



T h e

L A N D

W h e r e

M I R A C L E S

G r o w



A n n u a l

R e p o r t

2 0 0 8

T h e

M I R A C L E

In 1890, when it admitted Idaho to the Union, Congress understood that two things above all else would shape the future of the new state:

- 1) **T**he land and the vast resources on it
- 2) **T**he children and how fully their potential was realized

For that reason, it granted 3.6 million acres to its newest initiate, the revenues from which would fund nine endowment trusts, most dedicated to nurturing the state's public education system.

The vision of our nation's leaders was simple: the miracle of harvest and regeneration — whether it be timber or crops or precious metals — would help finance the miracle of the human spirit fulfilled.



I d a h o D e p a r t m e n t O f L a n d s
E X E C U T I V E L E A D E R S H I P

Director's Office

300 North 6th Street, Suite 103

Boise, ID 83720-0050

(208) 334-0200

fax (208) 334-2339

George Bacon

Director

gbacon@idl.idaho.gov

Kathy Opp

Deputy Director

kopp@idl.idaho.gov

Linda Beckman

Human Resource Officer

lbeckman@idl.idaho.gov

Bob Brammer

Assistant Director

Lands, Minerals, Range

bbrammer@idl.idaho.gov

Kurt Houston

Operations Chief - South

khouston@idl.idaho.gov

Patrick Hodges

Division Administrator, Support Services

phodges@idl.idaho.gov

Coeur d'Alene Staff Office

3780 Industrial Avenue South

Coeur d'Alene, ID 83815-8918

(208) 769-1525

fax (208) 769-1524

David Groeschl

Assistant Director

Forestry & Fire

dgroeschl@idl.idaho.gov

Roger Jansson

Operations Chief - North

rjansson@idl.idaho.gov



T a b l e o f
C O N T E N T S

| | |
|---------------------------------------|----|
| Department Executive Leadership | 2 |
| Director's Message | 4 |
| State Board of Land Commissioners | 5 |
| Growing the Miracle | 7 |
| Operations | 12 |
| Board of Scaling Practices | 13 |
| Department of Lands Support Services | 16 |
| FY 2008 Highlights and Financial Data | 17 |
| Accountants' Statement | 18 |
| Accounts and Funding | 19 |
| Income Statement | 20 |
| Forest Management Statement | 22 |
| Landowner and Community Assistance | 23 |
| Forest Practices Act | 23 |
| Fire Season in Review | 24 |
| Endowment Land Status | 26 |
| Board of Scaling Practices | 26 |
| Lands, Minerals, and Range Statistics | 27 |
| Real Estate | 27 |
| Supervisory Areas Map | 28 |



L e t t e r f r o m G e o r g e B a c o n , D i r e c t o r
I D A H O D E P A R T M E N T O F L A N D S



There is no doubt that 2008 will be remembered as an extraordinary year.

In spite of economic set-backs around the world, I'm proud to report the land portfolio of the endowment trusts is in good order - and our land assets are producing significant income.

Although 2008 held many challenges, our work is just beginning. There are no guarantees the next few years will be easy, but they will be exciting! In fact, now perhaps more than ever, it is important for us to get back to "basics." Those basics are easy to name, and they translate into good business and good government.

First and foremost, we have to take care of our resources for today and into the future. At the top of that list are the people of the Department of Lands. We will continue to empower, encourage and value the dedicated professionals and support personnel that serve the people of Idaho.

We are the ones who steward the land, provide resource protection and help Idahoans manage their natural resources.

Second, our activities utilize, conserve and improve Idaho's natural resources.

The management we conduct on state trust lands, and the assistance and protection we provide to the public help enhance economic opportunities and empower Idahoans to succeed.

The activities and core functions of the Department of Lands define responsible government.

Third, we must remember that our people and our natural resources provide a public service. Whether it's managing trust lands for the beneficiaries, inspecting rock pits or stomping out forest fires, we work for the public. We have a duty to work efficiently, effectively and creatively - not just as individuals, but as an organization. Public service is customer service. We must remember who we serve - *and why*.

We must continue to find innovative ways to meet our beneficiaries' needs, as well as the needs of our state. Our goal is to find solutions and opportunities for the benefit of all Idahoans.

Speaking for the entire Department of Lands, we look forward to the exciting challenges ahead. It is my great privilege to present this annual report for 2008.

Sincerely,

A handwritten signature in black ink that reads "George Bacon". The signature is written in a cursive, slightly slanted style.

The Idaho State Board of
LAND COMMISSIONERS

The Idaho State Board of Land Commissioners consists of Idaho's governor, secretary of state, attorney general, superintendent of public instruction, and state controller. They are the stewards of the nearly 2.5 million acres of Idaho's endowment lands and the tens of millions of dollars in revenues generated for the state's designated beneficiaries.

Primary among the fund's beneficiaries are Idaho's elementary and secondary public schools, which receive 95 percent of endowment's annual revenues. Other constitutionally designated beneficiaries are: the Agricultural College Fund (at the University of Idaho), the Charitable Institutions Fund (at Idaho State University, the Industrial Training School, State Hospital North, Idaho veterans homes, and the School for the Deaf and Blind), the Penitentiary Fund, the School of Science Fund (at the University of Idaho), the State Hospital South Fund, the University Fund (at the University of Idaho), and the Capitol Commission.

Because of the board's responsibility to protect the endowment lands, it now serves as the host agency for the Idaho Board of Scaling Practices, the Clearwater-Potlatch Timber Protective Association, and the Southern Idaho Timber Protective Association.



C. L. "Butch" Otter
Governor of Idaho



Ben Ysursa
Secretary of State



Lawrence Wasden
Attorney General



Donna Jones
State Controller



Tom Luna
Superintendent of Public Instruction



George Bacon
Secretary of the Board



*We work to fund
our beneficiary institutions
to the benefit of
all of Idaho*



The Land Where MIRACLES GROW

As it was deliberating the Idaho Admissions Act in 1889, the United States Congress displayed uncommon wisdom by granting what would become the Union's 43rd member 3,600,000 acres of land for the sole purpose of funding specified beneficiaries, primarily the state's public schools. This mandate was later chiseled into the granite of the Idaho Constitution through Article IX, Section 8, which mandates that the lands will be managed "...in such manner as will secure the maximum long-term financial return to the institution to which [it is] granted." The prescribed income is generated in a number of ways: the sale of land; the sale of timber; leases for grazing, farming, commercial buildings, recreational homesites, and mining; and earnings from invested funds.

The Endowment Fund Investment Board is charged with managing the invested revenues from the endowment lands. Until 1968, it was limited to a "buy-and-hold" investment strategy as dictated by the original legislation that created the fund. Subsequent constitutional amendments approved in 1968 and 1998, enabled the board to take advantage of all the modern investment

tools available to it. As a result, the fund's assets rose dramatically — from \$77 million when the board was created to over \$1 billion today — with a corresponding increase in the financial resources available to the beneficiaries.

On December 20, 2007, the State Board of Land Commissioners approved a new asset management plan based on three prudent principles:

- Maximize the long-term financial return at a prudent level of risk
- Protect future generations' purchasing power
- Provide a relatively stable and predictable payout



P r e s e r v i n g O U R A S S E T S

As noted, much of the Land Board's annual income is derived from the sale of the timber that grows on the endowment lands. While trees are unaffected by fluctuations in the stock market, insects, disease, and fire can have catastrophic effects on our ability to generate revenues. Thus, in our case, a prudent investment strategy includes a team of expert foresters.

Headquartered in Coeur d'Alene, the Forestry and Fire Division consists of three independent bureaus: Forest Management, Forest Assistance, and Fire Management. Together they manage, monitor and protect the lands and forests under the control of the Idaho Department of Lands.

The Forest Management Bureau provides overall statewide policy direction, technical guidance and general oversight of the management of the endowment trust's lands. It is also responsible for monitoring the timber harvest and the accounting for the associated receivables.

The Forestry Assistance Bureau provides technical assistance to the other Department of Land programs and state and federal officials. It also advises and assists private landowners in the responsible management of forest resources and enforces the policies set forth by the Idaho Forest Practices Act, which regulates commercial forest operations within Idaho. It is staffed by specialists in forest management, entomology, pathology, fisheries biology, hydrology, and geotechnical engineering.

The Fire Management Bureau is probably the most visible of the department's divisions. On a day-to-day basis it establishes and implements policies to prevent, prepare for, and fight wildland fires over six million acres of Idaho's public and private forest and rangelands. These responsibilities include regulating the elimination of fire hazards caused by timber harvesting on state and private lands within Idaho.



Forestry and Fire Bureau Administration

David Groeschl
Assistant Director
Forestry and Fire

Bob Helmer
Chief
Forest Management

Craig Foss
Chief
Forestry Assistance

Brian Shiplett
Chief
Fire Management



National Fire Plan in Idaho

PROGRESS IN 2008

Since 2001, Idaho has been implementing the National Fire Plan; a statewide collaborative effort with local, state, tribal, and federal entities working together to reduce the risk and impact of wildfires. Each of Idaho's forty four counties has a County Wildfire Protection Plan (CWPP). CWPP's include an assessment of risk and a prioritized list of projects that will most effectively protect communities. These groups include firefighters and officials from county, state, and federal fire and emergency agencies.

County Wildfire Protection Plan Updates

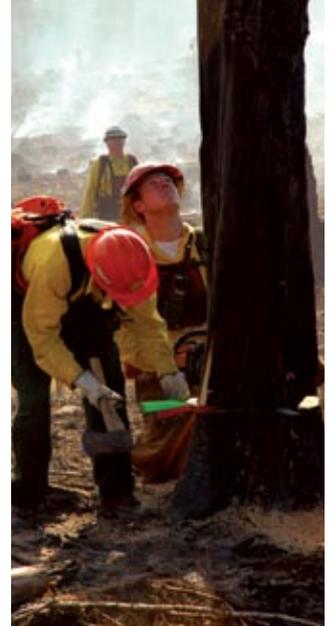
CWPP updates were completed for Benewah, Bonner, Bonneville, Cassia, Idaho, Lewis, and Shoshone counties.

Hazardous Fuels Reduction

1,534 acres were treated on private lands in Idaho. Hazardous fuels reduction work on all ownerships in Idaho has reached over 1.7 million acres since 2001.

Firefighting Resources

IDL Volunteer Fire Assistance Grants: \$174,000 was awarded to 59 fire departments and districts for firefighting equipment, training, and other resources. Funds awarded from other federal and state agencies for firefighting resources totaled over \$4.8 million.



Clearwater-Pollatch Timber Protective Association

Howard Weeks
Chief Warden

Jim Mallory
President of the
Board of Directors

Roger Jansson
Board Member

Greg Danley
Board Member

Don Konkol
Board Member

Mike Reggear
Board Member

Corby Finke
Board Member

South Idaho Timber Protective Association

Mark Woods
Chief Warden

Herald Nokes
President of the
Board of Directors

Kurt Houston
Board Member

Rich McMillan
Board Member

Alvin Hall
Board Member

Elt Hansbrouck
Board Member

L i v i n g O f f T H E L A N D

The Lands, Minerals and Range Division consists of one bureau — Surface and Mineral Resources — which administer six separate programs.

Range and Cropland Program

The Range and Cropland Program provides technical guidance for the management of land leases for agricultural activities, including growing crops and grazing livestock.

At its website, www.idl.idaho.gov/bureau/smr/range_crop/index.htm, visitors will find a number of documents that allow them to check for expiring state leases, review revised rules for grazing and cropland leases, and obtain an application to lease state endowment lands for grazing or crops.



Commercial and Surface Leasing Program

The Commercial and Surface Leasing Program provides technical guidance for the management and commercial development of endowment land, leasing commercial office space and surface communication sites, outfitters and guides leases, state and federal land leases and any other miscellaneous endowment land lease needs.

Visit its website at www.idl.idaho.gov/bureau/smr/csl/csl_index.htm to obtain communication site fee schedules, state land lease applications, and much more.

Navigable Waters

The Navigable Waters provides state and county agencies technical guidance for the management of public trust lands, which are defined as the submerged lands lying below the natural, ordinary high-water line of the state's navigable streams and rivers. Title to these lands is held in trust and is managed for the public good rather than for a specific beneficiary. The Idaho Department of Lands website www.idl.idaho.gov/index.htm includes a link to the Navigable Waters pages.



Lands, Minerals, and Range Administration

Bob Brammer
Assistant Director

Perry Whittaker
Chief
Bureau of Real Estate

Mike Murphy
Chief
Bureau of Surface and
Mineral Resources





Cottage Site Program

Originally, residential leasing was identified as the highest and best use of the valuable

lakefront property on Priest Lake and Payette Lake. Over time, other locations have also been developed for this purpose. Generally, residential lots owned by the state are leased to generate revenue for the endowed beneficiaries. Lessees are allowed to place improvements on the land, such as houses and cabins, with the prior approval of the state.

The Idaho Department of Lands website www.idl.idaho.gov/index.htm includes a link to the Cottage Site Leasing page.

Minerals Program

The Minerals Program manages the state endowment lands mineral estate, which covers approximately three million acres. The program also manages the Idaho public trust lands mineral estate. The public trust lands consist of the beds of Idaho's navigable rivers and lakes. In addition, the program

administers several regulatory programs covering dredge and placer mining, surface mining and abandoned mine lands.

The program's website, www.idl.idaho.gov/bureau/MineralsBC.htm, includes complete discussions of mining techniques and best practices, the best locations for exploring, Idaho gemstones, and more.

Oil and Gas Commission

The State Board of Land Commissioners acts as the Oil and Gas Commission and regulates the exploration, drilling and production of oil and gas resources. Wellhead activities are monitored to ensure that environmental damage does not occur during drilling and operation states. In one of its most recent actions on October 10, 2007, 24 tracts of land comprising approximately 9,872 acres were offered at auction. All the available tracts were sold. Bonus bids totaled \$231,782.52, and the first year's annual rental income was \$9,872.00.



Lewis Clark Receives \$1,155,000

In October 2007, the Idaho Land Board presented Lewis Clark State College with a check for \$1,155,000 from funds generated from Idaho's endowment lands.



N o r t h e r n a n d S o u t h e r n O P E R A T I O N S

Northern Operations

| | |
|--------------------------------|-----------|
| Field offices | 7 |
| Permanent personnel | 80 |
| Seasonal employees | 100+ |
| Endowment lands (acres) | 523,000** |
| Annual timber sales | 117* |
| Leased grazing acres | 72,668 |
| Mineral leases | 52 |
| Cottage site leases | 355 |
| Commercial leases | 41 |
| Fire response districts | 7 |
| Forest practices notifications | 2,210 |
| Waterway encroachment permits | 9,500** |

Southern Operations

| | |
|--------------------------------|-------------|
| Field offices | 7 |
| Permanent personnel | 76 |
| Seasonal employees | 75+ |
| Endowment lands | 1,943,000** |
| Annual timber sales | 98* |
| Leased grazing acres | 1,637,000** |
| Mineral leases | 375 |
| Cottage site leases | 167 |
| Commercial leases | 184 |
| Fire response districts | 3 |
| Forest practices notifications | 153 |
| Waterway encroachment permits | 1,000** |

* Million Board Feet

** Approximately

Administration

Roger Jansson Chief
Northern Operations
Coeur d'Alene, Idaho

Mick Schanilec Area Manager
Priest Lake Supervisory Area
Coolin, Idaho

Scott Bacon Area Manager
Kootenai Valley Supervisory Area
Bonners Ferry, Idaho

Ed Robinson Area Manager
Pend Oreille Supervisory Area
Sandpoint, Idaho

Administration

Kurt Houston Chief
Southern Operations
Boise, Idaho

Bob McKnight Area Manager
Clearwater Supervisory Area
Orofino, Idaho

Jim Clapperton Area Manager
Maggie Creek Supervisory Area
Kamiah, Idaho

Jay Sila Area Manager
Craigmont Supervisory Area
Craigmont, Idaho

Mike Denney Area Manager
Mica Supervisory Area
Coeur d'Alene, Idaho

Bob Burke Area Manager
Cataldo Supervisory Area
Kingston, Idaho

Ken Ockfen Area Manager
St. Joe Supervisory Area
St. Maries, Idaho

Sam Charles Area Manager
Ponderosa Supervisory Area
Deary, Idaho

Sheldon Keater Area Manager
Payette Lakes Supervisory Area
McCall, Idaho

Steve Douglas Area Manager
Southwest Supervisory Area
Boise, Idaho

Tim Duffner Area Manager
South Central Supervisory Area
Jerome, Idaho

Pat Brown Area Manager
Eastern Supervisory Area
Idaho Falls, Idaho

B o a r d o f S c a l i n g P R A C T I C E S

The State Board of Scaling Practices enforces the state's prescribed log scaling (measurement) standards. It also administers log brand registrations and the disposition of prize (abandoned) logs.

Appointed by the governor, board members represent industry, logging, and private landowner interests. An executive director, headquartered in the Idaho Department of Lands' Coeur d'Alene office, carries out the board's directives. Funding for the board is derived from assessment fees levied on the sale of forest products harvested within the state and from licensing and registration fees.

The composition of the membership of the Scaling Board changed during FY2008.

Current active board members are:

George B. Bacon, Chairman;

Jack Buell, Vice-chairman;

H. Larry Stewart, Secretary;

Robert E. Boeh, Gerry Ikola and Lynn House.





*Commercial and surface
leasing have become a
critical part of the asset
management program*





Idaho Department of Lands SUPPORT SERVICES



Invisible to most but vital to the smooth operation of the entire department — including the Land

Board — the dedicated people in the support services of the Idaho Department of Lands perform legal, fiscal management, information systems, and personnel functions from their offices in the department's headquarters in Boise and Coeur d'Alene.

Legal Oversight

Legal counsel is provided to the department by the Idaho attorney general. Two deputy attorneys general are assigned specifically to the Idaho Department of Lands and have their offices in the IDL's headquarters. They provide legal advice to the department, initiate legal action on the department's behalf, and, when necessary, defend the department in court. Supplementary assistance may be provided by additional deputies in the attorney general's office if case loads, other duties, or the specific nature of the action require it.

Fiscal Management

Under the supervision of the financial officer, the Fiscal Section provides oversight and policy direction for all accounting functions within the department, including purchasing, accounts payable and receivable, and internal auditing.

Human Resources

The department's human resource manager works closely with the state's division of human resources to deliver all personnel responsibilities, including payroll, recruiting, and record keeping.

Management Information Systems

Information system needs critical to the department's operation are the responsibility of the Information Technology and Geographic Information System sections.

The Information Technology section manages the department's entire network infrastructure, including hardware, software, remote backup and storage, and help desk duties.

The Geographic Information System (GIS) section maintains the property ownership databases and records that are vital to the department as it formulates management strategies for the lands under its control.

It also administers the department's GIS website which provides access to land records, published maps, aerial photography sources and digital maps of the entire state.



Support Services Administration

Patrick Hodges
Division
Administrator

Lisa Johnson
Financial Officer

Dan Raiha
IT Resource
Manager

Chris Clay
GIS/Cartography
Manager



F i n a n c i a l
a n d
D e p a r t m e n t
D a t a



For Fiscal Year 2008

July 1, 2007 to June 30, 2008

A c c o u n t a n t s '
S T A T E M E N T

We have examined and prepared the data presented in this annual report in accordance with generally accepted accounting standards and affirm it is true and accurate and reflects the activity of the Idaho Department of Lands and the State Board of Land Commissioners during fiscal year 2008.

Signed,

A handwritten signature in cursive script that reads "Lisa Johnson".

Lisa Johnson

Financial Officer

A c c o u n t s a n d F u n d i n g

R E V E N U E A N D E X P E N D I T U R E S

| | Revenue | Expenditures |
|---------------------------------|----------------------|----------------------|
| General Fund | 687,859 | 5,520,408 |
| Misc. Pass Through Funds | 343,551 | 1,192 |
| Dedicated Land Funds | | |
| Forest Resources | 437,612 | 377,495 |
| Lands, Minerals and Range | 163,103 | 27,916 |
| Fire Management | 4,997,745 | 3,843,220 |
| Board of Scaling | 158,895 | 191,527 |
| Support Services | 16,649 | 850,775 |
| Indirect Cost Recovery | 330,933 | 478,491 |
| Community Forestry Trust | 12,203 | 3,723 |
| Forest Purpose Lands | 150 | 0 |
| Land Bank | 149,524 | 50,000 |
| Total Dedicated Funds | \$ 6,266,814 | \$ 5,823,147 |
| Fire Suppression | 6,749,023 | 24,138,721 |
| Federal Funds | 7,198,908 | 7,036,994 |
| Endowment Funds | | |
| Earnings Reserve | 70,151,931 | 20,161,083 |
| Permanent | 5,339,055 | 0 |
| Total Endowment Funds | \$ 75,490,986 | \$ 20,161,083 |
| Revenue and Expenditures | \$ 96,737,140 | \$ 62,681,544 |

Income Statement

ENDOWMENT TRUST LANDS

| | Public School | Ag College | Charitable Institutions | Normal School | Penitentiary |
|----------------------------------|----------------------|---------------------|-------------------------|---------------------|---------------------|
| Direct Program Revenue* | | | | | |
| Forest Land | 30,961,489 | 1,375,083 | 5,724,271 | 4,283,525 | 3,240,405 |
| Agriculture Land | 253,176 | - | 242 | - | 11,268 |
| Grazing Land | 1,430,996 | 13,181 | 27,179 | 21,739 | 6,818 |
| Residential Real Estate | 2,930,086 | - | - | 546,090 | - |
| Recreation | 185,769 | 381 | 1,202 | 8,379 | 705 |
| Commercial Real Estate | 542,127 | 3,076 | 20,966 | 1,059,300 | 2,671 |
| Conservation | 58,558 | - | - | - | - |
| Oil and Gas | 242,163 | 1,915 | 80 | 37,503 | 124 |
| Minerals | 4,131,365 | 210 | 12,707 | 182,935 | 1,138 |
| Total Revenue | \$ 40,735,729 | \$ 1,393,846 | \$ 5,786,647 | \$ 6,139,472 | \$ 3,263,129 |
| Direct Program Expense | | | | | |
| Forest Land | 10,221,072 | 188,117 | 823,149 | 567,899 | 338,611 |
| Agriculture Land | 52,501 | - | 50 | - | 2,236 |
| Grazing Land | 978,433 | 8,913 | 19,052 | 15,080 | 4,610 |
| Residential Real Estate | 152,482 | - | - | 23,354 | - |
| Recreation | 13,366 | 40 | 131 | 130 | 74 |
| Commercial Real Estate | 50,902 | - | - | 953,621 | - |
| Conservation | 6,683 | - | - | - | - |
| Oil and Gas | 8,249 | 62 | 3 | 1,254 | 4 |
| Minerals | 324,083 | (26) | 1,004 | 13,482 | 84 |
| Total Program Expense | \$ 11,807,772 | \$ 197,106 | \$ 843,388 | \$ 1,574,821 | \$ 345,620 |
| Program Margin | \$ 28,927,957 | \$ 1,196,740 | \$ 4,943,259 | \$ 4,564,651 | \$ 2,917,509 |
| Less: Managerial Overhead | | | | | |
| Forest Land | 1,830,700 | 33,790 | 147,509 | 101,837 | 60,822 |
| Agriculture Land | 20,812 | - | 20 | - | 909 |
| Grazing Land | 264,501 | 2,451 | 5,166 | 4,105 | 1,268 |
| Residential Real Estate | 39,516 | - | - | 6,092 | - |
| Recreation | 4,320 | 13 | 43 | 42 | 24 |
| Commercial Real Estate | 4,487 | - | - | 82,677 | - |
| Conservation | 2,160 | - | - | - | - |
| Oil and Gas | 1,829 | 14 | 1 | 279 | 1 |
| Minerals | 89,129 | 4 | 273 | 3,901 | 24 |
| Total Managerial Overhead | \$ 2,257,455 | \$ 36,272 | \$ 153,011 | \$ 198,933 | \$ 63,049 |
| Net Income by Program | | | | | |
| Forest Land | 18,909,718 | 1,153,176 | 4,753,613 | 3,613,789 | 2,840,972 |
| Agriculture Land | 179,863 | - | 172 | - | 8,122 |
| Grazing Land | 188,063 | 1,818 | 2,962 | 2,553 | 940 |
| Residential Real Estate | 2,738,088 | - | - | 516,644 | - |
| Recreation | 168,082 | 327 | 1,029 | 8,206 | 607 |
| Commercial Real Estate | 486,737 | 3,076 | 20,966 | 23,002 | 2,671 |
| Conservation | 49,715 | - | - | - | - |
| Oil and Gas | 232,084 | 1,839 | 77 | 35,969 | 119 |
| Minerals | 3,718,152 | 232 | 11,430 | 165,553 | 1,030 |
| Total Net Income | \$ 26,670,502 | \$ 1,160,467 | \$ 4,790,248 | \$ 4,365,718 | \$ 2,854,461 |
| Net Income/Total Revenue | 65% | 83% | 83 % | 71% | 87% |

*Direct Program Revenue includes contributions to permanent funds and earnings reserve funds.

• Revenue Source: IBIS Query/Access Query • Direct Expenditure Source: IBIS Query/0482-70 Allocation Wkshst • Admin Ovhd Source: 0482-70 Allocation Wkshst

F o r t h e y e a r
E N D E D J U N E 3 0 , 2 0 0 8

| | School of Science | State Hospital South | University | Capitol | Total |
|----------------------------------|---------------------|----------------------|---------------------|-------------------|----------------------|
| Direct Program Revenue* | | | | | |
| Forest Land | 5,876,444 | 5,358,901 | 3,995,572 | 950,273 | 61,765,964 |
| Agriculture Land | - | 6,504 | 8,815 | - | 280,005 |
| Grazing Land | 43,383 | 5,720 | 21,029 | 64 | 1,570,109 |
| Residential Real Estate | - | 1,186,581 | - | - | 4,662,757 |
| Recreation | 2,889 | 175,220 | 516 | 388 | 375,448 |
| Commercial Real Estate | 557 | 411,722 | 64,296 | 11,511 | 2,116,225 |
| Conservation | - | - | - | - | 58,558 |
| Oil and Gas | 1,589 | 1,649 | 3,917 | - | 288,940 |
| Minerals | 35,832 | 5,347 | 2,891 | 556 | 4,372,981 |
| Total Revenue | \$ 5,960,693 | \$ 7,151,643 | \$ 4,097,037 | \$ 962,791 | \$ 75,490,986 |
| Direct Program Expense | | | | | |
| Forest Land | 790,092 | 343,986 | 575,468 | 98,583 | 13,946,978 |
| Agriculture Land | - | 1,291 | 1,810 | - | 57,888 |
| Grazing Land | 28,976 | 3,868 | 14,711 | 48 | 1,073,691 |
| Residential Real Estate | - | 43,903 | - | - | 219,739 |
| Recreation | 304 | 18,422 | 56 | 45 | 32,568 |
| Commercial Real Estate | - | 367,241 | 2,576 | - | 1,374,340 |
| Conservation | - | - | - | - | 6,683 |
| Oil and Gas | 52 | 54 | 132 | - | 9,810 |
| Minerals | 2,701 | 372 | 139 | 47 | 341,886 |
| Total Program Expense | \$ 822,126 | \$ 779,135 | \$ 594,892 | \$ 98,723 | \$ 17,063,583 |
| Program Margin | \$ 5,138,567 | \$ 6,372,508 | \$ 3,502,144 | \$ 864,068 | \$ 58,427,403 |
| Less: Managerial Overhead | | | | | |
| Forest Land | 141,918 | 61,788 | 103,138 | 17,589 | 2,499,091 |
| Agriculture Land | - | 525 | 722 | - | 22,988 |
| Grazing Land | 7,967 | 1,064 | 3,992 | 13 | 290,525 |
| Residential Real Estate | - | 11,558 | - | - | 57,166 |
| Recreation | 100 | 6,083 | 18 | 14 | 10,659 |
| Commercial Real Estate | - | 31,073 | 225 | - | 118,463 |
| Conservation | - | - | - | - | 2,160 |
| Oil and Gas | 12 | 12 | 29 | - | 2,177 |
| Minerals | 753 | 112 | 62 | 12 | 94,270 |
| Total Managerial Overhead | \$ 150,750 | \$ 112,215 | \$ 108,185 | \$ 17,629 | \$ 3,097,499 |
| Net Income by Program | | | | | |
| Forest Land | 4,944,433 | 4,953,128 | 3,316,967 | 834,101 | 45,319,896 |
| Agriculture Land | - | 4,688 | 6,284 | - | 199,129 |
| Grazing Land | 6,439 | 789 | 2,326 | 3 | 205,893 |
| Residential Real Estate | - | 1,131,120 | - | - | 4,385,852 |
| Recreation | 2,485 | 150,715 | 442 | 328 | 332,221 |
| Commercial Real Estate | 557 | 13,407 | 61,494 | 11,511 | 623,422 |
| Conservation | - | - | - | - | 49,715 |
| Oil and Gas | 1,525 | 1,583 | 3,756 | - | 276,952 |
| Minerals | 32,377 | 4,862 | 2,691 | 496 | 3,936,824 |
| Total Net Income | \$ 4,987,817 | \$ 6,260,293 | \$ 3,393,959 | \$ 846,439 | \$ 55,329,903 |
| Net Income/Total Revenue | 84% | 88% | 83% | 88% | 73% |

F o r e s t M A N A G E M E N T

Timber Harvested

| Average Sale Prices | FY 2007 | FY 2008 |
|---------------------|----------------------------|----------------------------|
| Sawlogs | \$ 293.27/MBF ¹ | \$ 276.55/MBF ¹ |
| Cedar Poles | \$ 2.91/LF ² | \$ 4.06/LF ² |

| Area | Sawlogs (MBF) | Cedar Poles (LF) | Cedar Products (MBF) | Pulp (MBF) |
|-------------------|----------------|------------------|----------------------|---------------|
| Priest Lake | 10,671 | 22,445 | 38 | 769 |
| Pend Oreille Lake | 14,641 | 26,910 | 98 | 843 |
| Kootenai Valley | 5,879 | - | 12 | 789 |
| Mica | 7,439 | - | 4 | 389 |
| St. Joe | 31,707 | 228,005 | 1,611 | 1,248 |
| Cataldo | 3,856 | - | 6 | 711 |
| Clearwater | 23,036 | 368,275 | 370 | 2,588 |
| Ponderosa | 28,607 | 218,855 | 687 | 5,793 |
| Maggie Creek | 27,546 | 161,020 | 769 | 7,459 |
| Craig Mountain | 7,518 | - | - | 1,059 |
| Payette Lakes | 26,014 | - | - | 1,142 |
| Southwest | 6,474 | - | - | 62 |
| South Central | - | - | - | - |
| Eastern Idaho | 4,975 | - | - | - |
| Total | 198,363 | 1,025,510 | 3,595 | 22,852 |

Timber Sold

| Average Sale Prices | FY 2007 | FY 2008 |
|---------------------|----------------------------|----------------------------|
| Sawlogs | \$ 291.44/MBF ¹ | \$ 254.83/MBF ¹ |
| Cedar Poles | \$ 8.09/LF ² | \$ 9.31/LF ² |

| Area | Sawlogs (MBF) | Cedar Poles (LF) | Cedar Products (MBF) | Pulp (MBF) |
|-------------------|----------------|------------------|----------------------|--------------|
| Priest Lake | 28,887 | - | - | - |
| Pend Oreille Lake | 16,271 | - | - | 80 |
| Kootenai Valley | 7,211 | 79,320 | - | 90 |
| Mica | 2,642 | - | - | 3 |
| St. Joe | 50,177 | - | 1,602 | 183 |
| Cataldo | 9,100 | - | - | 103 |
| Clearwater | 34,722 | 364,380 | 1,125 | 82 |
| Ponderosa | 28,280 | 299,995 | 125 | 294 |
| Maggie Creek | 24,996 | 287,250 | 730 | 3,608 |
| Craig Mountain | 2,416 | - | - | 34 |
| Payette Lakes | 20,505 | - | - | - |
| Southwest | 16,074 | - | - | 23 |
| South Central | - | - | - | - |
| Eastern Idaho | 4,450 | - | - | - |
| Total | 245,733 | 1,030,945 | 3,582 | 4,499 |

Volumes sold in above tables are from timber, salvage, and direct sales. Invoice value, stumpage and interest, for forest products harvested in FY 2008 was \$64,596,864.

At the end of FY 2008, the Department held timber sale contracts with a remaining estimated volume to be harvested of 324,339 MBF valued at \$83,697,068.

Compared to a year earlier, this is a decrease of 20,015 MBF in volume and an increase of \$19,207,207 in value. Money from harvest is deposited into the earnings reserve fund.

Total value for sales sold in FY 2008 was \$72,358,599.89. ¹Thousand Board Feet. ²Lineal Feet.

Forestry ASSISTANCE

Forest Stewardship Program (includes Forest Legacy)

- 1,345 forest landowner requested assists
- 486 forest landowner participants at 19 stewardship workshops
- 197 participants at one forest landowner conference
- 52 forest landowner cost-share assistance projects
- 63 new Landowner Forest Stewardship Plans (LFSP) produced; 18 LFSP revised; 123 reinspected
- 241 attendees at one logger education workshop
- 32 participants at one family forest taxation and estate planning conference
- Completed documentation for two Forest Legacy projects, covering 800 acres

Forest Health Protection

- 5 pest detection surveys covering 2,169,951 acres
- 57 insect and disease identification and management training sessions with 2,373 participants
- 370 responses to requests for forest health information
- Partnership with USFS to provide \$1.5 million in grant funds (71 projects) helping private landowners implement recommended prevention, suppression, and restoration practices. Cost-share treatments included 3,461 trees sprayed, 36 infested trees removed, and 11,700 traps deployed

Community & Urban Forestry (includes conservation education)

- \$390,000 of local matching support generated through Federal & State funding
- 70 Tree Cities USA designations with nine Tree Cities also receiving a Tree City USA Growth Award for significant improvement to their tree management programs

- Through an ongoing partnership with the Idaho Department of Transportation, \$162,000 were provided to 11 communities for landscaping projects to enhance transportation corridors
- Partnership with five Resource Conservation & Development Councils to extend local level assistance to 79 different communities
- Planned, prepared, or participated in 79 workshops (planting, pruning, tree inventory, chainsaw safety, and other topics), a number of community Arbor Day celebrations, and two large green industry conferences. Partnered with the Idaho Forest Products Commission to deliver two urban forestry-themed Project Learning Tree workshops for high school teachers.
- 20 Idaho cities (combined population of 586,742 people) have managed community forestry programs and 48 Idaho cities (combined population of 138,901 people) have developing community forestry programs
- Initiated a GIS Canopy Analysis over 118 square miles of the Rathdrum Prairie Aquifer to quantify canopy benefits for air and water quality, stormwater management, carbon sequestration, and storage and energy conservation. The data will be used to model future benefits based on canopy cover goals and development scenarios

Forest Practices Act (FPA)

FPA Administration

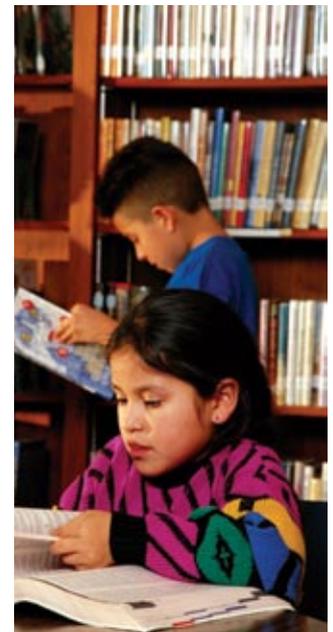
- 2,532 inspections of forest practice operations with a 96% rate of compliance
- 5 Logger Education to Advance Professionalism (LEAP) update training sessions with 241 participants



Fuels for Schools

Idaho's Fuels for Schools and Beyond program is a partnership between the State Forester, the US Forest Service, and the Panhandle Lakes Resource Conservation and Development Council.

The purpose is to expand the use of small-diameter trees and slash to demonstrate the positive environmental impact of heating and producing energy using woody biomass fuels.



Fire Season IN REVIEW

The 2008 fire season was below the 26-year average in terms of fire occurrence. On lands for which the Idaho Department of Lands (IDL), Clearwater Potlatch Timber Protective Association (CPTPA), and Southern Idaho Timber Protective Association (SITPA) provide wildland fire protection, firefighters responded to 247 fires (63 percent of average). These fires burned 4,828 acres, which is about 43 percent of the average acreage burned. Quick response by dedicated teams of firefighters kept 94 percent of these fires less than 10 acres.

Human activity ignited 146 fires (59 percent of the year's total) and accounted for 17 percent of

the burned area, or 800 acres. The miscellaneous category started the most human-caused fires, but debris burning fires burned the most area.

Arson was the most expensive human-caused category.

Lightning started 101 fires (41 percent of the year's total) and burned 4,028 acres, or 83 percent of the total area.

The average fire size was 19.5 acres, which is 68 percent of the 26 year average. The median fire size was 0.1 acres, which is the usual. The average fire cost was \$26,974, and the cost per acre was \$1,380.

| District | # of Fires | Lightning | Misc. | Debris | Campfire | Arson | Equip. Use | Railroad | Smoking | Children |
|---------------------|------------|------------|-----------|-----------|-----------|-----------|------------|----------|----------|----------|
| Pend Oreille FPD | 44 | 17 | 10 | 12 | 1 | 1 | 2 | 1 | | |
| CPTPA | 37 | 19 | 9 | 3 | 3 | 1 | 2 | | | |
| SITPA | 34 | 17 | | 4 | 9 | 3 | | | | 1 |
| West St. Joe FPD | 22 | 3 | 1 | 6 | | 7 | 3 | 2 | | |
| Priest Lake FPD | 21 | 12 | 6 | | 2 | | 1 | | | |
| Maggie Creek FPD | 17 | 7 | 4 | | | 6 | | | | |
| Kootenai Valley FPD | 16 | 2 | 1 | 6 | 3 | | 2 | 1 | 1 | |
| Mica FPD | 14 | 3 | 5 | 3 | 2 | | | | | 1 |
| Craig Mountain FPD | 14 | 8 | 2 | | 1 | | 3 | | | |
| Cataldo FPD | 12 | 6 | 2 | | 2 | | 1 | | 1 | |
| Southwest Idaho FPD | 10 | 4 | 1 | 1 | 1 | 1 | 2 | | | |
| Ponderosa FPD | 6 | 3 | 1 | | | | 2 | | | |
| Total | 247 | 101 | 42 | 35 | 24 | 19 | 18 | 4 | 2 | 2 |

The fire season begins in late spring so does not coincide with the fiscal year. As a result, figures on this page may not agree with fiscal-year statistics elsewhere in this report.





Endowment Land

STATUS (by asset type and number of acres)

| Endowment | Agriculture | Commercial RE | Conservation | Forest Lands | Minerals | Range Lands | Residential RE | Total |
|----------------------|---------------|---------------|---------------|----------------|--------------|------------------|----------------|------------------|
| Public Schools | 37,776 | 13,718 | 25,706 | 685,437 | 4,161 | 1,323,690 | 508 | 2,090,996 |
| Agricultural College | - | 290 | - | 15,152 | 7 | 18,077 | - | 33,526 |
| Charitable Inst. | 10 | 100 | - | 62,847 | 0 | 14,775 | - | 77,732 |
| Normal School | 623 | 307 | - | 42,511 | 26 | 15,177 | 40 | 58,684 |
| Penitentiary Inc. | 800 | 26 | - | 27,047 | - | 1,107 | - | 28,981 |
| Capitol | - | 50 | - | 7,164 | - | 8 | - | 7,222 |
| School of Science | - | 194 | - | 63,927 | 47 | 11,667 | - | 75,835 |
| State Hospital South | - | 1,514 | - | 25,610 | 3 | 3,658 | 136 | 30,921 |
| University of Idaho | 100 | 111 | 640 | 41,918 | 984 | 12,101 | - | 55,853 |
| Total | 39,309 | 16,309 | 26,346 | 971,613 | 5,228 | 1,400,260 | 684 | 2,459,750 |

Balances as of June 30, 2008

Board of Scaling Practices

Log Scaling Regulation Enforcement Statistics

154 registered log scalers
 3 temporary permits
 1 apprenticeship certificate
 179 scale checks performed
 342 registered log brands
 1 active prize log sale

Scaling License Examinations

One scaling license examination held
 7 exams taken, 4 passed, 3 failed

Revenue and Expenses

Total revenue \$ 158,895
 Total expenditures \$ 191,527
 Ending free-fund balance \$ 118,046

L a n d s , M i n e r a l s , a n d R a n g e S T A T I S T I C S

Range and Cropland Leasing

Grazing Program

- 1,222 grazing leases
- 1,778,280 acres under grazing lease
- 258,963 animal unit months

Cropland Program

- 77 cropland leases
- 20,264 acres under cropland lease

Mineral Leasing

- 195 mineral leases
- 56 geothermal resource leases
- 174 oil and gas leases
- 17 exploration locations
- 1,443 surface mining plans
- 23 placer mining permits

Percentage of revenue generated from minerals (figures based on total revenue):

- 67% phosphates
- 33% sand, gravel, building stone, gemstones, and miscellaneous mineral commodities

Cottage Sites and Navigable Waters

- 521 cottage sites
(Priest Lake 354; Payette Lake 167)
- 160 submerged land leases
(marinas, etc.)
- Approximately 10,300 existing commercial and noncommercial encroachment permits
(docks, etc.)
- 429 encroachment applications processed

Commercial Property

- 177,111 square feet of commercial property under management
- 84% occupancy
- 137 commercial leases
- 56 communication-site leases
- 21 commercial recreation leases

Real Estate Transactions

- 25 easements
- 221 temporary permits
- 23 right-of-way easements acquired to provide access to endowment lands
- 14 disclaimers of interest issued along navigable rivers

Supervisory Areas

M A P



Idaho Department of Lands
300 North 6th Street, Suite 103
Boise, Idaho 83720-0050