(86,882)
Increase (Decrease) in Accounts Payable and Other Liabilities	(222,391)	(1,945,798)	361,694
Increase (Decrease) in Payroll and Compensated Absences	(23,280)	67,046	38,453
Increase (Decrease) in Due to/Advance from Other Funds	(9,304)	(13,205)	
Increase (Decrease) in Deferred Revenue		8,910	
<b>Total Adjustments</b>	<b>(166,216)</b>	<b>(2,478,486)</b>	<b>2,276,588</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$604,552)</b>	<b>\$7,180,381</b>	<b>\$17,136,408</b>

**Noncash Transactions:**

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transaction occurred during the year: The State Lottery reported accretion of discount on the investments in the Multi-State Lottery Association prize pool, offset by the corresponding amortization of the grand prizes payable was \$5,412,921 for the current fiscal year.

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Loan Fund	Total
\$11,036,129	\$35,116,480
148,460	2,218,316
(102,167)	(102,167)
	(56,315)
	(108,819)
	(501,323)
3,075,863	3,075,863
(1,095,521)	(1,129,159)
(371,327)	(2,177,822)
(439)	81,780
(412)	(22,921)
	8,910
1,654,457	1,286,343
\$12,690,586	\$36,402,823



**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 the internal service funds.

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**The GENERAL SERVICES FUND**

accounts for statewide auditing, human resources, treasury services, surplus property redistribution and sale, copying services, purchasing, mail services for state agencies, and voice and data communication services.

**The DATA PROCESSING SERVICES**

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

**The GROUP INSURANCE FUND**

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

**The RISK MANAGEMENT FUND**

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

**Combining Balance Sheet**  
**Internal Service Funds**  
**June 30, 2001**

	General Services	Data Processing Services	Group Insurance	Risk Management	Total
<b>Assets</b>					
Cash Equity with Treasurer	\$3,505,967	\$676,882	\$49,846,726	\$23,884,213	\$77,913,788
Accounts Receivable, Net	400,831				400,831
Due from/Advance to Other Funds	1,043,767	1,161,002		308,276	2,513,045
Inventory	597,788				597,788
Other Assets	156,149	1,246,055		37,116	1,439,320
Fixed Assets, Net	3,610,777	888,591	18,064		4,517,432
<b>Total Assets</b>	<b>\$9,315,279</b>	<b>\$3,972,530</b>	<b>\$49,864,790</b>	<b>\$24,229,605</b>	<b>\$87,382,204</b>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Accounts Payable and Other Liabilities	\$570,277	\$336,190	\$983,363	\$354,037	\$2,243,867
Payroll and Compensated Absences Payable	867,334	406,099	20,997	39,369	1,333,799
Deposits	7,027				7,027
Due to/Advance from Other Funds	211,702	502	7,183	12,576	231,963
Deferred Revenue	105,919		7,168,220		7,274,139
Policy Claim Liabilities			20,746,042	17,512,395	38,258,437
Other Long-Term Obligations	608,971				608,971
<b>Total Liabilities</b>	<b>2,371,230</b>	<b>742,791</b>	<b>28,925,805</b>	<b>17,918,377</b>	<b>49,958,203</b>
<b>Fund Equity</b>					
Contributed Capital	2,962,307	19,540			2,981,847
Retained Earnings					
Reserved			14,726,331		14,726,331
Unreserved	3,981,742	3,210,199	6,212,654	6,311,228	19,715,823
<b>Total Fund Equity</b>	<b>6,944,049</b>	<b>3,229,739</b>	<b>20,938,985</b>	<b>6,311,228</b>	<b>37,424,001</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$9,315,279</b>	<b>\$3,972,530</b>	<b>\$49,864,790</b>	<b>\$24,229,605</b>	<b>\$87,382,204</b>

**Combining Statement of Revenues, Expenses, and Changes in  
Retained Earnings - Internal Service Funds  
For the Fiscal Year Ended June 30, 2001**

	General Services	Data Processing Services	Group Insurance	Risk Management	Total
<b>Operating Revenues</b>					
Licenses, Permits, and Fees	\$750				\$750
Sale of Services, Goods, and Property	22,425,348	\$5,517,797	\$108,745,506	\$7,418,508	144,107,159
Contributions and Other Additions	417,300				417,300
Rent and Lease Income	5,174,697				5,174,697
Miscellaneous Income	24,565		4,394,325	109,054	4,527,944
<b>Total Operating Revenues</b>	<b>28,042,660</b>	<b>5,517,797</b>	<b>113,139,831</b>	<b>7,527,562</b>	<b>154,227,850</b>
<b>Operating Expenses</b>					
Personnel Costs	13,483,529	3,183,415	211,932	347,050	17,225,926
Services	8,576,030	2,000,291	274,836	98,487	10,949,644
Supplies	1,533,845	748,764	18,880	4,070	2,305,559
Insurance, Utilities, and Rent	1,918,471	6,600	106,328	1,394,630	3,426,029
Miscellaneous	1,227,962	119,245	59,922	83,147	1,490,276
Depreciation	1,245,632	521,576	1,773		1,768,981
Awards and Claims			116,428,149	7,808,478	124,236,627
<b>Total Operating Expenses</b>	<b>27,985,469</b>	<b>6,579,891</b>	<b>117,101,820</b>	<b>9,735,862</b>	<b>161,403,042</b>
<b>Operating Income (Loss)</b>	<b>57,191</b>	<b>(1,062,094)</b>	<b>(3,961,989)</b>	<b>(2,208,300)</b>	<b>(7,175,192)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income	572,741	79,301	2,695,047	1,307,752	4,654,841
Interest Expense	(44,688)				(44,688)
Gain (Loss) on Sale of Fixed Assets	(23,336)				(23,336)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>504,717</b>	<b>79,301</b>	<b>2,695,047</b>	<b>1,307,752</b>	<b>4,586,817</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>561,908</b>	<b>(982,793)</b>	<b>(1,266,942)</b>	<b>(900,548)</b>	<b>(2,588,375)</b>
Operating Transfers Out	(679,406)				(679,406)
<b>Net Income (Loss)</b>	<b>(117,498)</b>	<b>(982,793)</b>	<b>(1,266,942)</b>	<b>(900,548)</b>	<b>(3,267,781)</b>
<b>Beginning Retained Earnings, as Adjusted</b>	<b>4,099,240</b>	<b>4,192,992</b>	<b>22,205,927</b>	<b>7,211,776</b>	<b>37,709,935</b>
<b>Ending Retained Earnings</b>	<b>\$3,981,742</b>	<b>\$3,210,199</b>	<b>\$20,938,985</b>	<b>\$6,311,228</b>	<b>\$34,442,154</b>



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2001**

	General Services	Data Processing Services	Group Insurance
<b>Increase (Decrease) in Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$4,274,028		\$31,582,803
Receipts from State Agency Customers	23,795,104	\$5,895,522	82,689,328
Payments to Suppliers	(11,910,815)	(2,000,528)	(255,854)
Payments to Employees for Services and Benefits	(14,539,267)	(3,147,190)	(211,069)
Payments to State Agency Suppliers	(1,391,427)	(83,719)	(173,540)
Payments of Awards and Claims			(110,650,903)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>227,623</b>	<b>664,085</b>	<b>2,980,765</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers Out	(679,406)		
Interest Paid	(11,582)		
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(690,988)</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Lease Payments	(61,017)		
Proceeds from Disposition of Capital Assets	476		
Acquisition and Construction of Capital Assets	(100,298)	(578,431)	(8,524)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(160,839)</b>	<b>(578,431)</b>	<b>(8,524)</b>
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends	572,741	79,301	2,695,047
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>572,741</b>	<b>79,301</b>	<b>2,695,047</b>
<b>Net Increase (Decrease) in Cash Equity with Treasurer</b>	<b>(51,463)</b>	<b>164,955</b>	<b>5,667,288</b>
<b>Beginning Cash Equity with Treasurer</b>	<b>3,557,430</b>	<b>511,927</b>	<b>44,179,438</b>
<b>Ending Cash Equity with Treasurer</b>	<b>\$3,505,967</b>	<b>\$676,882</b>	<b>\$49,846,726</b>

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Risk Management	Total
\$245,440	\$36,102,271
7,520,465	119,900,419
(1,471,754)	(15,638,951)
(337,882)	(18,235,408)
(105,306)	(1,753,992)
(3,423,275)	(114,074,178)
2,427,688	6,300,161
	(679,406)
	(11,582)
	(690,988)
	(61,017)
	476
	(687,253)
	(747,794)
1,307,752	4,654,841
1,307,752	4,654,841
3,735,440	9,516,220
20,148,773	68,397,568
\$23,884,213	\$77,913,788

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2001**

	General Services	Data Processing Services	Group Insurance
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$57,191	(\$1,062,094)	(\$3,961,989)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	1,245,632	521,576	1,773
(Increase) Decrease in Accounts Receivable, Net	(150,867)	1,538	
(Increase) Decrease in Due from/Advance to Other Funds	175,866	376,220	
(Increase) Decrease in Inventory	35,125		
(Increase) Decrease in Other Assets	51,752	457,845	
Increase (Decrease) in Accounts Payable and Other Liabilities	(122,065)	336,190	138,423
Increase (Decrease) in Payroll and Compensated Absences	(1,055,739)	36,225	862
Increase (Decrease) in Deposits	1,800		
Increase (Decrease) in Due to/Advance from Other Funds	(8,741)	(3,415)	3,094
Increase (Decrease) in Deferred Revenue	(2,331)		1,132,559
Increase (Decrease) in Policy Claim Liabilities			5,666,043
<b>Total Adjustments</b>	<b>170,432</b>	<b>1,726,179</b>	<b>6,942,754</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$227,623</b>	<b>\$664,085</b>	<b>\$2,980,765</b>

**Noncash Transactions:**

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The General Services fund acquired fixed assets through capital leases in the amount of \$682,515.

Risk Management	Total
(\$2,208,300)	(\$7,175,192)
	1,768,981
394,811	245,482
(156,468)	395,618
	35,125
8,483	518,080
43,476	396,024
9,168	(1,009,484)
	1,800
(6,665)	(15,727)
	1,130,228
4,343,183	10,009,226
4,635,988	13,475,353
\$2,427,688	\$6,300,161



**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 trust and agency funds.

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**The TRUST FUNDS:**

**The EXPENDABLE TRUST FUND**

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

**The INVESTMENT TRUST FUND**

is used to account for the investments of external participants in the Joint Exercise of Powers.

**The NONEXPENDABLE TRUST**

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

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

**The AGENCY FUNDS:**

**Other Custodial** accounts for the receipts and disbursements of monies collected by the State and distributed to other entities. This includes deposits of securities by banks and insurance companies doing business in the State.

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

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

**Combining Balance Sheet  
Trust and Agency Funds  
June 30, 2001**

	Expendable Trust Fund	Investment Trust Fund		
	Unemployment Compensation	Joint Exercise of Powers	Nonexpendable Trust Funds	Pension Trust Funds
<b>Assets</b>				
Cash Equity with Treasurer	\$20,057,854	\$171,794,250		\$1,743,055
Cash and Cash Equivalents	246,404,240			17,322,372
Investments	72,920,285	782,262,810	\$804,795,347	6,811,999,217
Accounts Receivable, Net	36,810,243		3,568,986	19,342,543
Notes/Mortgages Receivable, Net			1,194,928	
Other Assets	1,032,765	8,939,231	11,465,318	692,234,775
Fixed Assets, Net			4,830,906	8,805,493
<b>Total Assets</b>	<b>\$377,225,387</b>	<b>\$962,996,291</b>	<b>\$825,855,485</b>	<b>\$7,551,447,455</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$3,850,233		\$11,109,514	\$701,014,856
Payroll and Compensated Absences Payable				
Deposits				
Due to Other Entities				
Deferred Revenue	11,914,962			
<b>Total Liabilities</b>	<b>15,765,195</b>		<b>11,109,514</b>	<b>701,014,856</b>
<b>Fund Balances</b>				
Reserved		\$962,996,291	758,385,942	6,850,432,599
Unreserved	361,460,192		56,360,029	
<b>Total Fund Balances</b>	<b>361,460,192</b>	<b>962,996,291</b>	<b>814,745,971</b>	<b>6,850,432,599</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$377,225,387</b>	<b>\$962,996,291</b>	<b>\$825,855,485</b>	<b>\$7,551,447,455</b>

Agency Funds	Total
\$9,604,509	\$203,199,668
1,594,512	265,321,124
233,742,609	8,705,720,268
790,114	60,511,886
	1,194,928
79,208	713,751,297
	13,636,399
<u>\$245,810,952</u>	<u>\$9,963,335,570</u>
\$10,032,815	\$726,007,418
13,345	13,345
156,840,866	156,840,866
78,923,926	78,923,926
	11,914,962
<u>245,810,952</u>	<u>973,700,517</u>
	8,571,814,832
	417,820,221
	<u>8,989,635,053</u>
<u>\$245,810,952</u>	<u>\$9,963,335,570</u>



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**Combining Balance Sheet**  
**Nonexpendable Trust Funds**  
**June 30, 2001**

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	Public School Endowment	Pooled Endowments	Total Endowment
<b>Assets</b>			
Investments	\$546,358,364	\$258,436,983	\$804,795,347
Accounts Receivable, Net	2,429,208	1,139,778	3,568,986
Notes/Mortgages Receivable, Net	1,089,029	105,899	1,194,928
Other Assets	7,726,732	3,738,586	11,465,318
Fixed Assets, Net	4,108,625	722,281	4,830,906
<b>Total Assets</b>	<b>\$561,711,958</b>	<b>\$264,143,527</b>	<b>\$825,855,485</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	\$7,323,945	\$3,785,569	\$11,109,514
<b>Total Liabilities</b>	<b>7,323,945</b>	<b>3,785,569</b>	<b>11,109,514</b>
<b>Fund Balances</b>			
Reserved	519,790,853	238,595,089	758,385,942
Unreserved	34,597,160	21,762,869	56,360,029
<b>Total Fund Balances</b>	<b>554,388,013</b>	<b>260,357,958</b>	<b>814,745,971</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$561,711,958</b>	<b>\$264,143,527</b>	<b>\$825,855,485</b>

**Combining Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Nonexpendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Public School Endowment	Pooled Endowments	Total Endowment
<b>Operating Revenues</b>			
Sale of Services, Goods, and Property	\$48,654,875	\$38,170,066	\$86,824,941
<b>Total Operating Revenues</b>	48,654,875	38,170,066	86,824,941
<b>Operating Expenses</b>			
Personnel Costs	5,756,934	1,015,930	6,772,864
Services	2,613,814	2,902,049	5,515,863
Depreciation	222,224	39,216	261,440
Payment as Agent	36,076,329	9,795,834	45,872,163
<b>Total Operating Expenses</b>	44,669,301	13,753,029	58,422,330
<b>Operating Income (Loss)</b>	3,985,574	24,417,037	28,402,611
<b>Nonoperating Revenues (Expenses)</b>			
Investment Income	(28,253,832)	(13,148,737)	(41,402,569)
<b>Total Nonoperating Revenues (Expenses)</b>	(28,253,832)	(13,148,737)	(41,402,569)
<b>Income (Loss) Before Operating Transfers</b>	(24,268,258)	11,268,300	(12,999,958)
Operating Transfers In		269,500	269,500
Operating Transfers Out	(1,393,733)	(10,954,166)	(12,347,899)
<b>Net Income (Loss)</b>	(25,661,991)	583,634	(25,078,357)
<b>Fund Balances - Beginning of Year, as Adjusted</b>	580,050,004	259,774,324	839,824,328
<b>Fund Balances - End of Year</b>	\$554,388,013	\$260,357,958	\$814,745,971

**Combining Statement of Cash Flows**  
**Nonexpendable Trust Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Public School Endowment	Pooled Endowments	Total Endowment
<b>Increase (Decrease) in Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$50,828,957	\$38,843,195	\$89,672,152
Payments to Suppliers	(3,008,862)	(2,838,195)	(5,847,057)
Payments to Employees for Services and Benefits	(5,756,934)	(1,015,930)	(6,772,864)
Payments of Awards and Claims	(36,076,329)	(9,795,834)	(45,872,163)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,986,832</b>	<b>25,193,236</b>	<b>31,180,068</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers In		269,500	269,500
Operating Transfers Out	(1,393,733)	(10,954,166)	(12,347,899)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,393,733)</b>	<b>(10,684,666)</b>	<b>(12,078,399)</b>
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends	350,628	264,212	614,840
Purchase of Investments	(4,226,601,582)	(2,519,870,390)	(6,746,471,972)
Redemption of Investments	4,221,657,855	2,505,097,608	6,726,755,463
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(4,593,099)</b>	<b>(14,508,570)</b>	<b>(19,101,669)</b>
<b>Net Increase (Decrease) in Cash Equity with Treasurer</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Beginning Cash Equity with Treasurer</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Cash Equity with Treasurer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	Public School Endowment	Pooled Endowments	Total Endowment
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$3,985,574	\$24,417,037	\$28,402,611
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	222,224	39,216	261,440
(Increase) Decrease in Accounts Receivable, Net	1,751,651	628,487	2,380,138
(Increase) Decrease in Notes/Mortgages Receivable	422,431	44,642	467,073
(Increase) Decrease in Other Assets	(7,718,993)	(3,721,715)	(11,440,708)
Increase (Decrease) in Accounts Payable and Other Liabilities	7,323,945	3,785,569	11,109,514
<b>Total Adjustments</b>	<b>2,001,258</b>	<b>776,199</b>	<b>2,777,457</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$5,986,832</b>	<b>\$25,193,236</b>	<b>\$31,180,068</b>

**Combining Statement of Plan Net Assets**  
**Pension Trust Funds**  
**June 30, 2001**

	PERSI Base Plan	Firemen's Retirement Fund	Defined Contribution Retirement Plan
<b>Assets</b>			
Cash Equity with Treasurer	\$1,717,961		
Cash and Cash Equivalents	16,763,837	\$558,535	
Investments	6,481,257,586	195,868,870	\$79,235,469
Accounts Receivable, Net	18,663,325	522,892	
Other Assets	667,669,639	24,306,176	
Fixed Assets, Net	8,805,493		
<b>Total Assets</b>	<b>\$7,194,877,841</b>	<b>\$221,256,473</b>	<b>\$79,235,469</b>
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	\$679,985,810	\$20,856,074	
<b>Total Liabilities</b>	<b>679,985,810</b>	<b>20,856,074</b>	
<b>Net Assets Held in Trust for Employees' Pension Benefits</b>	<b>\$6,514,892,031</b>	<b>\$200,400,399</b>	<b>\$79,235,469</b>

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Judges' Retirement Fund	Total
\$25,094	\$1,743,055
	17,322,372
55,637,292	6,811,999,217
156,326	19,342,543
258,960	692,234,775
	8,805,493
\$56,077,672	\$7,551,447,455
\$172,972	\$701,014,856
172,972	701,014,856
\$55,904,700	\$6,850,432,599

**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<b>Other Custodial</b>				
Assets				
Cash Equity with Treasurer	\$22,208,592	\$49,974,015	\$62,947,786	\$9,234,821
Cash and Cash Equivalents	2,058,314	1,569,853	2,058,314	1,569,853
Investments	142,910,716	155,595,207	141,759,506	156,746,417
Other Assets	37,034	175,451	133,277	79,208
Total Assets	\$167,214,656	\$207,314,526	\$206,898,883	\$167,630,299
Liabilities				
Accounts Payable and Other Liabilities	\$6,019,105	\$15,469,158	\$11,830,068	\$9,658,195
Deposits	160,843,265	153,449,263	157,451,662	156,840,866
Due to Other Entities	352,286	5,357,860	4,578,908	1,131,238
Total Liabilities	\$167,214,656	\$174,276,281	\$173,860,638	\$167,630,299
<b>Payroll</b>				
Assets				
Cash Equity with Treasurer	\$375,276	\$1,016,429,594	\$1,016,435,182	\$369,688
Total Assets	\$375,276	\$1,016,429,594	\$1,016,435,182	\$369,688
Liabilities				
Accounts Payable and Other Liabilities	\$360,619	\$142,223,831	\$142,228,107	\$356,343
Payroll and Compensated Absences Payable	14,657	883,002,353	883,003,665	13,345
Total Liabilities	\$375,276	\$1,025,226,184	\$1,025,231,772	\$369,688
<b>Sick Leave/Insurance Reserve</b>				
Assets				
Cash and Cash Equivalents	\$12,954	\$9,631,303	\$9,619,598	\$24,659
Investments	75,288,947	1,707,245		76,996,192
Accounts Receivable, Net	768,661	9,632,863	9,611,410	790,114
Total Assets	\$76,070,562	\$20,971,411	\$19,231,008	\$77,810,965
Liabilities				
Accounts Payable and Other Liabilities	\$9,505	\$40,507	\$31,735	\$18,277
Due to Other Entities	76,061,057	6,316,115	4,584,484	77,792,688
Total Liabilities	\$76,070,562	\$6,356,622	\$4,616,219	\$77,810,965

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<b>Total for all Agency Funds</b>				
Assets				
Cash Equity with Treasurer	\$22,583,868	\$1,066,403,609	\$1,079,382,968	\$9,604,509
Cash and Cash Equivalents	2,071,268	11,201,156	11,677,912	1,594,512
Investments	218,199,663	157,302,452	141,759,506	233,742,609
Accounts Receivable, Net	768,661	9,632,863	9,611,410	790,114
Other Assets	37,034	175,451	133,277	79,208
Total Assets	\$243,660,494	\$1,244,715,531	\$1,242,565,073	\$245,810,952
Liabilities				
Accounts Payable and Other Liabilities	\$6,389,229	\$157,733,496	\$154,089,910	\$10,032,815
Payroll and Compensated Absences Payable	14,657	883,002,353	883,003,665	13,345
Deposits	160,843,265	153,449,263	157,451,662	156,840,866
Due to Other Entities	76,413,343	11,673,975	9,163,392	78,923,926
Total Liabilities	\$243,660,494	\$1,205,859,087	\$1,203,708,629	\$245,810,952





**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:

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

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

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

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

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

*State of Idaho*
**Combining Balance Sheet**  
**College and University Funds**  
**June 30, 2001**

	Current Funds			Student Loan
	Unrestricted	Auxiliary	Restricted	
<b>Assets</b>				
Cash Equity with Treasurer	\$4,917,836	\$151,727		
Cash and Cash Equivalents	27,104,144	19,293,875	\$8,410	\$2,011,702
Investments	30,887,141	58,431		825,039
Accounts Receivable, Net	17,454,577	3,374,914	22,932,320	22,060,013
Due from/Advance to Other Funds	12,436,157	353,573	4,625,308	195,707
Inventory	1,265,007	2,684,301		
Deferred Bond Financing Costs				
Notes/Mortgages Receivable, Net				
Other Assets	5,598,106	659,811	1,228	448,229
Fixed Assets, Net				
<b>Total Assets</b>	<b>\$99,662,968</b>	<b>\$26,576,632</b>	<b>\$27,567,266</b>	<b>\$25,540,690</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$44,606,361	\$4,007,217	\$10,258,389	
Deposits	3,973	693,152		\$163,115
Due to/Advance from Other Funds	343,519	950,342	8,830,590	
Deferred Revenue	8,816,983	1,697,470	1,591,140	
Bonds and Notes Payable				
Other Long-Term Obligations				
<b>Total Liabilities</b>	<b>53,770,836</b>	<b>7,348,181</b>	<b>20,680,119</b>	<b>163,115</b>
<b>Fund Balances</b>				
Investment In General Fixed Assets				
Reserved				25,377,575
Unreserved	45,892,132	19,228,451	6,887,147	
<b>Total Fund Balances</b>	<b>45,892,132</b>	<b>19,228,451</b>	<b>6,887,147</b>	<b>25,377,575</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$99,662,968</b>	<b>\$26,576,632</b>	<b>\$27,567,266</b>	<b>\$25,540,690</b>

Endowment	Plant	Agency	Total
			\$5,069,563
\$7,888,064	\$12,582,772	\$1,814,052	70,703,019
75,216,435	37,582,800	10,689,567	155,259,413
64,180	25,699	470,107	66,381,810
		48,338	17,659,083
			3,949,308
	4,370,721		4,370,721
1,461,985			1,461,985
1,361,222	403,249		8,471,845
	984,550,961		984,550,961
\$85,991,886	\$1,039,516,202	\$13,022,064	\$1,317,877,708
\$446,691	\$4,551,478	\$665,471	\$64,535,607
5,749,078		12,356,593	18,965,911
2,728,221	1,079,782		13,932,454
			12,105,593
	196,108,982		196,108,982
	8,052,509		8,052,509
8,923,990	209,792,751	13,022,064	313,701,056
	804,586,851		804,586,851
77,067,896	6,596,575		109,042,046
	18,540,025		90,547,755
77,067,896	829,723,451		1,004,176,652
\$85,991,886	\$1,039,516,202	\$13,022,064	\$1,317,877,708



# Component Units



*This is a day when all Americans from every walk of life unite in our resolve for justice and peace. America has stood down enemies before, and we will do so this time. None of us will ever forget this day. Yet, we go forward to defend freedom and all that is good and just in our world.*

—President George W. Bush  
September 11, 2001



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

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

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

**The IDAHO LIFE and HEALTH INSURANCE GUARANTY ASSOCIATION** per *Idaho Code*, Title 41, Chapter 43, 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.



**Combining Balance Sheet**

**Discretely Presented Component Units - Proprietary Funds**

**June 30, 2001**

	Idaho Housing and Finance	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Assets</b>				
Cash Equity with Treasurer			\$3,027,844	\$3,027,844
Cash and Cash Equivalents	\$34,556,000	\$367,830		34,923,830
Investments	400,181,000	8,162,296	27,315,773	435,659,069
Advance to Primary Government			10,000,000	10,000,000
Deferred Bond Financing Costs	19,346,000			19,346,000
Notes/Mortgages Receivable, Net	1,427,189,000			1,427,189,000
Other Assets	2,762,000	71,484	523,491	3,356,975
Fixed Assets, Net	7,171,000	1,460		7,172,460
<b>Total Assets</b>	<b>\$1,891,205,000</b>	<b>\$8,603,070</b>	<b>\$40,867,108</b>	<b>\$1,940,675,178</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$11,856,000	\$378,076	\$2,343,986	\$14,578,062
Deposits	10,716,000			10,716,000
Deferred Revenue		3,956		3,956
Bonds and Notes Payable	1,707,331,000			1,707,331,000
Policy Claim Liabilities		170,000	4,631,071	4,801,071
<b>Total Liabilities</b>	<b>1,729,903,000</b>	<b>552,032</b>	<b>6,975,057</b>	<b>1,737,430,089</b>
<b>Fund Equity</b>				
Retained Earnings				
Reserved	64,723,000			64,723,000
Unreserved	96,579,000	8,051,038	33,892,051	138,522,089
<b>Total Fund Equity</b>	<b>161,302,000</b>	<b>8,051,038</b>	<b>33,892,051</b>	<b>203,245,089</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$1,891,205,000</b>	<b>\$8,603,070</b>	<b>\$40,867,108</b>	<b>\$1,940,675,178</b>

**Combining Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Discretely Presented Component Units - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Idaho Housing and Finance	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Operating Revenues</b>				
Licenses, Permits, and Fees	\$7,830,000		\$9,156	\$7,839,156
Sale of Services, Goods, and Property		\$486,762		486,762
Investment Income	89,841,000			89,841,000
Miscellaneous Income	931,000	300,185	433,696	1,664,881
<b>Total Operating Revenues</b>	<b>98,602,000</b>	<b>786,947</b>	<b>442,852</b>	<b>99,831,799</b>
<b>Operating Expenses</b>				
Personnel Costs	5,058,000	90,510		5,148,510
Services	1,226,000	78,390	1,896,694	3,201,084
Insurance, Utilities, and Rent		11,881		11,881
Miscellaneous	797,000	1,121,397		1,918,397
Depreciation	3,021,000	584	3,567	3,025,151
Awards and Claims		230,506	2,278,758	2,509,264
<b>Total Operating Expenses</b>	<b>10,102,000</b>	<b>1,533,268</b>	<b>4,179,019</b>	<b>15,814,287</b>
<b>Operating Income (Loss)</b>	<b>88,500,000</b>	<b>(746,321)</b>	<b>(3,736,167)</b>	<b>84,017,512</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	22,490,000	592,758	1,170,269	24,253,027
Interest Expense	(94,542,000)			(94,542,000)
Other	(1,050,000)			(1,050,000)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(73,102,000)</b>	<b>592,758</b>	<b>1,170,269</b>	<b>(71,338,973)</b>
<b>Net Income (Loss)</b>	<b>15,398,000</b>	<b>(153,563)</b>	<b>(2,565,898)</b>	<b>12,678,539</b>
<b>Beginning Retained Earnings</b>	<b>145,904,000</b>	<b>8,204,601</b>	<b>36,457,949</b>	<b>190,566,550</b>
<b>Ending Retained Earnings</b>	<b>\$161,302,000</b>	<b>\$8,051,038</b>	<b>\$33,892,051</b>	<b>\$203,245,089</b>

**Combining Statement of Cash Flows**  
**Discretely Presented Component Units - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2001**

	Idaho Housing and Finance	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>				
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers, Loan Interest, and Fees	\$91,429,000	\$786,893	\$442,852	\$92,658,745
Loan Principal Payments	125,772,000			125,772,000
Payments to Suppliers	1,622,000	(110,228)	(1,802,657)	(290,885)
Payments to Employees for Services and Benefits	(5,058,000)	(90,510)		(5,148,510)
Payments of Awards and Claims		(1,148,211)	(2,278,758)	(3,426,969)
Loan Principal Additions	(191,376,000)			(191,376,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>22,389,000</b>	<b>(562,056)</b>	<b>(3,638,563)</b>	<b>18,188,381</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Advance to Primary Government			(10,000,000)	(10,000,000)
Deferred Bond Financing Cost	(2,166,000)			(2,166,000)
Interest Paid	(91,303,000)			(91,303,000)
Payment of Bonds	(117,359,000)			(117,359,000)
Bonds Issued	186,230,000			186,230,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(24,598,000)</b>		<b>(10,000,000)</b>	<b>(34,598,000)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Disposition of Capital Assets			20,054	20,054
Acquisition and Construction of Capital Assets	(346,000)	(2,045)		(348,045)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(346,000)</b>	<b>(2,045)</b>	<b>20,054</b>	<b>(327,991)</b>
<b>Cash Flows from Investing Activities</b>				
Receipt of Interest and Dividends	19,981,000	467,779	2,335,837	22,784,616
Purchase of Investments	(1,066,407,000)	(3,582,803)	(25,277,610)	(1,095,267,413)
Redemption of Investments	1,052,843,000	3,781,962	36,225,709	1,092,850,671
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>6,417,000</b>	<b>666,938</b>	<b>13,283,936</b>	<b>20,367,874</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>3,862,000</b>	<b>102,837</b>	<b>(334,573)</b>	<b>3,630,264</b>
<b>Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>30,694,000</b>	<b>264,993</b>	<b>3,362,417</b>	<b>34,321,410</b>
<b>Ending Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$34,556,000</b>	<b>\$367,830</b>	<b>\$3,027,844</b>	<b>\$37,951,674</b>

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$88,500,000	(\$746,321)	(\$3,736,167)	\$84,017,512
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Amortization of Deferred Loan Discounts	(2,009,000)			(2,009,000)
Depreciation	3,021,000	584	3,567	3,025,151
(Increase) Decrease in Accounts Receivable, Net	(919,000)			(919,000)
(Increase) Decrease in Notes/Mortgages Receivable	125,772,000			125,772,000
(Increase) Decrease in Other Assets	2,848,000	960	(224,212)	2,624,748
(Increase) Decrease in Customer Loan Principal	(191,376,000)			(191,376,000)
Increase (Decrease) in Accounts Payable and Other Liabilities		33,802	256,868	290,670
Increase (Decrease) in Deposits	(4,245,000)			(4,245,000)
Increase (Decrease) in Deferred Revenue		(1,014)		(1,014)
Increase (Decrease) in Policy Claim Liabilities		149,933	61,381	211,314
Increase (Decrease) in Interest Payable	797,000			797,000
<b>Total Adjustments</b>	<b>(66,111,000)</b>	<b>184,265</b>	<b>97,604</b>	<b>(65,829,131)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$22,389,000</b>	<b>(\$562,056)</b>	<b>(\$3,638,563)</b>	<b>\$18,188,381</b>



# Statistical Section

**NASDAQ Decline From March 2000 through September 2001**



**Technology Decline —** The speculative bubble associated with technology has burst. But many of the technology ventures started by enthusiastic investors have survived. Amazon, eBay, and America Online prove that E-businesses can be successful and profitable.



## Schedule 1 - Revenues by Source

General Governmental Revenues (*dollars in thousands*)

Fiscal Years 1993-2001

	%	2001	2000	1999	1998	1997	1996	1995	1994	1993*
Sales Taxes	18.94%	\$778,162	\$761,628	\$712,314	\$663,853	\$623,960	\$605,412	\$575,752	\$541,503	\$481,358
Individual & Corp. Income Taxes	28.52%	1,171,467	1,103,517	1,109,126	1,053,059	971,290	947,765	877,444	774,014	692,814
Other Taxes	10.03%	412,171	406,781	385,481	377,753	368,926	303,609	424,512	414,494	370,835
Licenses, Permits, & Fees	5.23%	214,510	179,089	168,189	158,196	143,407	151,297	141,959	123,267	105,967
Sales of Services, Goods, & Property	2.34%	96,248	92,021	82,274	65,628	42,818	44,156	42,555	38,991	23,669
Grants & Contributions	30.79%	1,264,609	1,111,894	951,465	903,019	895,013	805,441	724,364	676,789	634,970
Investment Income	2.35%	96,525	102,297	103,305	97,612	80,233	72,386	63,265	22,190	24,083
Rent & Lease Income	0.41%	16,738	15,459	14,723	13,512	12,320	5,155	6,998	11,173	10,771
Miscellaneous Income	1.39%	57,240	74,051	41,652	57,195	41,998	89,626	95,064	121,592	88,297
<b>TOTAL REVENUES</b>	<b>100.00%</b>	<b>\$4,107,670</b>	<b>\$3,846,737</b>	<b>\$3,568,529</b>	<b>\$3,389,827</b>	<b>\$3,179,965</b>	<b>\$3,024,847</b>	<b>\$2,951,913</b>	<b>\$2,724,013</b>	<b>\$2,432,764</b>

This schedule was prepared on a budgetary basis for years prior to 1996 and on a GAAP basis for 1996-2001.

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

## Schedule 2 - Expenditures by Function

General Governmental Expenditures (*dollars in thousands*)

Fiscal Years 1993-2001

	%	2001	2000	1999	1998	1997	1996	1995	1994	1993*
General Government	6.30%	\$253,747	\$236,894	\$378,708	\$413,321	\$383,209	\$350,097	\$358,243	\$316,549	\$300,495
Public Safety & Correction	5.81%	233,793	204,137	190,625	174,167	157,465	137,897	128,788	104,679	95,927
Agriculture & Econ. Development	4.21%	169,470	168,082	156,069	144,529	137,853	111,593	141,439	120,436	119,023
Natural Resources	3.37%	135,682	125,977	116,564	108,869	110,699	113,097	139,543	114,435	102,222
Health & Human Services	26.80%	1,078,943	911,642	835,528	772,569	736,387	698,069	637,771	566,482	563,747
Public Education	30.47%	1,226,922	1,169,920	1,134,474	1,005,489	989,014	938,746	999,300	1,036,957	969,223
Transportation	6.63%	267,062	253,339	248,536	224,352	251,157	199,095	383,907	311,694	293,953
Capital Outlay**	9.97%	401,518	350,656	324,187	266,672	258,697	251,089			
Intergovernmental**	6.44%	259,360	235,804	207,332	220,346	189,671	197,942			
<b>TOTAL EXPENDITURES</b>	<b>100.00%</b>	<b>\$4,026,497</b>	<b>\$3,656,451</b>	<b>\$3,592,023</b>	<b>\$3,330,314</b>	<b>\$3,214,152</b>	<b>\$2,997,625</b>	<b>\$2,788,991</b>	<b>\$2,571,232</b>	<b>\$2,444,590</b>

This schedule was prepared on a budgetary basis for years prior to 1996 and on a GAAP basis for 1996-2001.

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

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



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

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

#### Property Taxes by Taxing District

Tax Levy Years 1991-2000 (*dollars in millions*)

	2000	1999	1998	1997	1996	1995*	1994	1993	1992	1991
County	\$212.3	\$202.0	\$188.8	\$180.4	\$172.7	\$162.3	\$155.3	\$146.9	\$134.9	\$118.3
City	193.9	179.5	169.0	159.2	149.1	136.8	127.3	116.5	109.6	100.6
School	391.9	369.3	346.6	327.7	301.2	277.0	285.3	253.1	233.9	217.9
Roads/Highways	50.0	47.4	44.8	42.3	40.6	38.8	36.2	34.2	33.5	31.7
Community College	10.0	9.7	9.3	9.0	9.8	9.5	9.4	8.7	7.4	6.6
All Others	56.2	52.2	48.5	45.1	41.6	39.8	38.1	33.8	30.2	27.6
<b>Total Tax</b>	<b>\$914.3</b>	<b>\$860.1</b>	<b>\$807.0</b>	<b>\$763.7</b>	<b>\$715.0</b>	<b>\$664.2</b>	<b>\$651.6</b>	<b>\$593.2</b>	<b>\$549.5</b>	<b>\$502.7</b>

#### Property Taxes by Category of Property

Tax Levy Years 1991-2000

	2000	1999	1998	1997	1996	1995*	1994	1993	1992	1991
Residential	55.8%	54.8%	54.4%	54.8%	54.9%	54.4%	52.1%	50.3%	49.3%	47.9%
Commercial/Industrial	31.4%	31.4%	31.2%	30.4%	30.0%	30.2%	31.0%	32.3%	32.6%	33.1%
Agricultural	6.0%	6.4%	6.5%	6.6%	6.8%	7.3%	8.0%	8.5%	9.1%	9.5%
Timber	1.5%	1.7%	1.7%	1.6%	1.5%	1.4%	1.5%	1.2%	1.1%	1.1%
Mining	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.4%	0.4%	0.8%
Operating	5.1%	5.4%	5.9%	6.3%	6.5%	6.4%	7.2%	7.3%	7.5%	7.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Urban	62.1%	60.8%	60.8%	60.3%	60.6%	59.7%	58.9%	59.4%	59.1%	58.3%
Rural	37.9%	39.2%	39.2%	39.7%	39.4%	40.3%	41.1%	40.6%	40.9%	41.7%

% Change Total Tax Collections	6.3%	6.6%	5.7%	6.8%	7.6%	1.9%	9.8%	8.0%	9.3%	9.1%
Amount Tax Collections ( <i>in millions</i> )	\$914.3	\$860.1	\$807.0	\$763.7	\$715.0	\$664.2	\$651.6	\$593.2	\$549.5	\$502.7
Amount Market Value ( <i>in billions</i> )	\$62.0	\$59.0	\$55.5	\$52.9	\$48.8	\$44.2	\$38.7	\$34.7	\$31.5	\$29.5
Average Tax Rate	1.474%	1.459%	1.445%	1.444%	1.466%	1.502%	1.683%	1.708%	1.744%	1.702%

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

Source: Associated Taxpayers of Idaho

## Schedule 4 - State Sales Tax Revenues

Fiscal Years 1992 - 2001 (*dollars in millions*)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Total Sales</b>	\$43,069	\$43,017	\$38,350	\$36,572	\$34,900	\$32,338	\$29,615	\$26,911	\$24,866	\$22,277
<b>Nontaxable</b>	29,855	29,052	25,100	24,398	23,230	21,167	18,992	16,834	15,936	14,142
<b>Net Taxable</b>	13,214	13,965	13,250	12,174	11,670	11,171	10,623	10,077	8,930	8,135
<b>Use Tax</b>	997	947	844	795	764	802	768	670	654	536
<b>Total Taxable</b>	\$14,211	\$14,912	\$14,094	\$12,969	\$12,434	\$11,973	\$11,391	\$10,747	\$9,584	\$8,671
<b>Tax Amount Received</b>	\$737	\$745	\$700	\$652	\$624	\$600	\$574	\$540	\$475	\$421

Source: Idaho State Tax Commission

## Schedule 5 - Total Resident Population and Components of Change

Calendar Years 1992 - 2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Population (<i>in thousands</i>)</b>	1,292.9	1,273.1	1,251.8	1,231.0	1,211.0	1,186.7	1,159.9	1,131.0	1,098.4	1,068.1
<b>Population % Change</b>	1.6%	1.7%	1.7%	1.7%	2.0%	2.3%	2.6%	3.0%	2.8%	3.0%
<b>Births Number</b>	20,681	20,292	19,897	19,188	18,599	18,482	17,915	17,690	17,575	17,197
<b>Deaths Number</b>	9,643	9,488	9,488	9,105	8,953	8,679	8,553	8,478	8,277	7,887
<b>Net Migration Number</b>	8,733	10,515	10,416	9,966	14,572	16,982	19,563	23,411	20,977	21,365

Note: 2001 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 6 - Residential Building Activity

### Housing Starts

Calendar Years 1992 - 2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Idaho</b>	11,794	11,536	10,332	10,117	8,860	9,222	9,360	12,766	11,457	9,584
<b>% Change</b>	2.2%	11.7%	2.1%	14.2%	(3.9)%	(1.5)%	(26.7)%	11.4%	19.5%	45.2%
<b>National (<i>in millions</i>)</b>	1.575	1.575	1.647	1.621	1.475	1.469	1.361	1.446	1.292	1.201
<b>% Change</b>	0.0%	(4.4)%	1.6%	9.9%	0.4%	7.9%	(5.9)%	12.0%	7.5%	19.1%

Note: 2001 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 7 - Domestic Financial Institutions Deposits

Calendar Years 1991-2000 (*dollars in millions*)

Institution Type	No. of Branches	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Banks	408	\$9,182	\$8,793	\$8,798	\$8,549	\$9,129	\$9,015	\$8,448	\$7,872	\$7,494	\$7,247
Savings & Loans	61	1,121	1,032	1,027	912	899	854	861	866	869	825
Credit Unions	85	1,433	1,366	1,202	1,191	1,130	1,004	967	913	892	821
FDIC Savings Banks	21	296	317	172	49	21	1	-	-	-	-
<b>Total for Idaho</b>	<b>575</b>	<b>\$12,032</b>	<b>\$11,508</b>	<b>\$11,199</b>	<b>\$10,701</b>	<b>\$11,179</b>	<b>\$10,874</b>	<b>\$10,276</b>	<b>\$9,651</b>	<b>\$9,255</b>	<b>\$8,893</b>

Source: 2001/Sheshunoff Information Services, Inc.

## Schedule 8 - Ten Largest Private Employers in Idaho

June 30, 2001

Major Idaho Employers	Employees
Albertsons, Inc.	Over 6,000
Bechtel BWTX Idaho LLC	Over 6,000
Micron Technology, Inc.	Over 6,000
Hewlett-Packard Co.	3,000-6,000
J.R. Simplot Co.	3,000-6,000
St. Lukes Regional Medical Center	3,000-6,000
Wal-Mart Associates, Inc.	3,000-6,000
Potlatch Corporation	2,000-3,000
Ricks College	2,000-3,000
St. Alphonsus Regional Medical Center	2,000-3,000

Source: Idaho Department of Labor, based on a 12 month average from 7/00 to 6/01.

## Schedule 9 - Employment Comparison

Calendar Years 1991 - 2000

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Idaho Civilian Labor Force	657,712	655,300	653,056	633,600	619,304	601,194	591,463	547,678	531,994	508,687
% Change	0.4%	0.3%	3.1%	2.3%	3.0%	1.6%	8.0%	2.9%	4.6%	3.3%
U.S. Civilian Labor Force (in thousands)	140,863	139,368	137,673	136,297	133,943	132,304	131,056	129,200	128,105	126,346
% Change	1.1%	1.2%	1.0%	1.8%	1.2%	1.0%	1.4%	0.9%	1.4%	0.4%
Idaho Employment	625,798	621,400	620,217	599,800	586,874	568,801	558,589	513,653	497,343	477,070
% Change	0.7%	0.2%	3.4%	2.2%	3.2%	1.8%	8.7%	3.3%	4.2%	2.9%
U.S. Employment (in thousands)	135,208	133,488	131,463	129,558	126,708	124,900	123,060	120,259	118,492	117,718
% Change	1.3%	1.5%	1.5%	2.2%	1.4%	1.5%	2.3%	1.5%	0.7%	(0.9)%

Source: Bureau of Labor Statistics, Idaho Department of Labor

## Schedule 10 - Labor Force and Employment by Sector

Calendar Years 1991-2000

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
<b>Resident Civilian Labor Force and Employment in Idaho</b>										
Civilian Labor Force	657,712	655,300	653,056	633,600	619,304	601,194	591,463	547,678	531,994	508,687
Unemployment	31,914	33,900	32,839	33,800	32,430	32,393	32,874	34,025	34,651	31,617
<b>Net Employment</b>	<b>625,798</b>	<b>621,400</b>	<b>620,217</b>	<b>599,800</b>	<b>586,874</b>	<b>568,801</b>	<b>558,589</b>	<b>513,653</b>	<b>497,343</b>	<b>477,070</b>
Unemployment Percentage Rate	4.9%	5.2%	5.0%	5.3%	5.2%	5.4%	5.6%	6.2%	6.5%	6.2%
<b>Nonagricultural Wage and Salary Workers Employed in Idaho</b>										
<b>Goods Producing Industries</b>										
Mining	2,425	2,579	2,902	3,068	3,067	2,725	2,423	2,198	2,603	3,076
Construction	36,432	34,881	32,228	31,870	30,615	29,642	29,017	24,699	22,153	20,152
Manufacturing-Durable Goods	47,916	47,137	47,171	45,567	44,063	42,111	40,615	37,482	34,775	33,143
Manufacturing-Nondurable Goods	29,253	28,984	28,941	29,012	28,831	28,907	31,256	31,759	30,963	30,082
<b>Total Goods Producing Industries</b>	<b>116,026</b>	<b>113,581</b>	<b>111,242</b>	<b>109,517</b>	<b>106,576</b>	<b>103,385</b>	<b>103,311</b>	<b>96,138</b>	<b>90,494</b>	<b>86,453</b>
<b>Service Producing Industries</b>										
Transportation, Comm., and Utilit.	27,943	26,896	25,497	24,271	23,409	22,707	21,882	20,880	20,341	20,029
Trade	141,103	136,266	132,620	129,197	125,199	121,408	116,708	109,395	105,916	101,000
Finance, Insurance, and Real Estate	23,495	23,558	22,930	25,430	25,183	24,981	24,108	22,759	21,474	20,624
Service	145,038	135,782	128,782	122,515	116,019	110,130	102,853	97,234	90,399	85,637
State and Local Government	92,223	90,249	87,715	84,983	82,582	81,693	79,040	76,839	74,524	71,432
Federal Government	13,428	12,836	12,796	12,901	12,895	13,109	13,486	13,572	13,456	12,908
<b>Total Service Producing Industries</b>	<b>443,230</b>	<b>425,587</b>	<b>410,340</b>	<b>399,297</b>	<b>385,287</b>	<b>374,028</b>	<b>358,077</b>	<b>340,679</b>	<b>326,110</b>	<b>311,630</b>
<b>Nonfarm Wage &amp; Salary Employment</b>	<b>559,256</b>	<b>539,168</b>	<b>521,582</b>	<b>508,814</b>	<b>491,863</b>	<b>477,413</b>	<b>461,388</b>	<b>436,817</b>	<b>416,604</b>	<b>398,083</b>

Source: Idaho Department of Labor

## Schedule 11 - Average Annual Wage

Calendar Years 1992-2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Idaho</b>	\$30,074	\$29,018	\$26,943	\$25,827	\$24,811	\$24,110	\$23,620	\$22,723	\$21,962	\$21,477
<b>% Change</b>	3.6%	7.7%	4.3%	4.1%	2.9%	2.1%	3.9%	3.5%	2.3%	4.5%
<b>National</b>	\$38,620	\$36,713	\$34,695	\$33,317	\$31,701	\$30,325	\$29,224	\$28,358	\$27,872	\$27,466
<b>% Change</b>	5.2%	5.8%	4.1%	5.1%	4.5%	3.8%	3.1%	1.7%	1.5%	5.3%

Note: 2001 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 12 - Personal Income Comparison

### Idaho vs. National

Calendar Years 1992-2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>In Current Dollars</b>										
Idaho ( <i>in millions</i> )	\$32,666	\$31,289	\$28,627	\$26,984	\$25,227	\$24,174	\$22,869	\$21,399	\$19,591	\$17,765
% Change	4.4%	9.3%	6.1%	7.0%	4.4%	5.7%	6.9%	9.2%	10.3%	8.9%
National ( <i>in billions</i> )	\$8,747	\$8,319	\$7,777	\$7,426	\$6,937	\$6,547	\$6,201	\$5,888	\$5,481	\$5,266
% Change	5.1%	7.0%	4.7%	7.0%	6.0%	5.6%	5.3%	7.4%	4.1%	5.7%
<b>In 1996 Dollars</b>										
Idaho ( <i>in millions</i> )	\$29,747	\$29,098	\$27,334	\$26,189	\$24,745	\$24,172	\$23,359	\$22,357	\$19,080	\$17,763
% Change	2.2%	6.5%	4.4%	5.8%	2.4%	3.5%	4.5%	17.2%	7.4%	5.4%
National ( <i>in billions</i> )	\$7,966	\$7,737	\$7,427	\$7,208	\$6,805	\$6,547	\$6,334	\$6,152	\$5,339	\$5,266
% Change	3.0%	4.2%	3.0%	5.9%	3.9%	3.4%	3.0%	15.2%	1.4%	2.3%

Note: 2001 numbers are estimates. 1992-1993 are based on 1992 dollars.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 13 - Personal Income by Component

Calendar Years 1992-2001 (*dollars in millions*)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Total Personal Income</b>	\$32,666	\$31,289	\$28,627	\$26,984	\$25,227	\$24,174	\$22,869	\$21,399	\$20,105	\$18,382
<b>% Change</b>	4.4%	9.3%	6.1%	7.0%	4.4%	5.7%	6.9%	6.4%	9.4%	9.3%
Wage and Salaries	\$17,653	\$16,751	\$15,030	\$13,973	\$13,109	\$12,316	\$11,725	\$10,916	\$9,991	\$9,307
% Change	5.4%	11.5%	7.6%	6.6%	6.4%	5.0%	7.4%	9.3%	7.3%	9.1%
Farm Proprietors Income	\$712	\$773	\$611	\$557	\$344	\$585	\$496	\$410	\$839	\$603
% Change	(7.8)%	26.4%	9.8%	61.8%	(41.1)%	17.9%	21.1%	(51.2)%	39.3%	0.3%
Nonfarm Proprietors Income	\$3,033	\$2,967	\$2,818	\$2,601	\$2,408	\$2,337	\$2,264	\$2,342	\$2,139	\$1,833
% Change	2.3%	5.3%	8.3%	8.0%	3.0%	3.2%	(3.3)%	9.5%	16.7%	21.0%
Dividends, Rent, Interest	\$5,978	\$5,859	\$5,498	\$5,362	\$5,044	\$4,650	\$4,377	\$3,925	\$3,554	\$3,367
% Change	2.0%	6.6%	2.5%	6.3%	8.5%	6.2%	11.5%	10.4%	5.6%	3.5%
Other Labor Income	\$2,007	\$1,935	\$1,796	\$1,722	\$1,681	\$1,728	\$1,714	\$1,725	\$1,591	\$1,415
% Change	3.7%	7.7%	4.3%	2.4%	(2.7)%	0.8%	(0.6)%	8.4%	12.5%	11.8%
Govt. Transfers to Individuals	\$4,230	\$3,907	\$3,672	\$3,537	\$3,394	\$3,285	\$3,012	\$2,777	\$2,626	\$2,442
% Change	8.3%	6.4%	3.8%	4.2%	3.3%	9.1%	8.5%	5.8%	7.5%	11.4%
Contribution for Social Insurance	\$1,371	\$1,307	\$1,188	\$1,099	\$1,045	\$987	\$949	\$900	\$817	\$756
% Change	4.9%	10.0%	8.2%	5.2%	5.8%	4.0%	5.5%	10.2%	8.0%	7.5%
Residence Adjustment	\$423	\$405	\$391	\$332	\$292	\$260	\$230	\$204	\$183	\$173
% Change	4.7%	3.6%	17.6%	13.7%	12.3%	12.9%	12.9%	11.8%	5.3%	2.8%

Note: 2001 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 14 - Per Capita Personal Income Comparison

### Idaho vs. National

Calendar Years 1992-2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>In Current Dollars</b>										
Idaho	\$25,265	\$24,575	\$22,866	\$21,919	\$20,831	\$20,369	\$19,715	\$18,918	\$18,302	\$17,208
% Change	2.8%	7.5%	4.3%	5.2%	2.3%	3.3%	4.2%	3.4%	6.4%	6.1%
National	\$31,443	\$30,176	\$28,462	\$27,421	\$25,851	\$24,630	\$23,543	\$22,565	\$21,709	\$21,077
% Change	4.2%	6.0%	3.8%	6.1%	5.0%	4.6%	4.3%	3.9%	3.0%	4.9%
<b>In 1996 Dollars</b>										
Idaho	\$23,008	\$22,855	\$21,834	\$21,274	\$20,433	\$20,369	\$20,138	\$19,766	\$19,510	\$18,781
% Change	0.7%	4.7%	2.6%	4.1%	0.3%	1.1%	1.9%	1.3%	3.9%	3.0%
National	\$28,635	\$28,065	\$27,180	\$26,615	\$25,358	\$24,630	\$24,049	\$23,577	\$23,142	\$23,004
% Change	2.0%	3.3%	2.1%	5.0%	3.0%	2.4%	2.0%	1.9%	0.6%	1.8%

Note: 2001 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 15 - Full-Time Equivalent Positions - State Employees

Fiscal Years 1992-2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
State Board of Education	5,031	4,991	4,846	4,758	4,692	4,683	4,605	4,502	4,436	4,383
Department of Health and Welfare	3,038	3,629	3,627	3,621	3,623	3,657	4,105	4,073	3,856	3,804
Idaho Transportation Department	1,829	1,829	1,800	1,745	1,813	1,811	1,820	1,814	1,812	1,781
Department of Correction	1,383	1,354	1,362	1,312	1,109	1,150	1,078	1,046	922	899
Executive Office of the Governor	538	523	470	680	666	652	650	656	636	623
Department of Fish and Game	503	499	500	501	505	523	523	521	526	486
Idaho State Police	521	515	496	494	488	486	489	486	489	495
Department of Revenue and Taxation	420	419	419	378	378	376	375	372	370	381
All Other	3,145	2,483	2,537	2,473	2,408	2,368	2,160	2,123	2,095	2,058
<b>State Total</b>	<b>16,408</b>	<b>16,242</b>	<b>16,057</b>	<b>15,962</b>	<b>15,682</b>	<b>15,706</b>	<b>15,805</b>	<b>15,593</b>	<b>15,142</b>	<b>14,910</b>

Source: Executive Budget FY 2001, FY 2000, FY 1997, FY 1995, FY 1993

## Schedule 16 - Public School Enrollment Grades K-12

Academic Years 1991/92 - 2000/01

	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Elementary	131,835	131,348	131,018	130,080	129,525	129,570	129,031	128,339	126,562	124,959
Secondary	113,174	113,878	113,605	114,323	115,727	113,627	111,417	108,435	105,106	100,721
Total All Grades	245,009	245,226	244,623	244,403	245,252	243,197	240,448	236,774	231,668	225,680

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

Source: Idaho Department of Education

## Schedule 17 - Public Higher Education Enrollment

Student Headcount (Calendar Years 1992-2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Boise State University	17,176	16,482	16,209	15,744	15,467	15,137	14,969	15,099	15,296	14,908
Idaho State University	13,663	13,037	12,650	12,232	11,870	12,139	12,027	11,875	10,781	10,755
University of Idaho	12,067	11,635	11,305	11,437	11,027	11,133	11,727	11,730	11,543	11,448
Lewis-Clark State College	2,952	2,696	2,815	2,972	3,008	2,967	3,118	3,330	3,226	3,029
Total Colleges and Universities	45,858	43,850	42,979	42,385	41,372	41,376	41,841	42,034	40,846	40,140
College of Southern Idaho	6,296	5,456	5,056	4,871	4,872	4,270	4,359	4,108	3,820	3,523
North Idaho College	4,102	3,981	3,894	3,469	3,597	3,610	3,276	3,317	3,339	3,074
Total Community Colleges	10,398	9,437	8,950	8,340	8,469	7,880	7,635	7,425	7,159	6,597
Eastern Idaho Technical College	598	595	653	601	540	374	409	368	297	339
Total System	56,854	53,882	52,582	51,326	50,381	49,630	49,885	49,827	48,302	47,076

Note: Total Headcount includes academic full-time, academic part-time, and vocational.

Source: Idaho State Board of Education



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

Academic Years 1990 -1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Number of Teachers<sup>1</sup></b>										
Elementary	6.8	6.8	6.7	6.6	6.5	6.3	6.2	6.1	6.1	5.9
Secondary	6.6	6.6	6.4	6.2	6.1	5.7	5.6	5.5	5.1	5.2
Total	13.4	13.4	13.1	12.8	12.6	12.0	11.8	11.6	11.2	11.1
<b>Average Annual Teacher's Salary<sup>2</sup></b>										
Elementary	\$34.2	\$32.7	\$31.8	\$30.8	\$29.7	\$27.6	\$26.8	\$26.0	\$25.0	\$23.4
Secondary	\$34.0	\$32.8	\$31.9	\$31.0	\$29.9	\$27.9	\$27.2	\$26.8	\$26.0	\$24.3
All Teachers	\$34.1	\$32.8	\$31.8	\$30.9	\$29.8	\$27.8	\$27.0	\$26.4	\$25.5	\$23.9
<b>Rank Among All States<sup>3</sup></b>	39	40	40	41	42	45	46	47	45	45
<b>Number of High School Graduates<sup>1</sup></b>	15.7 <sup>a</sup>	15.1 <sup>a</sup>	15.6 <sup>a</sup>	14.5 <sup>a</sup>	14.2	13.3	13.0	12.7	12.0	12.0

<sup>1</sup>In thousands

<sup>2</sup>In thousands of dollars

<sup>3</sup>Includes Washington D.C.

<sup>a</sup>Estimate

Source: Statistical Abstract of the United States 2000

## Schedule 19 - FY 2000-2001 School District Information

School District Size	Number of Districts	Total Enrollment	Student-Teacher Ratio	Expenditure Per Student*
Over 5,000 Students	11	124,888	18.8	5,715
2,500 to 4,999 Students	14	52,071	18.1	5,699
1,000 to 2,499 Students	29	44,324	17.5	5,882
500 to 999 Students	23	15,391	15.3	7,274
Less than 500 Students	36	8,335	12.7	9,219
<b>Statewide Total</b>	<b>113</b>	<b>245,009</b>	<b>17.9</b>	<b>5,909</b>

Source: 2001 Idaho Fiscal Facts, Legislative Services Office

\*SDOE Sources (Uses FY 2000 financial data as most current available.)

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

Calendar Year 2000

Commodity	Rank Among States	Production	Unit	% of U.S.
<b>Crops:</b>				
Potatoes	1	152,320,000	cwt.	30%
Austrian Winter Peas	1	67,000	cwt.	92%
Wrinkled Seed Peas	2	331,000	cwt.	49%
Lentils	2	928,000	cwt.	31%
Barley	2	55,480,000	bu.	17%
Sugarbeets	2	5,596,000	ton	17%
Dry Edible Peas	3	456,000	cwt.	13%
All Mint	3	1,555,000	lb.	17%
Hops	3	4,929,800	lb.	7%
Onions (Summer Storage)	3	4,810,000	cwt.	14%
Prunes and Plums (Fresh) <sup>1</sup>	4	3,500	ton	15%
Other Spring Wheat	5	42,750,000	bu.	8%
Sweet Cherries	5	3,000	ton	1%
Sweet Corn for Processing	5	162,900	ton	5%
Alfalfa Hay	6	4,746,000	ton	6%
Dry Edible Beans	7	1,716,000	cwt.	6%
All Wheat	7	108,450,000	bu.	5%
Winter Wheat	7	65,700,000	bu.	4%
Apples	9	140,000,000	lb.	1%
All Hay	11	5,292,000	ton	3%
<b>Livestock and Livestock Products:</b>				
Foodsize Trout <sup>2</sup>	1	44,500,000	lb.	75%
American Cheese	4	505,031,000	lb.	14%
Milk Production	6	7,223	mil. lb.	4%
Milk Cows <sup>4</sup>	7	347,000	head	4%
All Sheep and Lambs <sup>3</sup>	8	275,000	head	4%
Wool	8	2,190,000	lb.	5%
Honey	11	4,700,000	lb.	2%
All Cattle and Calves <sup>3</sup>	16	1,970,000	head	2%

<sup>1</sup>Includes only Idaho, Washington, Michigan, and Oregon - fresh basis.

<sup>2</sup>Foodsize fish are defined as being 12 inches long or longer.

<sup>3</sup>January 1, 2001, inventory.

<sup>4</sup>Average number during year; excluding heifers not yet fresh.

Source: Idaho Agricultural Statistics Service

## Schedule 21 - Expenditure and Inmate Population Growth

Fiscal Years 1992-2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Expenditures ( <i>in thousands</i> )	\$105,491	\$93,452	\$87,702	\$82,045	\$71,126	\$64,409	\$59,755	\$47,991	\$43,711	\$42,363
% Change	12.9%	6.6%	6.9%	15.4%	10.4%	7.8%	24.5%	9.8%	3.2%	16.4%
Inmate Population	5,452	5,002	4,404	3,957	3,959	3,496	3,150	2,788	2,419	2,324
% Change	9.0%	13.6%	11.3%	(0.1)%	13.3%	11.0%	13.0%	15.3%	4.1%	5.5%

Source: 2001 Idaho Fiscal Facts

## Schedule 22 - Idaho's Gross Domestic Product

Calendar Years 1992 - 2001 (*dollars in billions*)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Current Dollars	\$10,202	\$9,873	\$9,269	\$8,782	\$8,318	\$7,813	\$7,401	\$7,054	\$6,642	\$6,319
% Change	3.3%	6.5%	5.5%	5.6%	6.5%	5.6%	4.9%	6.2%	5.1%	5.6%
1996 Chain-Weighted	\$9,325	\$9,224	\$8,857	\$8,509	\$8,159	\$7,813	\$7,544	\$7,348	\$7,063	\$6,880
% Change	1.1%	4.1%	4.1%	4.3%	4.4%	3.6%	2.7%	4.0%	2.7%	3.1%

Note: 2001 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXIII, No. 4, October, 2001

## Schedule 23 - Idaho's 1998\* Tax Ranking Among the 50 States and D.C.

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

		Income Basis for Ranking								Per Capita Basis for Ranking							
Type of Tax	States w/Tax	FY 98	FY 97	FY 96	FY 95	FY 94	FY 93	FY 92	FY 91	FY 98	FY97	FY 96	FY 95	FY 94	FY 93	FY 92	FY 91
Property	51	30	31	34	35	37	37	37	35	36	36	35	37	38	38	39	37
Sales	47	30	29	25	25	22	27	24	28	40	38	36	36	34	34	35	36
Individual Income	44	16	15	15	16	15	16	15	13	28	27	27	27	24	26	25	24
Corporate Income	47	23	13	10	15	21	25	24	26	25	21	15	18	24	28	24	28
Motor Vehicle	51	3	3	9	9	6	6	7	9	3	4	13	16	9	12	13	11
Overall	51	22	21	24	23	25	33	29	28	41	41	40	40	38	39	40	42
Per Capita Income Ranking		46	45	42	40	40	40	45	45								

\*1998 Most Current Year Available

Source: Idaho Tax Commission

## Schedule 24 - Revenue from the Lottery

Fiscal Years 1992-2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Type of Ticket (in millions)</b>										
Scratch	\$51.8	\$57.3	\$56.4	\$58.8	\$61.2	\$63.7	\$57.4	\$42.2	\$31.3	\$32.8
On-Line	\$28.6	\$27.6	\$32.6	\$29.2	\$23.8	\$25.4	\$28.9	\$28.5	\$24.3	\$17.4
Break Open	\$1.4	\$1.6	\$1.5	\$1.6	\$2.0	\$2.0	\$1.7	\$1.4	\$1.2	\$1.5
<b>Other Income (in thousands)</b>	\$654.5	\$610.6	\$601.2	\$544.0	\$662.0	\$501.0	\$474.0	\$395.0	\$349.0	\$326.0
<b>Gross Revenue (in millions)</b>	\$86.0	\$87.1	\$91.0	\$90.1	\$87.6	\$91.6	\$88.4	\$72.5	\$57.1	\$51.9
Less:										
Prizes	\$49.3	\$51.0	\$52.3	\$52.4	\$53.3	\$55.2	\$52.9	\$41.3	\$31.4	\$28.1
Administration	\$18.2	\$17.9	\$17.3	\$17.1	\$15.9	\$16.6	\$16.9	\$15.6	\$13.2	\$11.2
Net Proceeds	\$18.5	\$18.2	\$21.4	\$20.6	\$18.4	\$19.8	\$18.6	\$15.6	\$12.5	\$12.6

Source: Idaho State Lottery

**Schedule 25 - Assets, Liabilities, and Fund Balances**

**General Fund Accounts**

**June 30, 2001**

	State General Account	Permanent Building	Warrant Deficiency	Legislative	Budget Reserve	Millennium
<b>Assets</b>						
Cash Equity with Treasurer	\$198,009,968	\$80,208,898	(\$14,176)	\$2,418,026	\$53,239,836	\$917,056
Cash and Cash Equivalents	129,743					
Investments	47,357,858	50,443,123				48,667,988
Accounts Receivable, Net	144,142,185	2,481,439	137,218			6,865
Due from/Advance to Other Funds	769	258,764				
Due from Other Entities						
Inventory	511,047		32,380			
Notes/Mortgages Receivable, Net						
Other Assets		714,423				
<b>Total Assets</b>	<b>\$390,151,570</b>	<b>\$134,106,647</b>	<b>\$155,422</b>	<b>\$2,418,026</b>	<b>\$53,239,836</b>	<b>\$49,591,909</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable and Other Liabilities	\$20,605,582	\$22,609,419	\$2,755,085	\$83,048		
Payroll and Compensated Absences Payable	61,819,209	84,875	141,221	153,475		\$1,519
Deposits	735,918					
Due to/Advance from Other Funds	2,742,407	4,028	4,142	57,337		
Deferred Revenue	13,134,857	6,586,681				
<b>Total Liabilities</b>	<b>99,037,973</b>	<b>29,285,003</b>	<b>2,900,448</b>	<b>293,860</b>		<b>1,519</b>
<b>Fund Balances</b>						
Reserved	10,041,945	18,996,362	294,572			169,890
Unreserved	281,071,652	85,825,282	(3,039,598)	2,124,166	\$53,239,836	49,420,500
<b>Total Fund Balances</b>	<b>291,113,597</b>	<b>104,821,644</b>	<b>(2,745,026)</b>	<b>2,124,166</b>	<b>53,239,836</b>	<b>49,590,390</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$390,151,570</b>	<b>\$134,106,647</b>	<b>\$155,422</b>	<b>\$2,418,026</b>	<b>\$53,239,836</b>	<b>\$49,591,909</b>

Catastrophic Health Care	Income Earnings	Sales Tax	Income Tax Refunds	Miscellaneous	Total
\$2,657,516	\$8,380,669	\$26,134,127	\$1,792,251	\$5,245,169	\$378,989,340
					129,743
	32,545,296				179,014,265
	433,716	10,981,928	18,355,125		176,538,476
				336,078	595,611
				367,183	367,183
	72,180				615,607
	598,666				598,666
	8,438,962				9,153,385
\$2,657,516	\$50,469,489	\$37,116,055	\$20,147,376	\$5,948,430	\$746,002,276
\$47,927	\$544,903	\$5,584		\$899,633	\$47,551,181
	66,619			359,267	62,626,185
					735,918
	12,397			1,259	2,821,570
	40,838	973,861	\$1,658,118	23,936	22,418,291
47,927	664,757	979,445	1,658,118	1,284,095	136,153,145
	25,174,224			386,765	55,063,758
2,609,589	24,630,508	36,136,610	18,489,258	4,277,570	554,785,373
2,609,589	49,804,732	36,136,610	18,489,258	4,664,335	609,849,131
\$2,657,516	\$50,469,489	\$37,116,055	\$20,147,376	\$5,948,430	\$746,002,276

# Schedule 26 - Revenues, Expenditures, and Changes in Fund Balances

## General Fund Accounts

### For the Fiscal Year Ended June 30, 2001

	State General Account	Permanent Building	Warrant Deficiency	Legislative	Budget Reserve	Millennium
<b>Revenues</b>						
Sales Tax	\$647,344,334	\$5,341,571				
Individual and Corporate Taxes	1,094,494,220	6,344,917				
Other Taxes	51,376,701	7,723,884				
Licenses, Permits, and Fees	9,954,068		\$90,528			
Sale of Services, Goods, and Property	318,071	14,731,488	546	\$19,810		
Grants and Contributions	316,286			100,000		\$1,216,844
Investment Income	32,995,980	7,203,776				(2,054,615)
Rent and Lease Income	265,392	108,662				
Tobacco Settlement						22,440,713
Miscellaneous Income	362,229		6,333,583			6,865
<b>Total Revenues</b>	<b>1,837,427,281</b>	<b>41,454,298</b>	<b>6,424,657</b>	<b>119,810</b>		<b>21,609,807</b>
<b>Expenditures</b>						
Current						
General Government	65,120,788	3,130,085		4,991,789		1,495,067
Public Safety and Correction	166,627,378		100,800			154,411
Agriculture and Economic Development	18,801,269		144,722			
Natural Resources	23,319,358		18,130,374			
Health	9,817,638					958,766
Public Education	268,857,455					
Human Services	630,837					80,885
Transportation						
Capital Outlay	24,811,748	76,770,959	1,450	24,707		4,200
Intergovernmental	53,594,243					26,376
<b>Total Expenditures</b>	<b>631,580,714</b>	<b>79,901,044</b>	<b>18,377,346</b>	<b>5,016,496</b>		<b>2,719,705</b>
<b>Revenues Over (Under) Expenditures</b>	<b>1,205,846,567</b>	<b>(38,446,746)</b>	<b>(11,952,689)</b>	<b>(4,896,686)</b>		<b>18,890,102</b>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	159,008,626	80,854,909	9,788,524	5,020,000	\$35,209,641	
Operating Transfers Out	(1,374,322,565)				(18,000,000)	
Capital Leases Incurred	247,003					
<b>Total Other Financing Sources (Uses)</b>	<b>(1,215,066,936)</b>	<b>80,854,909</b>	<b>9,788,524</b>	<b>5,020,000</b>	<b>17,209,641</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(9,220,369)</b>	<b>42,408,163</b>	<b>(2,164,165)</b>	<b>123,314</b>	<b>17,209,641</b>	<b>18,890,102</b>
<b>Fund Balances - Beginning of Year</b>	<b>300,333,966</b>	<b>62,413,481</b>	<b>(580,861)</b>	<b>2,000,852</b>	<b>36,030,195</b>	<b>30,700,288</b>
<b>Fund Balances - End of Year</b>	<b>\$291,113,597</b>	<b>\$104,821,644</b>	<b>(\$2,745,026)</b>	<b>\$2,124,166</b>	<b>\$53,239,836</b>	<b>\$49,590,390</b>

\*This column represents intrafund operating transfer eliminations within the General Fund accounts. Eliminations are shown in a separate column in order to display actual transfers in the individual accounts.

Catastrophic Health Care	Income Earnings	Sales Tax	Income Tax Refunds	Miscellaneous	General Account Transfer Eliminations*	Total
		\$115,971,425	\$3,438,836	\$1,662,655		\$773,758,821
	\$125,877		69,163,256	1,338,473		1,171,466,743
	4,594,913	948,721	9,191,607			73,835,826
	1,119,070			7,621,181		18,784,847
\$134,979	1,201,714			4,015,155		20,421,763
	26,725			4,944,267		6,604,122
512,018	38,994,436			172,826		77,824,421
	6,802,069			81,517		7,257,640
						22,440,713
1,028,841	40,831			7,753,746		15,526,095
1,675,838	52,905,635	116,920,146	81,793,699	27,589,820		2,187,920,991
	128,437	117,319,455	2,822,289	4,941,657		199,949,567
	2,629,756			1,445,715		170,958,060
11,871,142				578,463		31,395,596
				551,456		42,001,188
	3,749,774					14,526,178
	932,616,958			9,713,251		1,211,187,664
						711,722
	1,494,436			421,558		103,529,058
				4,753,464		58,374,083
11,871,142	940,619,361	117,319,455	2,822,289	22,405,564		1,832,633,116
(10,195,304)	(887,713,726)	(399,309)	78,971,410	5,184,256		355,287,875
10,000,000	934,140,406			10,855,591	(\$1,129,480,957)	115,396,740
	(15,662,107)		(71,801,135)	(21,267,557)	1,129,480,957	(371,572,407)
						247,003
10,000,000	918,478,299		(71,801,135)	(10,411,966)		(255,928,664)
(195,304)	30,764,573	(399,309)	7,170,275	(5,227,710)		99,359,211
2,804,893	19,040,159	36,535,919	11,318,983	9,892,045		510,489,920
\$2,609,589	\$49,804,732	\$36,136,610	\$18,489,258	\$4,664,335	\$0	\$609,849,131



## Schedule 27 - Miscellaneous Statistics

State Capitol: Boise

Admitted to the Union: July 3, 1890

Nickname: The "Gem State"

Motto: "Esto Perpetua" (Let It Be Perpetual)

2000 Population: 1,293,953

Highest Elevation Point:

Mt. Borah; 12,662 Feet Above Sea Level

Lowest Elevation Point:

Snake River, Lewiston; 770 feet Above Sea Level

Number of Lakes: More Than 2,000

State Song: "Here We Have Idaho"

State Insect: Monarch Butterfly

State Fish: Cutthroat Trout

State Bird: Mountain Bluebird

State Horse: Appaloosa

State Tree: Western White Pine

State Gem Stone: Idaho Star Garnet

State Flower: Syringa

Source: Idaho Blue Book, 2000-2001

Idaho Department of Commerce (Population)

### LAND AREA AND USE

(in square miles)

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

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: Idaho Blue Book, 2000 - 2001

### COMMUNITIES IN IDAHO WITH POPULATIONS OVER 10,000

Boise	185,787
Nampa	51,867
Pocatello	51,466
Idaho Falls	50,730
Meridian	34,919
Coeur d'Alene	34,514
Twin Falls	34,469
Lewiston	30,904
Caldwell	25,967
Moscow	21,291
Rexburg	17,257
Post Falls	17,247
Mountain Home	11,143
Eagle	11,085
Garden City	10,624
Blackfoot	10,419

Source: U.S. Census Bureau, 2000

### *The Following Statistics are from Calendar Year 2000*

Number of:

Licensed Hospitals:	49
Optometrists:	339
Chiropractic Physicians:	384
Physicians:	2,278
Dentists:	831
Public Schools	
Elementary:	373
Secondary:	276
Non-Public Schools	
Elementary:	52
Secondary:	26
Colleges and Universities:	11
Public Libraries:	152

Source: Idaho Department of Commerce

# STATE OF IDAHO

## Office of the State Controller

**J.D. Williams, CGFM, JD, MPA**  
State Controller

**Keith L. Johnson, CPA, JD**  
Chief Deputy State Controller

### **ACKNOWLEDGMENTS:**

**Steve Allison, CPA, CGFM**  
Administrator  
Division of Statewide Accounting

**Bureau of Reporting and Review**  
**Darla Rankin, CPA, CGFM, MPA, Bureau Chief**  
Tim Wendland, CPA  
Ruth Ard  
Sherrill Geddes  
Kristi Kelly  
Rebecca Valentine, CPA  
Jeremy Ward

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

## STATE OF IDAHO WEBSITES & PHONE NUMBERS

OFFICE	WEB ADDRESS	PHONE NUMBER
Administration, Department of	<a href="http://www2.state.id.us/adm/">http://www2.state.id.us/adm/</a>	332-1824
Aging, Commission on	<a href="http://www2.state.id.us/icoa/">http://www2.state.id.us/icoa/</a>	334-3833
Agriculture, Department of	<a href="http://www.agri.state.id.us/">http://www.agri.state.id.us/</a>	332-8500
Appellate Public Defender	<a href="http://www.sapd.state.id.us/">http://www.sapd.state.id.us/</a>	334-2712
Arts Commission	<a href="http://www2.state.id.us/arts/index.htm">http://www2.state.id.us/arts/index.htm</a>	334-2119
Attorney General, Office of	<a href="http://www2.state.id.us/ag/">http://www2.state.id.us/ag/</a>	334-2400
Commerce, Department of	<a href="http://www.idoc.state.id.us/">http://www.idoc.state.id.us/</a>	334-2470
Consumer Protection Unit ( 1-800-432-3545)	<a href="http://www2.state.id.us/ag/consumer/consumer.htm">http://www2.state.id.us/ag/consumer/consumer.htm</a>	334-2424
Correction, Department of	<a href="http://www.corr.state.id.us/">http://www.corr.state.id.us/</a>	658-2000
Developmental Disabilities Council (1-800-544-2433)	<a href="http://www2.state.id.us/icdd/index.htm">http://www2.state.id.us/icdd/index.htm</a>	334-2178
Education, Board of	<a href="http://www.sde.state.id.us/osbe/board.htm">http://www.sde.state.id.us/osbe/board.htm</a>	334-2270
Education, Department of	<a href="http://www.sde.state.id.us/Dept/">http://www.sde.state.id.us/Dept/</a>	332-6800
Engineers and Land Surveyors, Board of Professional	<a href="http://www2.state.id.us/ipels/index.htm">http://www2.state.id.us/ipels/index.htm</a>	334-3860
Finance, Department of (1-800-346-3378)	<a href="http://www2.state.id.us/finance/dof.htm">http://www2.state.id.us/finance/dof.htm</a>	332-8000
Financial Management, Division of	<a href="http://www2.state.id.us/dfm/dfm.htm">http://www2.state.id.us/dfm/dfm.htm</a>	334-3900
Fish and Game, Department of	<a href="http://www2.state.id.us/fishgame/fishgame.html">http://www2.state.id.us/fishgame/fishgame.html</a>	334-3700
Governor, Office of the	<a href="http://www2.state.id.us/gov/govhmpg.htm">http://www2.state.id.us/gov/govhmpg.htm</a>	334-2100
Health and Welfare, Department of	<a href="http://www2.state.id.us/dhw/hwgd_www/home.html">http://www2.state.id.us/dhw/hwgd_www/home.html</a>	334-5500
Health Districts Conference Office	<a href="http://www2.state.id.us/phd/hdcopage.htm">http://www2.state.id.us/phd/hdcopage.htm</a>	334-3566
Hispanic Affairs, Commission on	<a href="http://www2.state.id.us/icha/">http://www2.state.id.us/icha/</a>	334-3776
Historical Society, Idaho State	<a href="http://www2.state.id.us/ishs/index.htm">http://www2.state.id.us/ishs/index.htm</a>	334-2682
Human Resources, Division of	<a href="http://www.ipc.state.id.us/">http://www.ipc.state.id.us/</a>	334-2263
Human Rights Commission	<a href="http://www2.state.id.us/ihr/ihrhome.htm">http://www2.state.id.us/ihr/ihrhome.htm</a>	334-2873
Humanities Council	<a href="http://www2.state.id.us/ihc/">http://www2.state.id.us/ihc/</a>	334-3844
Idaho, State of	<a href="http://www.state.id.us">http://www.state.id.us</a>	334-2411
Independent Living Council	<a href="http://www2.state.id.us/silc/">http://www2.state.id.us/silc/</a>	334-3800
Industrial Commission	<a href="http://www2.state.id.us/iic/index.htm">http://www2.state.id.us/iic/index.htm</a>	334-6000
INEEL Oversight Program	<a href="http://www2.state.id.us/deqinel/main_op.htm">http://www2.state.id.us/deqinel/main_op.htm</a>	373-0498
Information Technology Resource Mgmt. Council	<a href="http://www2.state.id.us/itrmc/">http://www2.state.id.us/itrmc/</a>	332-1876
Insurance Fund, State	<a href="http://www2.state.id.us/isif">http://www2.state.id.us/isif</a>	332-2100
Insurance, Department of	<a href="http://www.doi.state.id.us/">http://www.doi.state.id.us/</a>	334-4250
Judicial Branch/Supreme Court	<a href="http://www2.state.id.us/judicial/judicial.html">http://www2.state.id.us/judicial/judicial.html</a>	334-2246
Juvenile Corrections, Department of	<a href="http://www.djc.state.id.us/">http://www.djc.state.id.us/</a>	334-5100
Labor, Department of	<a href="http://www.doe.state.id.us/">http://www.doe.state.id.us/</a>	334-6252
Lands, Department of	<a href="http://www2.state.id.us/lands/">http://www2.state.id.us/lands/</a>	334-0200
Legislative Branch	<a href="http://www2.state.id.us/legislat/legislat.html">http://www2.state.id.us/legislat/legislat.html</a>	1-800-626-0471
Legislative Districts	<a href="http://www2.state.id.us/legislat/csgnews/">http://www2.state.id.us/legislat/csgnews/</a>	
Library, Idaho State	<a href="http://www.lili.org/isl/">http://www.lili.org/isl/</a>	334-2150
Lieutenant Governor, Office of	<a href="http://www2.state.id.us/lgo/">http://www2.state.id.us/lgo/</a>	334-2200
Liquor Dispensary, Idaho State	<a href="http://2.state.id.us/isl/">http://2.state.id.us/isl/</a>	334-2524
Lottery Commission	<a href="http://www.idaholottery.com/">http://www.idaholottery.com/</a>	334-2600
Military, Division of	<a href="http://www2.state.id.us/mil/cover.htm">http://www2.state.id.us/mil/cover.htm</a>	422-4272
Nursing, Board of	<a href="http://www2.state.id.us/ibn/ibnhome.htm">http://www2.state.id.us/ibn/ibnhome.htm</a>	334-3110
Outfitters and Guides Licensing Board	<a href="http://www2.state.id.us/oglb/oglbhome.htm">http://www2.state.id.us/oglb/oglbhome.htm</a>	327-7380
Parks and Recreation, Department of	<a href="http://www.idahoparks.org/">http://www.idahoparks.org/</a>	334-4199
Police, Idaho State	<a href="http://www.isp.state.id.us">http://www.isp.state.id.us</a>	884-7000
Public Employees Retirement System	<a href="http://www.persi.state.id.us/">http://www.persi.state.id.us/</a>	334-3365
Public Television, Idaho	<a href="http://www.idptv.state.id.us/">http://www.idptv.state.id.us/</a>	373-7220
Public Utilities Commission	<a href="http://www.puc.state.id.us/">http://www.puc.state.id.us/</a>	334-0300
Purchasing, Division of	<a href="http://www2.state.id.us/adm/purchasing/default.htm">http://www2.state.id.us/adm/purchasing/default.htm</a>	327-7465
Rural Development Council	<a href="http://www.rurdev.usda.gov/nrdp/id.html">http://www.rurdev.usda.gov/nrdp/id.html</a>	334-6113
Tax Commission-Forms	<a href="http://www2.state.id.us/tax/forms.htm">http://www2.state.id.us/tax/forms.htm</a>	334-7660
Transportation Department, Idaho	<a href="http://www2.state.id.us/itd/itdhmpg.htm">http://www2.state.id.us/itd/itdhmpg.htm</a>	334-8000
Unclaimed Property	<a href="http://www2.state.id.us/tax/unclaimed.htm">http://www2.state.id.us/tax/unclaimed.htm</a>	334-7627
Vocational Rehabilitation, Division of	<a href="http://www2.state.id.us/idvr/idvrhome.htm">http://www2.state.id.us/idvr/idvrhome.htm</a>	334-3390
Water Resources, Department of	<a href="http://www.idwr.state.id.us">http://www.idwr.state.id.us</a>	327-7900
Women's Commission	<a href="http://www2.state.id.us/women/">http://www2.state.id.us/women/</a>	334-4673