

STATE OF IDAHO

Comprehensive

Annual

Financial

Report

Fiscal

Year

Ended

JUNE 30, 1996



Idaho State Controller's Office

MISSION

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

MISSION STATEMENT

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

PHILOSOPHY

We believe in:

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

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

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

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

Doing what we say and delivering what we promise.

CODE OF ETHICS

We are committed to:

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

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

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

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

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

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



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

STATE OF IDAHO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 1996

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

J.D. Williams
State Controller

Phil Batt
Governor

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

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STATE INSECT

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

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

SECTION



J. D. WILLIAMS
STATE CONTROLLER

OFFICE OF THE STATE CONTROLLER

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J. GREGORY WHITE
DEPUTY
DIVISION STATEWIDE ACCOUNTING

To the Citizens of Idaho:

October 6, 1997

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Fiscal Facts in a Nutshell” - provides a brief, highly condensed overview of the State's financial position and operations for the specified period. The general public is the most likely user of the report.

Reporting Entity

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

In addition to general government activities, we have included component unit entities which are financially accountable to the State, or for which the nature and significance of their relationship with the State is such that exclusion would cause this report to be misleading or incomplete. Criteria used to determine if a particular entity is financially accountable are: (1) a state official appoints a voting majority of an organization's governing body or; (2) the State has ability to impose its will on that entity, or the entity has the potential to provide specific financial benefits to, or impose specific financial burdens on, the State. The component units that are a part of this report include, but are not limited to, the Idaho State Building Authority, Idaho Housing and Finance Association, Idaho Health Facility, Idaho State Bar, and the Idaho Life and Health Insurance Guaranty Association.

Economic Condition and Outlook

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

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

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

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

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

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

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

Major Initiatives

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

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

Financial Section

Internal Control

The State's management is responsible for establishing and maintaining an internal control structure designed to ensure the State's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements. Administrative and financial internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the projected benefits likely to be received. The valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary controls are incorporated in the Statewide Accounting and Reporting System (STARS). The annual budget of the State is established through separate appropriations to individual departments for specific purposes, special outlays and/or operating expenditures. All claims presented for payment must be certified by the appropriate department that the expenditure is for a purpose intended by law and a sufficient unexpended appropriation balance is available for the expenditure. STARS also performs various edits to assure appropriation authorizations are not exceeded. In addition to these centralized controls, each department director is required to maintain expenditures within appropriated limits. Extensive use is made of on-line tables and reports, updated on a daily basis, to provide detailed and management level reports to State agencies and budget authorities. Detailed monthly reports are prepared to assure expenditures are being executed according to plan. Deviations are identified and budget or spending modifications are made on a continuing basis.

Investments

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

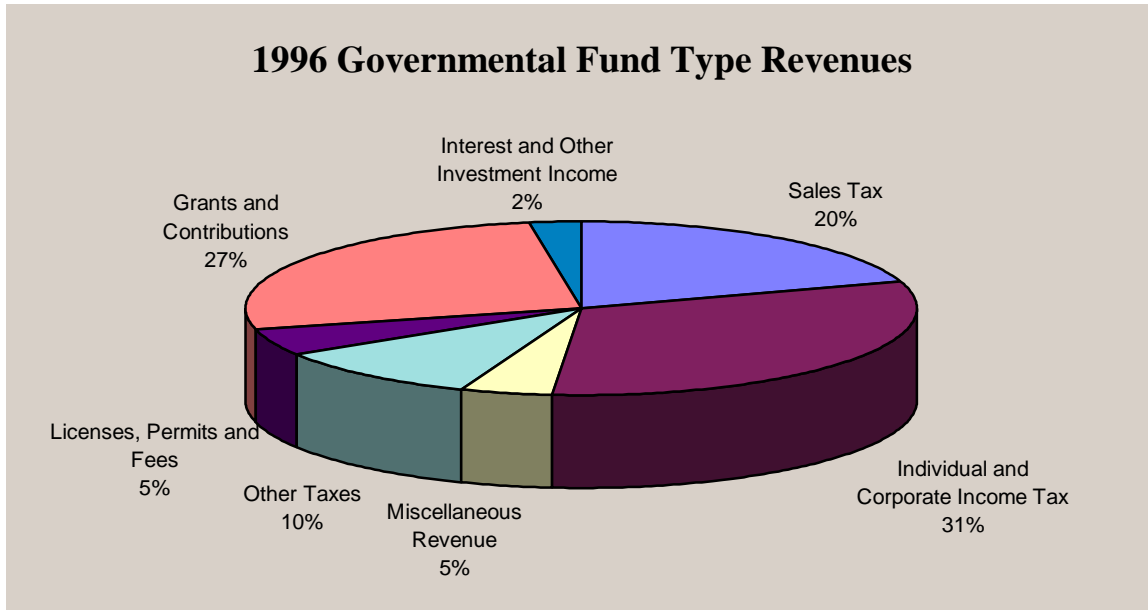
Each month the State Treasurer allocates interest income earned on the investment pool to various funds designated by law to receive the earnings. The allocation is calculated in accordance with a formula based on average daily cash balances invested over the month.

General Government Functions

Revenues

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

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

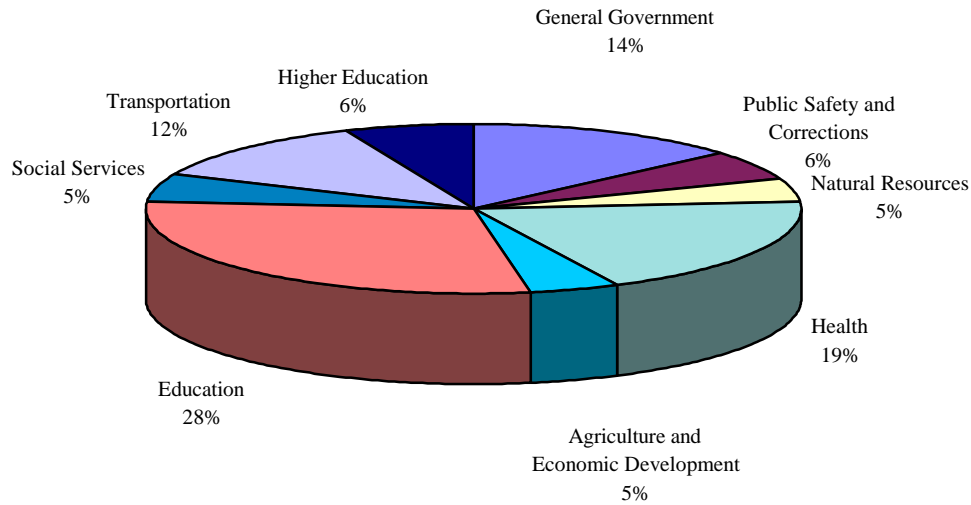


Expenditures

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

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

1996 Governmental Fund Type Expenditures



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

Enterprise funds are established to account for services provided to the public for which revenues derived by the activity will support the services provided. The enterprise fund having the largest revenue in the State is the State Insurance Fund, which provides workers compensation insurance coverage to the general public as well as the various state entities. The Idaho State Lottery Commission has the second largest enterprise fund. Revenues generated by the Lottery, after allowances for prizes and expenses, are distributed evenly between the Permanent Building Fund and the Public School Income Funds.

Internal Service Funds provide services to state and local governments and are financed through user charges. Most funds attempt to operate on a break-even basis. Rates are adjusted annually for over or under recovery of cost. The State's internal services funds reside primarily with the Department of Administration, including Group Insurance, Risk Management, postal and communication services, and the Office of the State Controller which includes data processing, accounting, and payroll services.

Fiduciary Fund Types. Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent in a custodial capacity. Fiduciary funds include expendable, nonexpendable, pension trust and agency funds. They are established through trust agreements that specify how the funds will operate. Expendable trust funds, such as the Employment Trust Fund from which unemployment benefits are paid, are funds where both principal and income can be spent. Nonexpendable trust funds, such as the Endowment Fund, are funds for which the principal cannot be spent, but the income may. The State pension trust funds are the Public Employees' Retirement System, which administers the retirement benefits held in trust for public employees and the Judges Retirement Fund, which administers retirement benefits held in trust for certain members of the Judicial Branch.

Constitutional Debt Limitation - Article VIII, Section 1. of the Idaho Constitution specifies the legislature shall not create any debts or liabilities that exceed \$2 million in the aggregate without the consent of our voters. This provision of the constitution was incorporated in 1912. The State implemented this on the assumption it applies to debts and liabilities such as general obligation bonded indebtedness. However, it does not apply to liabilities incurred for ordinary operating expenses, liabilities that arise by operation of law, or debt incurred by the State Board of Education (colleges and universities), State ex rel. Miller v. State Board of Education, 56 Idaho 210, 52 P. 2d 141 (1935); Stein v. Morrison, 9 Idaho 426, 75 P. 246 (1904).

Debt Administration

The State has no outstanding general obligation debt.

Risk Management

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

Independent Audit

In accordance with Idaho Code, Section 67-429, Legislative Audits have audited the State's financial statements for the year ended June 30, 1996. The audit was conducted in accordance with generally accepted governmental auditing standards (GAGAS) and the auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the federal Single Audit Act of 1984 and related OMB circular A-128 is performed at the statewide level. The Schedule of Federal Financial Assistance and related auditor's opinion will be issued at a later date.

Conclusion

This report reflects the continued commitment of the State's leaders to provide excellence in financial reporting. Without a complete and accurate report of the State's financial position, Idaho cannot plan adequately for its future and continue to maintain its strong financial position.

Acknowledgments

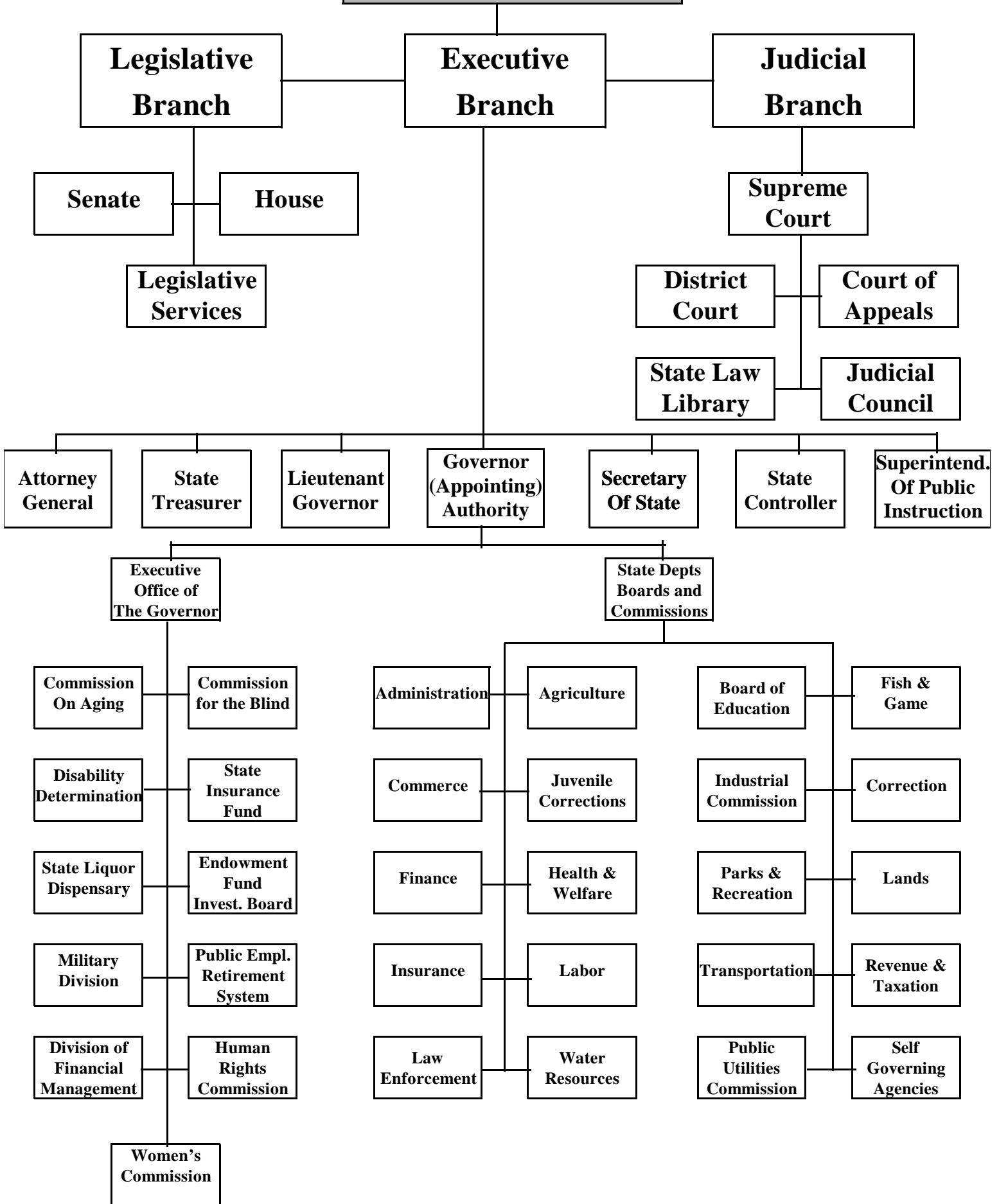
Sincere appreciation is extended to the budget and accounting officers throughout State government and to the staff of the State Controller's Office for their collective dedicated efforts in preparing this report. In addition, without the strong support of the Legislature and our past two Governors during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

Respectfully submitted,

J. D. Williams

J. D. Williams
State Controller

Citizens of Idaho



ELECTED OFFICIALS OF THE STATE OF IDAHO



PHILIP E. BATT
Governor



C.L. "BUTCH" OTTER
Lieutenant Governor



PETE T. CENARRUSA
Secretary of State



J.D. WILLIAMS
State Controller



LYDIA JUSTICE EDWARDS
State Treasurer



ALAN G. LANCE
Attorney General



ANNE C. FOX
Superintendent of
Public Instruction



MICHAEL K. SIMPSON
Speaker, Idaho House of
Representatives



JERRY T. TWIGGS
President, Pro Tempore
Idaho State Senate



CHARLES F. McDEVITT
Chief Justice,
Supreme Court



STATE FLOWER

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

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SECTION



Legislative Services Office Idaho State Legislature

Carl F. Bianchi
Director

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October 6, 1997

Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the State of Idaho as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Idaho's management. Our responsibility is to express an opinion on the general purpose financial statements based on our audit. We did not audit the financial statements of certain agencies of the primary government and certain blended component units, which statements reflect the indicated percent of total assets and total revenues, respectively, of the enterprise (26% and 32%) pension trust (99% and 99%), colleges and universities (100% and 100%), nonexpendable trust (95% and 65%). In addition, we did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the discretely presented component units identified in Note 19, and the Idaho Building Authority were not audited in accordance with *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and accordingly, are not covered by our reports in accordance with government auditing standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

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Budget & Policy Analysis
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Legislative Audit
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Serving Idaho's Citizen Legislature

Independent Auditor's Report

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Idaho as of June 30, 1996, and the results of its operations, the cash flows of its proprietary fund types, and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

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

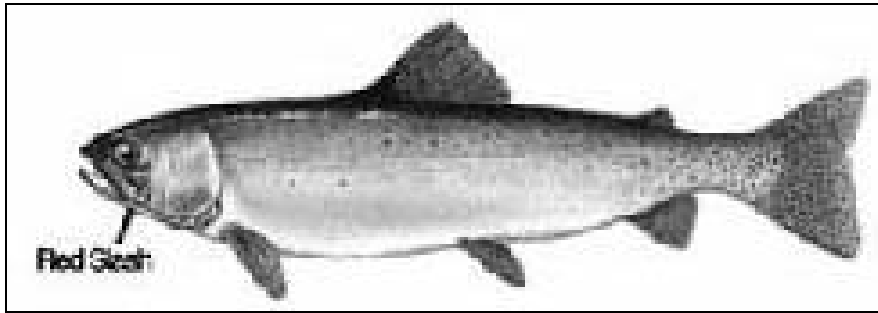
Our report was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose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

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

Legislative Audits

By: Larry R Kirk
Larry R. Kirk, CPA
Audit Supervisor

GENERAL PURPOSE



STATE FISH

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

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

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STATEMENTS

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

B. Financial Reporting Entity

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

As required by GAAP, these financial statements present the State of Idaho (primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Complete financial statements of the individual component units, or state agencies or funds, which issued separate financial statements, as noted below, can be obtained from their respective administrative offices.

State Agencies or Funds

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

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

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

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

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

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

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

Blended Component Unit - Enterprise Fund

The following component unit is legally separate from the State, but is so intertwined with the State that it is, in substance, the same as the State. It is reported as part of the State and blended into the appropriate fund and account groups.

Idaho State Building Authority. The Idaho State Building Authority was created by Idaho Code to finance and construct facilities such as office buildings and parking garages to be used by the State. It is reported as part of the primary government because it provides services almost entirely to the primary government. It is blended into the Enterprise

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

Discretely Presented Component Units

The Component Units described in Note 19 are entities which are legally separate from the State, but are financially accountable to the State, or their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and governed by separate boards.

C. Constitutional Debt and Liability Limitation

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

D. Fund Accounting

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

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

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

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

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

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

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

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

Enterprise Funds are established to account for governmental operations that function in a manner similar to private business enterprises where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. These funds are used to account for the financing, acquisition, operation, and capital maintenance of governmental facilities where the determination of net income is appropriate. Enterprise funds include Correctional Industries, the Liquor Dispensary, the Idaho Lottery Commission, Petroleum Clean Water Fund, and the State Insurance Fund.

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

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

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

Nonexpendable Trust Funds account for the transactions, assets, liabilities, and fund equity of the State Endowment Fund. The Endowment Funds were created from federal Enabling Act land grants and the sale of such lands. The Fund’s principal is nonexpendable. Earnings on the principal are used to support education, mental health, corrections, and public buildings.

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

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

4. College and University funds account for the financial position and operations of the State’s colleges and universities in accordance with existing authoritative accounting and reporting principles as prescribed in the AICPA Industry Audit Guide. Accordingly, college and university funds are an aggregation of the following funds:

Current Funds account for resources that will be expended for performing the primary and support objectives of the institution, i.e., instruction, academic support, student services, institutional support, operations and maintenance of plant, scholarships and fellowships and auxiliary activities. These include “unrestricted” funds over which the institution’s governing board retains full control in achieving institutional purposes and “restricted” funds which may be utilized only for purposes designated by a donor or other external organization. Unrestricted funds include general fund appropriations and various fees charged to students. Auxiliary enterprise funds account for transactions of substantially self-supporting activities that primarily provide services to students, faculty, and staff. Auxiliary enterprises include, but are not limited to, student housing, intercollegiate athletics, food services, and bookstores.

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

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Endowment Funds account for resources, held by the institutions, that must be administered in accordance with trust agreements.

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

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

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

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

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

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

5. Account groups consist of the following:

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

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

E. Measurement Focus and Basis of Accounting

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

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Governmental Funds, Expendable Trust Funds, and Agency Funds

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

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

Proprietary Funds, Nonexpendable Trust Funds, and Pension Trust Funds

All proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

All proprietary funds, nonexpendable trust funds, and pension trust funds use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components for proprietary funds and fund balance for nonexpendable trust and pension trust funds.

College and University Funds

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

Change in Accounting Principle

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

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

F. Budgetary Process

By November of each year, all agencies of the state submit requests for appropriations to the Governor's Office, Division of Financial Management, and the Legislature so a budget may be prepared for the up-coming legislative session. The budget is generally prepared by agency, fund, program, and object. The budget presentation includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January and February, the Governor's proposed budget is presented to the legislature for review, change, and preparation of the annual appropriation acts for the various agencies. The legislature enacts annual appropriations (budgets) for the majority of funds held in the state treasury. These budgets are adopted in accordance with Idaho Code, Title 67, Chapters 35 and 36. Both houses of the legislature must pass the appropriation acts by a simple majority vote. The appropriation acts become the State's authorized operating budget upon the Governor's signature, or 10 days after the end of the session if not signed by the Governor.

Once the budget has been adopted, limitations may exist regarding the extent to which management may make modifications. At no time, without Legislative authority may an appropriation be transferred from one fund to another. However, with the appropriate approval the following adjustments may be made:

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

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

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

The State's books and records and other official reports are maintained on a cash basis which is the basis of accounting used in the preparation of the State's legally adopted annual budget or legal basis. The legal basis emphasizes accountability and the budgetary control of appropriations. The State issues a separate Legal Basis Financial Report which demonstrates

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

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

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

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

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

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

G. Assets and Liabilities

Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts, petty cash, and short term investments. Cash balances of most State funds are pooled together and invested by the State Treasurer. Interest earned on pooled cash is allocated to the Internal Service Funds, Expendable Trust Funds, and certain Special Revenue Funds when so directed by law. All earnings not otherwise allocated are General Fund revenue. Collateral, as further discussed in Note 2, is pledged by the various banks and securities dealers to secure State

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funds. As an exception to the above policy, certain organizations within the State's reporting entity have independent powers to manage and invest their own cash.

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

Investments

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

The Public Employee Retirement System of Idaho (PERSI) is permitted to make investments in accordance with the Prudent Man Investment Act, Sections 68-501 through 68-506 of the Idaho Code. PERSI invests in domestic equities, international equities (including international hedges), fixed income investments, real estate and real estate investment trusts, mortgages and certain other short-term investments. These investments are recorded at fair market value in accordance with GASB Statement 25.

Accounts Receivable

Accounts receivable in governmental and fiduciary funds primarily consist of timber sales and interest (both of which are recorded when earned), taxes subject to accrual -- mainly sales taxes and income taxes, and public assistance receivables which represent amounts billed to other health care providers by the Department of Health and Welfare. The public assistance receivables have a low realization expectation, therefore the receivable is offset by a large allowance for uncollectible receivables. Other receivables include amounts collectible for investments sold and for accrued interest income as well as contributions receivable in the pension trust funds. Proprietary fund receivables occur as part of the ordinary course of business. University fund receivables include money due from the federal government, tuition, fees, loans, and accrued interest income. A schedule of these balances follows:

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

Due From/To Other Funds

During the course of operations, numerous transactions occur between individual funds within the State for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. With the exception of intrafund operating transfers, no eliminating entries have been made for transactions occurring between funds. A schedule of these balances follows:

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

Due From Other Governments

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

Prepaid Expenses

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

Inventories

Proprietary fund type inventories of supplies and materials are stated at cost, which approximates market, generally using the first-in, first-out method. No inventories are included for governmental fund types. Supplies and materials which might be held in inventory are recorded as expenditures at the time of purchase.

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Notes and Mortgages Receivables

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

Other Assets

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

Fixed Assets

Fixed assets used in governmental fund type operations are recorded as expenditures in the governmental funds and in the general fixed assets account group at cost or estimated historical cost if actual cost is not available. Donated fixed assets are recorded at the estimated fair market value at the date of donation. Assets in the general fixed assets account group are not depreciated.

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

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

Public domain general fixed assets or infrastructure (e.g., freeways, bridges, sidewalks and other assets that are immovable and of value only to the state) are not capitalized. The cost of land associated with infrastructure is not included. Buildings and Improvements, Machinery and Equipment, and improvements other than buildings are depreciated in the proprietary and similar trust fund types using the following schedule:

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

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

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

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

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

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Taxes Payable

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

Accounts Payable and Accrued Items

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

Deposits

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

Due To Other Governments

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

Accrued Compensated Absences

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

Deferred Revenue

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

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

Notes, Bonds and Contracts Payable

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

Policy Claim Liabilities

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

H. Fund Balance Reserves

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

I. Total (Memorandum Only)

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

J. Change in Accounting Principles

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Primary Government

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

Discretely Presented Component Units

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

NOTE 3. INVESTMENTS

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

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

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

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

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

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

Primary Government

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

Discretely Presented Component Units

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

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

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

Securities Lending Agreements: The State participates in securities lending agreements whereby securities are loaned to broker/dealers for a fee. The borrowing broker/dealers pledge and maintain collateral. An economic loss could occur if there was default or if the obligation value exceeded the collateralized value.

NOTE 4. RETIREMENT PLANS

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

PERSI administers 3 defined benefit retirement plans and 1 defined contribution plan intended to provide retirement benefits to employees of its employer members. By State law, the State and school districts are employer members of the system. Political subdivisions, such as county and city governments; water, sewer and health districts; hospitals; and libraries have also chosen to participate in the system. All State employees not covered by the other plans described below, which normally work more than twenty hours per week and have been employed by an employer member for more than five consecutive months, are covered by PERSI.

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

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

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

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

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

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

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

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

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

The Department of Labor (formerly the Department of Employment) Retirement Plan covers individuals employed by the Department prior to October 1, 1980. Under the Department administered plan, Prudential Life Insurance Company manages the investment of funds under a group annuity contract within the parameters established by the Department of Labor. Funds are used to purchase an annuity contract from Prudential when the employee retires. At June 30, 1996, there were 169 Department employees covered by this plan. As of June 30, 1996, mandatory deductions to this plan from covered employees’ gross earnings were 7% and the Department of Labor contributed 11.89% for total contributions of \$1,400,979 during FY96 (\$877,192 by the employer and \$523,787 by the employees). Prior to September 31, 1995 the actuarial accrued liabilities was the actuarial present value of benefits less the actuarial present value of future normal costs based on the entry age actuarial cost method. The Plan changed to the aggregate actuarial cost method at September 30, 1995. As of that date the aggregate actuarial liabilities were equal to the actuarial value of assets. As a consequence, there is no unfunded actuarial accrued liability. This was also true for September 30, 1996. The actuarial value of assets at September 30, 1996 totaled \$104,958,000. All employees hired by the Department of Labor after September 30, 1980 are covered by PERSI, as described above.

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

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

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

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

NOTE 5. TAX ANTICIPATION NOTES

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

External Tax Anticipation notes (sold on the open market) were issued on July 6, 1995 in the principal amount of \$220,000,000. These notes were redeemed on June 27, 1996. The interest expense incurred and paid was \$9,652,500.

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

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

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

NOTE 6. RISK MANAGEMENT AND GROUP INSURANCE

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Risk Management and Group Insurance Funds.

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

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

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

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

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

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

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

NOTE 7. INTERFUND TRANSACTIONS

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

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

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

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

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

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

NOTE 8. COMPENSATED ABSENCES

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

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

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

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

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

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes.

Operating Leases

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

Capital Leases

Capital leases are leases the State has entered into that are in substance an installment sale. At the date of acquisition, the assets are valued on the balance sheet at the present value of the future minimum lease payments. Assets under capital leases originating in governmental funds are recorded in the General Fixed Asset Account Group and the General Long-Term Debt Account Group. Capital lease obligations for proprietary fund types are reported in the respective funds as long-term obligations.

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

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

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

NOTE 10. BONDS AND NOTES PAYABLE

A. Primary Government

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

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

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

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

Total Notes Payable \$ 5,286,957

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

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

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

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

The University of Idaho advance refunded 1986 Series and 1993 Series bonds to reduce its total debt service payments over the next 17 years by approximately \$1 million and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of approximately \$850,000.

At June 30, 1996, debt in the amount of \$17,189,000 for the University of Idaho (including amounts discussed above) is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds were invested in government securities and placed in escrow to assure timely payments of the maturities of those prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

B. Component Units

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

Idaho Housing And Finance Agency
Amounts in Thousands

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 11. CHANGES IN LONG-TERM OBLIGATIONS

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

NOTE 12. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

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

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

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

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

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

Segment information for these Enterprise Funds is summarized below:

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

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

NOTE 13. DEFERRED COMPENSATION PLAN

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

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

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

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

NOTE 14. LITIGATION

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

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

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

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

NOTE 15. CONTINGENCIES

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

NOTE 16. CONSTRUCTION IN PROGRESS

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

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

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

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

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

NOTE 17. AFFILIATED ORGANIZATIONS

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

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

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

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

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

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

NOTE 18. RESTATED BEGINNING BALANCES

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

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

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

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

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

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

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

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

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

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

NOTE 19. COMPONENT UNITS

The following component units are entities which are legally separate from the State, but are financially accountable to the State, or their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and governed by separate boards.

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

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

Idaho Life and Health Insurance Guaranty Association. The Idaho Life and Health Insurance Guaranty Association is a nonprofit organization formed by the Idaho Life and Health Insurance Guaranty Association Act of 1977. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The act applies to direct and supplemental life and health policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho. Their audit report, dated March 27, 1996, was issued under separate cover for the year ended December 31, 1995.

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

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

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

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

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

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

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

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

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

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

Component Units:

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 20. SUBSEQUENT EVENTS

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

Pro Forma Group Insurance Fund Balance Sheet
June 30, 1996

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

COMBINING



STATE HORSE

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

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STATEMENTS & SCHEDULES

STATE OF IDAHO

GENERAL FUND

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

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

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

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

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

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

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

STATE OF IDAHO

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tourism and Promotion	Industrial Administration	Water Claims Adjudication	Federal Grants	Development Loans	Commodity Indemnity	Petroleum Price Violation	Restoration Projects	Total
\$2,759,610	\$1,439,269 4,998,698	\$787,130	\$2,548,828	\$1,507,290	\$5,468,566	\$9,608,069	\$620,257	\$116,641,503
			70,575				5,954,792	11,057,848
			84,292				35,271	3,000,975
			12,453,685					308,375
	4,000							12,456,715
				2,648,816		1,587,508		106,900
			32,940					7,454,973
								2,187,926
<u>\$2,759,610</u>	<u>\$6,441,967</u>	<u>\$787,130</u>	<u>\$15,190,320</u>	<u>\$4,156,106</u>	<u>\$5,468,566</u>	<u>\$11,195,577</u>	<u>\$6,610,320</u>	<u>\$153,215,215</u>
			\$3					\$7,036
\$19,504	\$139 31,788	\$36,112	5,949,130	\$12,659		\$30,297	\$55,664	7,736,361
								7,699,837
201	3,587		368,728	14	\$25	111	617	490,933
			231,900					231,900
								2,996,357
5,563	46,779	538	589,517	72	325	67	980	1,380,442
			790,856			9,326,390		10,327,333
	866			335				384,359
<u>25,268</u>	<u>83,159</u>	<u>36,650</u>	<u>7,930,134</u>	<u>13,080</u>	<u>350</u>	<u>9,356,865</u>	<u>57,261</u>	<u>31,254,558</u>
	137,897	206,428	849,412				38,269	3,933,571
				2,648,816		1,587,508		7,454,973
	10,000		13,000					182,125
<u>2,734,342</u>	<u>6,210,911</u>	<u>544,052</u>	<u>6,397,774</u>	<u>1,494,210</u>	<u>5,468,216</u>	<u>251,204</u>	<u>6,514,790</u>	<u>110,389,988</u>
<u>2,734,342</u>	<u>6,358,808</u>	<u>750,480</u>	<u>7,260,186</u>	<u>4,143,026</u>	<u>5,468,216</u>	<u>1,838,712</u>	<u>6,553,059</u>	<u>121,960,657</u>
<u>\$2,759,610</u>	<u>\$6,441,967</u>	<u>\$787,130</u>	<u>\$15,190,320</u>	<u>\$4,156,106</u>	<u>\$5,468,566</u>	<u>\$11,195,577</u>	<u>\$6,610,320</u>	<u>\$153,215,215</u>

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

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

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

STATE OF IDAHO

ENTERPRISE FUNDS

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

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

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

The LOTTERY COMMISSION was established by the Legislature in 1988. The Commission's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, ensure its integrity, and to maximize the net income of the lottery for the benefit of the State. Annually the Commission's net income is distributed evenly between the Permanent Building Fund and the School District Building Fund.

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

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

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

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

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

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

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

	Correctional Industries	Liquor Dispensary	Lottery Commission	Petroleum Clean Water Fund
Operating Revenues				
Other Taxes				
Licenses, Permits And Fee		\$890		\$3,652,868
Sale Of Services, Goods And Propert	\$4,088,809	54,488,583		
Interest And Other Investment Incon	93,563	326,627		2,123,075
Rent And Lease Incom				
Miscellaneous Incom	61,389	26,430	\$91,664,011	2,326
Total Operating Revenues	<u>4,243,761</u>	<u>54,842,530</u>	<u>91,664,011</u>	<u>5,778,269</u>
Operating Expenses				
Personnel Cost:	1,517,631	5,021,008	1,850,505	
Services	75,523	340,781	10,430,780	2,061,688
Travel	18,873	39,885		
Supplies	1,950,386	29,571,696	158,841	
Insurance, Utilities And Re	193,962	1,512,721	908,370	
Miscellaneous	388,603	1,211,973	581,102	
Capital Outlay	770,361	62,476	456,635	
Depreciation	184,279	24,893	669,071	7,273
Awards, Contributions And Claim			56,766,250	1,056,728
Payment As Agen		6,017,542		
Total Operating Expenses	<u>5,099,618</u>	<u>43,802,975</u>	<u>71,821,554</u>	<u>3,125,689</u>
Operating Income (Loss)	<u>(855,857)</u>	<u>11,039,555</u>	<u>19,842,457</u>	<u>2,652,580</u>
Nonoperating Revenues (Expenses)				
Interest Income				
Interest Expense				
Other				59,566
Total Nonoperating Revenues (Expenses)				<u>59,566</u>
Income (Loss) Before Operating Transfers	<u>(855,857)</u>	<u>11,039,555</u>	<u>19,842,457</u>	<u>2,712,146</u>
Operating Transfers Out		(8,295,000)	(19,000,000)	
Income (Loss) Before Other Sources (Use	<u>(855,857)</u>	<u>2,744,555</u>	<u>842,457</u>	<u>2,712,146</u>
Other Sources				6,193
Other Uses				
Net Income (Loss)	<u>(855,857)</u>	<u>2,744,555</u>	<u>842,457</u>	<u>2,718,339</u>
Beginning Retained Earnings/Fund Balances,	2,000,000	4,516,100	10,500,000	27,610,000

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

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

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

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

STATE OF IDAHO

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

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

STATE OF IDAHO

TRUST AND AGENCY FUNDS

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

The TRUST FUNDS:

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

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

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

The AGENCY FUNDS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF IDAHO

COLLEGE AND UNIVERSITY FUNDS

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

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

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

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

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

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

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

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

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

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

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

Current Funds

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

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



C O M P O N E N T

STATE BIRD

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

UNITS

STATE OF IDAHO

COMPONENT UNITS

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

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

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

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

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

STATE OF IDAHO

COMPONENT UNITS

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

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

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

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

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

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

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

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

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

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

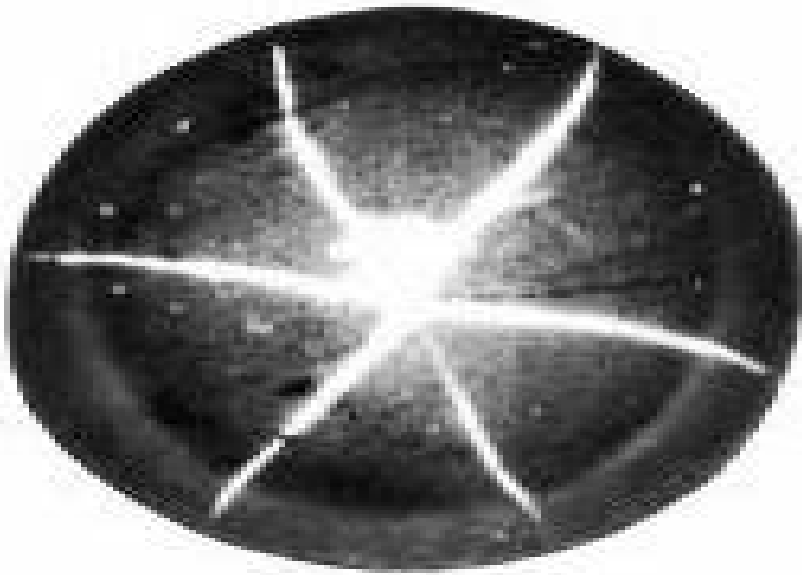
	Idaho Housing and Finance Association	Idaho Health Facilities Authority	Idaho State Bar	Idaho Grape Growers Wine Producers Commission	Idaho Horse Board
Operating Revenues					
Other Taxes				\$91,896	
Licenses, Permits And Fees	\$4,873,000	\$564,895		5,143	\$18,663
Sale Of Services, Goods And Property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

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

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

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

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



STATE GEM STONE

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

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SECTION

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

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

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

State of Idaho
 Population, Unemployment and School Enrollment

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

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

State of Idaho
 15 Largest Private Corporations

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

Source: Idaho Department of Commerce

STATE OF IDAHO

Office of the State Controller

J.D. Williams, CGFM

State Controller

Hal W. Turner, CGFM

Chief Deputy State Controller

Steve Allison, CPA, CGFM

Division Administrator

Division of Statewide Accounting

Laird Justin

Division Administrator

Division of Computer Services

Peggy Haar, CPP

Division Administrator

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Other Contributors

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



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