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TRUSTED STEWARDS OF IDAHO'S RESOURCES, FROM MAIN STREET TO MOUNTAIN TOP

**2016 ANNUAL REPORT**



**IDAHO DEPARTMENT OF LANDS**

300 North 6th Street, Suite 103, Boise, Idaho 83702

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Cover Photo: Lake Pend Oreille – East Hope, Idaho



# MESSAGE FROM THE DIRECTOR

The heart of Idaho is its people and its land.

With that in mind, it is with a sense of purpose that we are managing Idaho's endowment lands and administering a spectrum of laws that are designed to protect and sustain Idaho's natural resources.

We are performing our mission with professionalism, focused on how we can better serve Idahoans. We pride ourselves on being a "can-do" organization. Our work emanates from our core values of Stewardship, Service, Accountability, and Cohesiveness.

**Active management of endowment forests** resulted in another top-performing year for our timber program. The careful planning and expertise of IDL foresters and land managers continues to deliver a solid program that performs above national benchmarks. Timber harvest and replanting on endowment lands generates millions of dollars every year for public schools, puts thousands of Idahoans to work, reduces risk of wildfire, and promotes healthy forests that will continue to benefit Idahoans for generations to come.

We are working with the U.S. Forest Service, industry, and other partners to design plans that will boost active management on federal lands through **Good Neighbor Authority**. The resiliency of state endowment forests is improved when neighboring federal forests and landscapes are healthier. These efforts promote improved water and air quality and the creation of jobs. The future of Idaho's forests and the benefits they provide our people look more promising with Good Neighbor Authority.

We are maintaining a focus on **key strategic issues** and will continue to implement a Land Board decision that enables more informed asset management decisions by viewing endowment lands and funds concurrently rather than separately. This approach led to an impressive net nominal return on land assets of 3.53 percent, derived primarily from more than \$48.2 million in net income in FY16. We are carrying out plans to sell most commercial properties and leased cottage sites and seek attractive opportunities to reinvest the proceeds in timberland or farmland.

Whether it is endowment land management, wildland firefighting, programs that provide direct service to Idaho forest owners, or administration of laws that protect and sustain Idaho's natural resources, there is an element of purpose and preparation for a better future for Idaho in almost all of what IDL is doing these days.

The heart of Idaho – its people and its land – is at the heart of our work.

 **TOM SCHULTZ** | Director



# TABLE OF CONTENTS

## INTRODUCTION

- 01 MESSAGE FROM THE DIRECTOR
- 03 LAND OWNERSHIP | OFFICE LOCATIONS
- 04 OWNERSHIP BREAKDOWN
- 05 PHILOSOPHY | IDL ORGANIZATIONAL STRUCTURE
- 06 2016 IDL SNAPSHOT | EXECUTIVE LEADERSHIP
- 07 IDAHO STATE BOARD OF LAND COMMISSIONERS
- 08 ENDOWMENT FUND INVESTMENT BOARD
- 09 THE ENDOWMENT BENEFICIARIES
- 10 HISTORIC ENDOWMENT OWNERSHIP STATEWIDE
- 11 SUPPORT FUNCTIONS
- 13 STRATEGIC REINVESTMENT
- 14 GOOD NEIGHBOR AUTHORITY

## FORESTRY

- 15 FOREST MANAGEMENT
- 17 FORESTRY REGULATION & ASSISTANCE
- 20 IDAHO BOARD OF SCALING PRACTICES

## FIRE

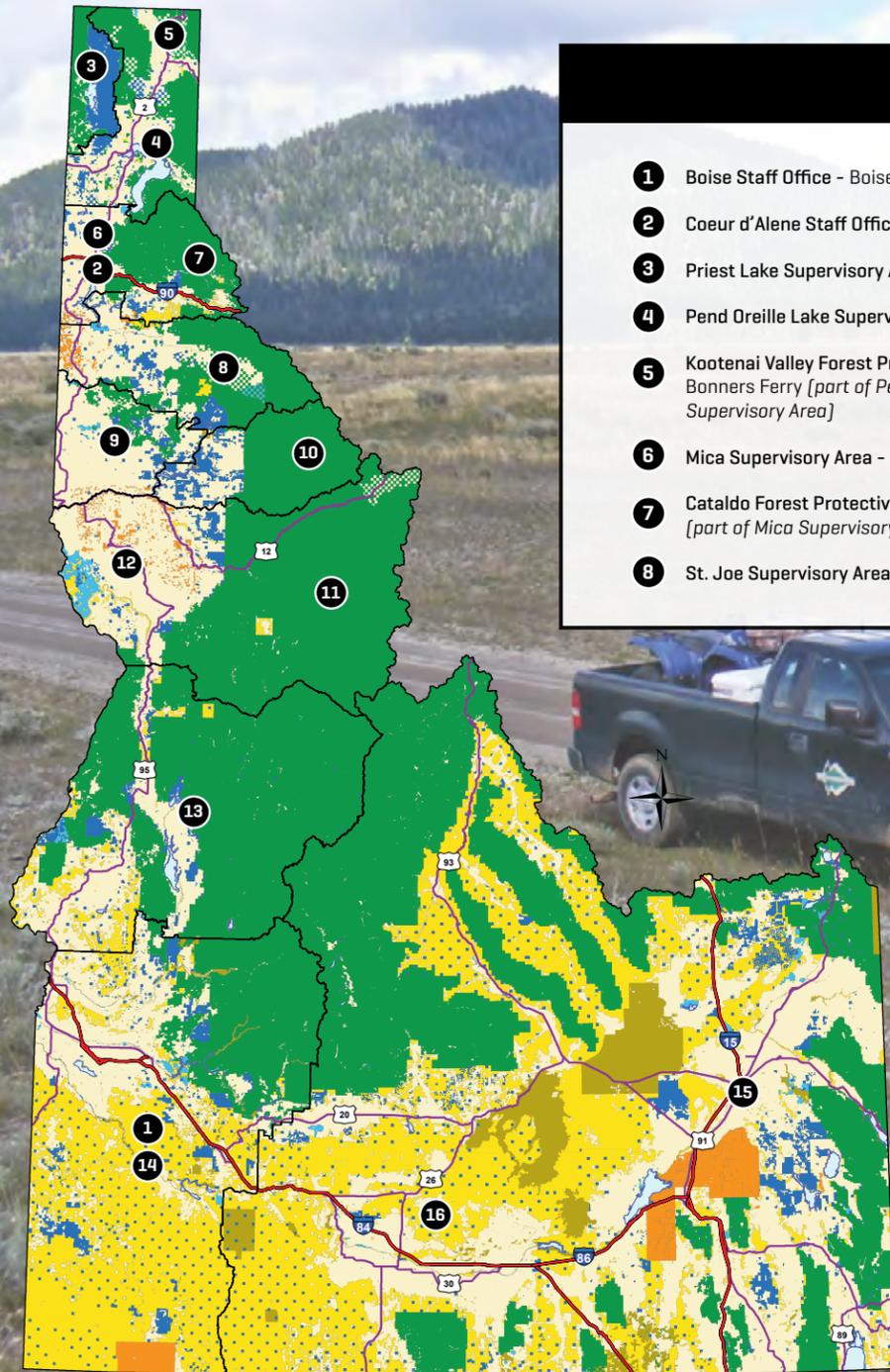
- 21 2016 FIRE SEASON
- 22 FIRE MANAGEMENT

## LANDS & WATERWAYS

- 23 GRAZING, AGRICULTURE, & CONSERVATION LEASING
- 22 MINERAL LEASING | COMMERCIAL LEASING
- 25 COTTAGE SITE AUCTIONS
- 26 COTTAGE SITE LEASING
- 27 OIL & GAS LEASING
- 28 OIL & GAS CONSERVATION COMMISSION
- 29 MINING REGULATION & ASSISTANCE
- 30 PUBLIC TRUST LAND MANAGEMENT

## ACCOUNT STATEMENTS

- 31 REVENUE & EXPENDITURES BY FUND TYPE
  - PERMANENT FUND REVENUE BY ENDOWMENT, BY ASSET CLASS
  - LAND BANK REVENUE BY ENDOWMENT
- 32 SURFACE ACRES BY ASSET CLASS
  - LAND INCOME BY ASSET CLASS
- 33 ENDOWMENT TRUST LANDS INCOME STATEMENT
- 35 ENDOWMENT FUND STATEMENT OF ACTIVITIES
- 37 STRUCTURE OF IDAHO'S ENDOWMENT ASSETS
  - ENDOWMENT FUNDS GOVERNMENTAL BALANCE SHEET & STATEMENT OF NET POSITION



### OFFICE LOCATIONS

1 Boise Staff Office - Boise	9 Ponderosa Supervisory Area - Deary
2 Coeur d'Alene Staff Office - Coeur d'Alene	10 Clearwater Supervisory Area - Orofino
3 Priest Lake Supervisory Area - Coolin	11 Maggie Creek Supervisory Area - Kamiah
4 Pend Oreille Lake Supervisory Area - Sandpoint	12 Craig Mountain Forest Protective District - Craigmont [part of Maggie Creek Supervisory Area]
5 Kootenai Valley Forest Protective District - Bonners Ferry [part of Pend Oreille Lake Supervisory Area]	13 Payette Lakes Supervisory Area - McCall
6 Mica Supervisory Area - Coeur d'Alene	14 Southwest Supervisory Area - Boise
7 Cataldo Forest Protective District - Kingston [part of Mica Supervisory Area]	15 Eastern Supervisory Area - Idaho Falls
8 St. Joe Supervisory Area - St. Maries	16 Jerome Field Office [part of Eastern Supervisory Area]

### MAJOR LAND OWNERSHIP

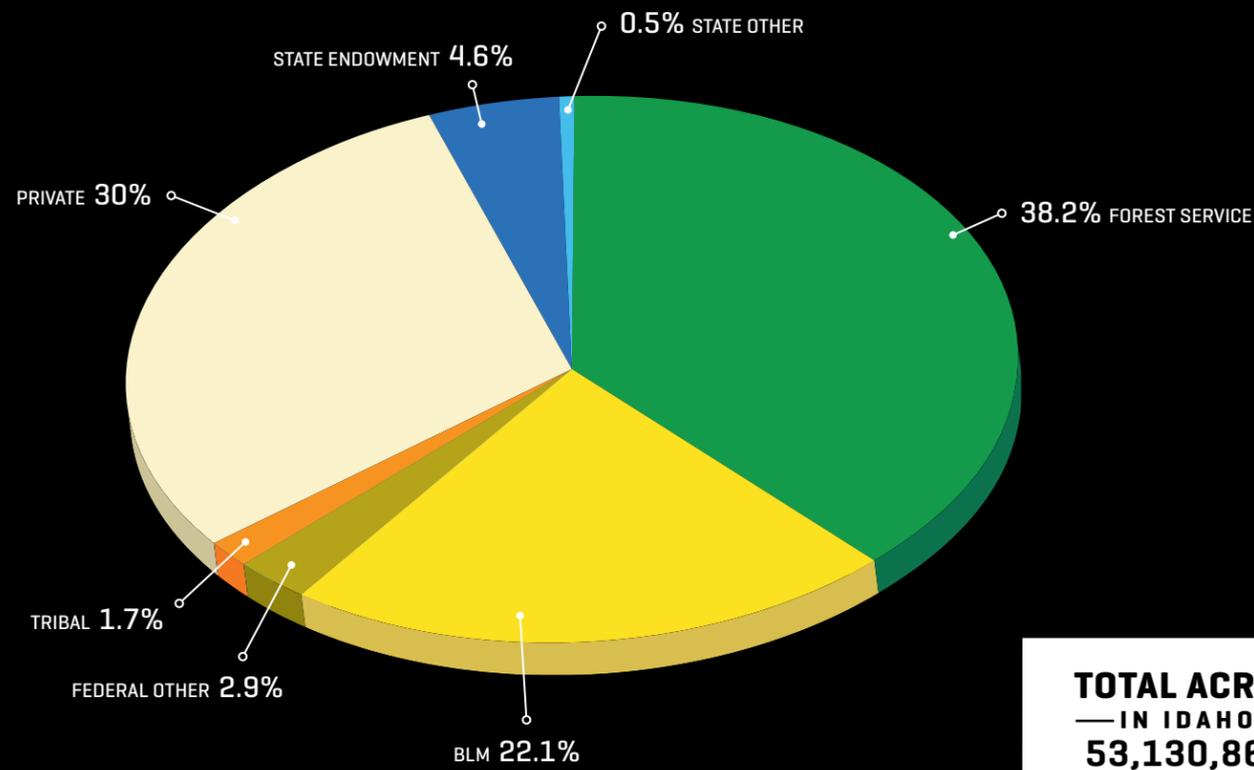
OWNERSHIP CATEGORY	
Forest Service	Private
Bureau of Land Management	Tribal
Federal Other	State Endowment
	State Other

OTHER / STATEWIDE HIGHWAYS	
Major Lakes	Interstate
IDL Supervisory Areas	US Highway

Surface mining Act reclamation plan inspection of a gravel pit on Henry's Creek Flat in Fremont County.

## OWNERSHIP BREAKDOWN



**TOTAL ACRES  
— IN IDAHO —  
53,130,860**

FOREST SERVICE 20,322,200	BUREAU OF LAND MANAGEMENT 11,698,100	FEDERAL OTHER** 1,562,000	PRIVATE 15,952,100
TRIBAL*** 888,150	STATE - IDL ENDOWMENT LAND 2,441,710	STATE OTHER**** 266,600	

\*Acreages may differ compared to land ownership analyses conducted by other organizations because of differences in spatial projections and how ownership categories are defined. In this analysis, acreages are rounded to the nearest 100 for all categories except State-IDL. Lands located beneath lakes and streams are not included in this analysis. \*\*Includes 11 other classifications of federal land. \*\*\*Includes lands managed by U.S. Bureau of Indian Affairs and lands within an Indian Reservation boundary that are managed by a Tribe. \*\*\*\*Includes lands managed by Idaho Department of Fish and Game, Idaho Department of Parks and Recreation, and other State ownership.

# PHILOSOPHY

The Idaho Department of Lands: Trusted stewards of Idaho's resources, from main street to mountain top.

## OUR VISION

The Idaho Department of Lands will be the premier organization for trust management and resource protection in the western United States.

## OUR VALUES

The Idaho Department of Lands believes in...

**Stewardship** by making decisions and taking actions that positively affect long-term financial returns for the trust beneficiaries and enhance the health and resilience of Idaho's natural resources.

**Service** by providing exemplary service and delivering programs with professionalism and integrity to both internal and external customers.

**Accountability** by investing in and having an organizational culture and framework that equips, entrusts, and expects employees to make decisions and get things done.

**Cohesiveness** by working as a unified organization in which all employees participate in constructive communication to fully meet our mission.

## OUR MISSION

To professionally and prudently manage Idaho's endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries and to provide professional assistance to the citizens of Idaho to use, protect and sustain their natural resources.

## IDL ORGANIZATIONAL STRUCTURE



\*Aspen Grove, Floodwood State Forest, Idaho

# 2016 IDL SNAPSHOT

## LEASES & PERMITS

- 22 Conservation leases
- 191 Commercial leases (industrial, military, recreation, communication sites, office/retail)
- 310 Residential leases
- 163 Mineral leases
- 22 Alternative energy leases (21 geothermal, 1 wind)
- 339 Oil and gas leases
- 20 Active oil and gas drill permits
- 185 Submerged land leases (e.g. marinas)
- 11,732 Active encroachment permits (e.g. docks)
- 107 Active land use permits
- 14,000 Fire safety burn permits issued
- 70 Farming leases
- 1,153 Grazing leases



282 PERMANENT EMPLOYEES  
233 TEMPORARY EMPLOYEES (INCLUDES SEASONALS)

2,550 FOREST PRACTICES NOTIFICATIONS

1,573 FOREST PRACTICES INSPECTIONS

2,704,806 TREE SEEDLINGS PLANTED

259.9 MMBF\* TIMBER HARVESTED  
\* million board feet  
175 ACTIVE TIMBER SALES

2,441,710 acres ENDOWMENT TRUST LAND

\$ 56,473,200 ENDOWMENT DISTRIBUTIONS

3,330,339 acres ENDOWMENT MINERAL

6,300,000 acres PROTECTED FROM FIRE



1,467 TECHNICAL ASSISTS TO PRIVATE LANDOWNERS

73 COTTAGE SITES SOLD IN CY16

## EXECUTIVE LEADERSHIP

TOM SCHULTZ – Director // DAVID GROESCHL – State Forester, Deputy Director // ANDREA RYAN – Human Resource Officer  
DIVISION ADMINISTRATORS: BILL HAAGENSON – Operations // CRAIG FOSS – Forestry & Fire // DONNA CALDWELL – Support Services // DIANE FRENCH – Lands & Waterways

# IDAHO STATE BOARD OF LAND COMMISSIONERS

The Idaho State Board of Land Commissioners [*Land Board*] consists of Idaho's Governor, Secretary of State, Attorney General, Superintendent of Public Instruction, and State Controller.

In 1890, Idaho became the forty-third state of the Union. At that time, Congress granted millions of acres of land to the new State of Idaho for the sole purpose of funding specified beneficiaries, primarily the state's public schools.

The mandate was included in the Idaho Constitution, which states the lands will be managed "in such a manner as will secure the maximum long-term financial return" to the beneficiary institutions.

The Land Board members are the stewards of state endowment trust lands in Idaho and the tens of millions of dollars in revenue that are generated for the trust beneficiaries from the use of the lands, along with nearly two billion dollars of endowment funds.

The Idaho Department of Lands and the Endowment Fund Investment Board carry out the executive directives of the Land Board to meet its constitutional trust mandate and other duties.

Under the direction of the Land Board, the Idaho Department of Lands also administers Idaho's public trust lands - the lands beneath the beds of Idaho's navigable lakes and rivers - for the benefit of all Idahoans; ensures protection of water quality and other resources by overseeing forest and mining practices; remediates abandoned mine lands; and provides service and assistance to Idahoans through forestry and fire management programs.

The Land Board also oversees 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



LAWRENCE DENNEY  
SECRETARY OF STATE



LAWRENCE WASDEN  
ATTORNEY GENERAL



SHERRI YBARRA  
SUPERINTENDENT OF PUBLIC INSTRUCTION



BRANDON WOOLF  
STATE CONTROLLER



TOM SCHULTZ  
SECRETARY OF THE BOARD

## ENDOWMENT FUND INVESTMENT BOARD

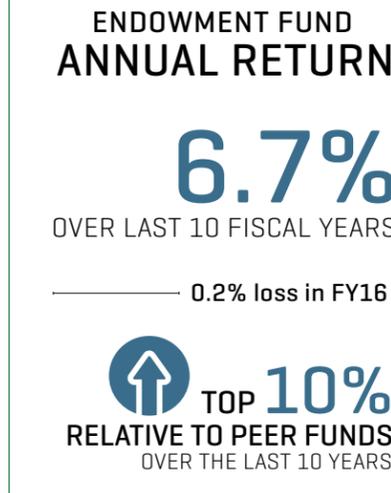
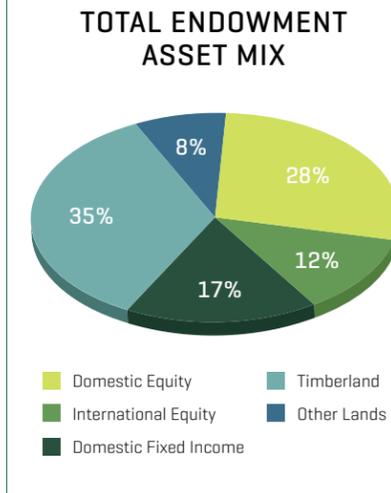
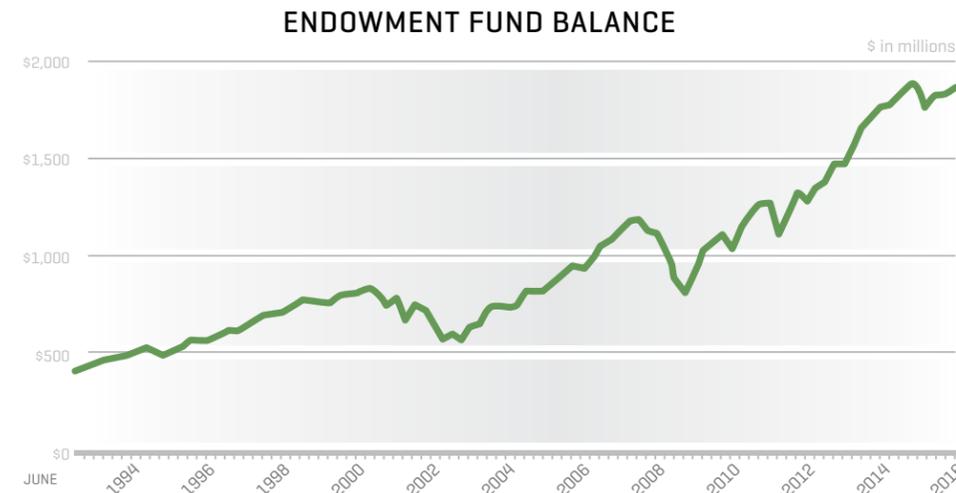
The nine-member Endowment Fund Investment Board (EFIB) manages, on behalf of the Land Board, the investment of a perpetual endowment fund whose original source is land sale proceeds and the reinvestment of income generated by Idaho endowment trust lands. A staff of four people in Boise assists the EFIB in overseeing the fund and the outside investment managers who make the day-to-day investment decisions. Members of the EFIB are appointed by the Governor and confirmed by the Senate.



DEAN BUFFINGTON  
BOARD CHAIRMAN



LARRY JOHNSON  
MANAGER OF INVESTMENTS



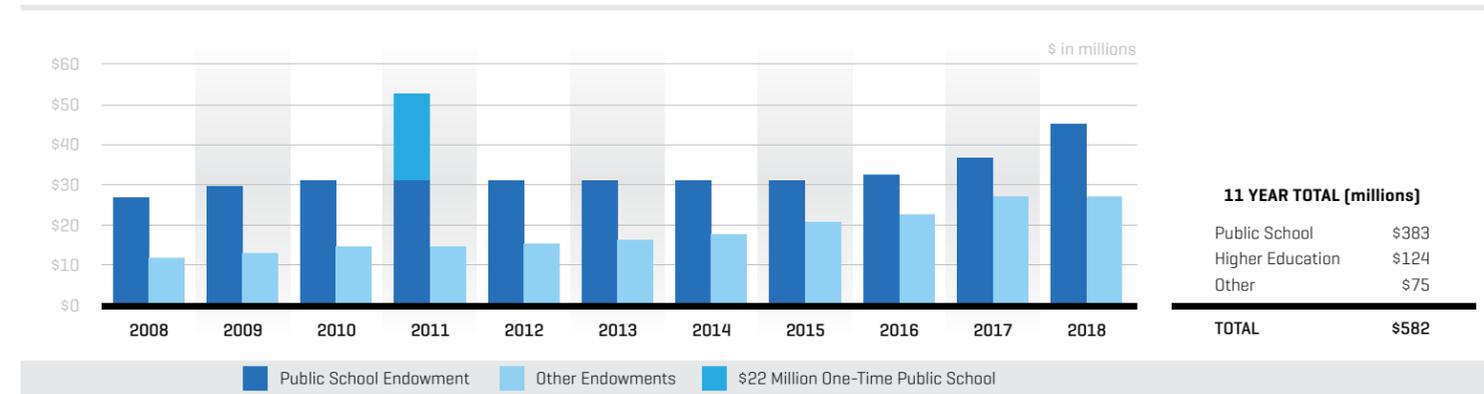
### POLICY FOR ENDOWMENT FUND INVESTMENTS AND BENEFICIARY DISTRIBUTIONS

In overseeing the \$1.8 billion Endowment Fund, it is the policy of the EFIB to make long-term strategic allocations and avoid making tactical shifts. In mid-2016, the strategic asset mix of the fund was adjusted to 66% stocks, 26% bonds, and 8% commercial real estate. The expected long-term return of this asset mix, after inflation, is approximately 4% and historically market losses have occurred in one year out of three.

In determining distributions, a trustee must balance the needs of current and future beneficiaries. It is the Land Board's policy to distribute a conservative estimate of long-term sustainable income, from both the fund and the land, and hold sufficient reserves of undistributed income to absorb predictable down cycles in endowment earnings. It is a priority to avoid reductions in distributions because most beneficiaries depend on them to fund ongoing operations.

# THE ENDOWMENT BENEFICIARIES

HISTORY OF ENDOWMENT DISTRIBUTIONS



Idaho's public school system is the primary beneficiary of state endowment trust lands.

All constitutionally designated funds and their beneficiaries are:

- Public School Endowment Fund
- Agricultural College Fund [at the University of Idaho]
- Charitable Institutions Fund [benefiting Idaho State University, State Juvenile Corrections Center, State Hospital North, Idaho State Veterans Homes, and Idaho School for the Deaf and Blind]
- Penitentiary Fund
- School of Science Fund [at the University of Idaho]
- State Hospital South Fund
- University Fund [at the University of Idaho]
- Normal School Fund [benefiting the Idaho State University Department of Education and Lewis-Clark State College]
- Capitol Permanent Fund [Capitol building – major maintenance]

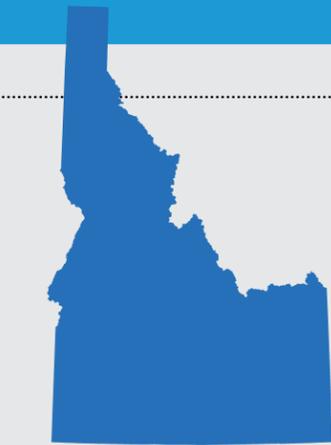
# HISTORIC ENDOWMENT OWNERSHIP STATEWIDE

Land transactions and in-lieu land selections over time have resulted in less scattered and more blocked-up endowment ownership across the state. Proceeds from endowment land sales have been used to purchase other lands in Idaho for the endowment trust and also have become the foundation for the permanent fund, which has been invested over time and now totals more than \$1.8 billion. Land exchanges involve trading lands based on their value, not acre-

for-acre. While total endowment acreage has decreased over time, the resulting ownership pattern is more valuable for the endowment trust because of enhanced access and more contiguous ownership, which also is beneficial for the many Idahoans who enjoy endowment lands for hunting, fishing and recreating. In 1998, the BLM confirmed the completion of the in-lieu land selection process.

## BY COUNTY

COUNTY	ACREAGE RECEIVED	CURRENT ACREAGE	COUNTY	ACREAGE RECEIVED	CURRENT ACREAGE
Ada	82,230	31,024	Gem	36,960	19,237
Adams	54,850	41,183	Gooding	24,190	17,083
Bannock	64,340	44,303	Idaho	102,370	74,206
Bear Lake	30,020	14,841	Jefferson	41,310	15,516
Benewah	53,700	52,401	Jerome	22,470	7,789
Bingham	149,630	154,004	Kootenai	49,030	32,831
Blaine	92,060	59,023	Latah	85,460	30,991
Boise	87,540	84,578	Lemhi	49,800	37,226
Bonner	166,030	166,037	Lewis	10,670	2,095
Bonneville	121,810	45,073	Lincoln	42,480	21,641
Boundary	101,330	103,990	Madison	96,900	21,906
Butte	67,430	13,250	Minidoka	25,290	7,656
Camas	30,190	21,792	Nez Perce	28,130	8,378
Canyon	51,920	725	Oneida	37,880	12,978
Caribou	161,970	105,422	Owyhee	376,750	320,752
Cassia	129,890	50,081	Payette	22,310	7,757
Clark	97,900	79,106	Power	68,760	25,961
Clearwater	264,240	234,084	Shoshone	72,310	55,098
Custer	59,310	52,621	Teton	39,740	1,158
Elmore	163,870	112,650	Twin Falls	77,640	29,466
Franklin	22,870	13,262	Valley	118,590	64,906
Fremont	143,100	85,524	Washington	81,130	62,105
<b>TOTAL</b>	<b>3,706,400</b>	<b>2,441,710</b>			



Idaho has **RETAINED 67%** of the Endowment Lands ENTITLED TO THE STATE OF IDAHO

## BY ENDOWMENT

ENDOWMENT	ACREAGE ENTITLEMENT	ACREAGE RECEIVED	CURRENT ACREAGE
Agricultural College	90,000	90,380	33,527
Capitol Permanent	32,000	32,190	7,283
Charitable Institutions	150,000	150,110	77,241
Normal School	100,000	99,930	59,645
Penitentiary	50,000	49,910	28,915
Public School	2,982,683*	3,038,280	2,073,118
School of Science	100,000	100,060	75,498
State Hospital South	50,000	50,170	31,385
University of Idaho	96,080	95,370	55,098
<b>TOTAL</b>	<b>3,650,763</b>	<b>3,706,400</b>	<b>2,441,710</b>

\*Sections 16 and 36 of each township. Total determined by assuming 1/18 of the total area of the State, 53,688,320 acres, as shown by the annual report of the General Land Office, June 30, 1931.  
 \*\*Surface acres only. IDL also manages more than 3.3 million acres of mineral estate.



## SUPPORT FUNCTIONS

**Vital to the smooth operation of the entire department — including the Land Board and the Oil and Gas Conservation Commission — are the dedicated people who perform functions that support all divisions and operations within the agency.**

Endowment land on the north side of the Snake River Canyon in Jerome County. Evel Knievel's historic jump take off spot on the south side of the canyon is visible in the distance.

### INFORMATION TECHNOLOGY

The Information Technology [IT] team supports agency operations by implementing and supporting cutting edge internal and public-facing enterprise systems. The IT team also manages the agency's computing infrastructure and records management functions.

### PROCUREMENT

There are few other State of Idaho agencies that rely more heavily on the private sector to complete its work than IDL. Procurement staff in FY16 solicited, evaluated, and awarded approximately \$9.7 million in contracts and purchase orders with the private sector to carry out the agency's work.

### 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 accounts payable and receivable, payroll and internal auditing.

### STRATEGIC PLANNING

A Strategic Planning Manager coordinates the process for developing and formally documenting the strategies, priorities, and governance policies for IDL. During FY16, the Strategic Planning Manager facilitated the development of the Asset Management Plan, Investment Policy Statement, Strategic Reinvestment Plan, and the Department's new Strategic Plan.

### HUMAN RESOURCES

Staff members in the Human Resources department support the agency in the areas of safety, development, recruitment, retention, benefits and compensation. They ensure compliance with federal and state laws and provide value-added services in the areas of training, performance management, facilitation, and employee relations.

### PUBLIC INFORMATION

Two Public Information Officers enhance transparency and manage the agency's many communication needs for internal and external audiences, including the news media. They also oversee the dissemination of public information for wildfires burning in State of Idaho protection areas.

### DIRECTOR'S OFFICE

Staff members who provide administrative support in the Director's Office are responsible for a variety of duties including assisting the director and executive staff and coordinating details and materials related to Land Board and Oil and Gas Conservation Commission meetings.

### REAL ESTATE SERVICES

The Real Estate Services team facilitates projects and processes that include rights-of-way, land records, appraisals, and land transactions. The transaction team manages land exchanges and land transactions involving endowment lands. An appraiser oversees contracts with third party appraisers to determine the market value of endowment lands. Right-of-way agents secure rights of way and easements to improve access to endowment lands statewide. Land Records staff members maintain the property ownership databases and records for lands under the agency's management.

### GEOGRAPHIC INFORMATION SYSTEMS

A team of Geographic Information System [GIS] analysts design, develop and implement GIS applications, geodatabases and process-automation tools to provide IDL managers with working solutions to their spatial data collection, analysis and reporting needs.

### INTERDISCIPLINARY TEAM

The Interdisciplinary Team is the cadre of scientists with expertise in hydrology, water rights, fish biology, and geology that provide recommendations and technical assistance to endowment trust land managers across Idaho. They help ensure that management activities maintain wildlife habitats, protect ecological integrity, comply with water quality standards, and work in harmony with diverse geological settings.

### ENDANGERED SPECIES

IDL weighs in on any proposed federal listings of species in Idaho that will affect management of endowment trust lands. Species listings can present constraints and uncertainty in land management. IDL is proactive in providing researched, science-based reviews and inputs to help ensure sustainable active management is supported on state endowment lands in compliance with needed habitat protections.

# STRATEGIC REINVESTMENT

A shift in the makeup of the endowment land portfolio took further shape in 2016 as plans to sell additional cottage sites and most commercial buildings and lots proceeded.

In February 2016, the Land Board cleared the path for the auction of more leased cottage sites at Priest Lake and Payette Lake before the end of 2019, and the auction of nearly all endowment-owned commercial buildings and lots before the end of 2017.

The actions came after more than two years of working with independent third-party consultants to improve governance for endowment lands and funds, with the goal of improving accountability, transparency, and oversight of asset management decisions.

In May 2016 – after a public comment period and meetings with a wide range of stakeholders – the Land Board approved the Strategic Reinvestment Plan, which enables the consideration of strategic acquisitions of timberland and, on a more limited basis, farmland, using the proceeds from the sale of residential and commercial buildings and lots. Acquisition of timberland and farmland must exceed established investment hurdle rates in order to increase long-term revenue for the beneficiaries. The Land Board also may direct the reinvestment of proceeds to the Permanent Fund where it will generate earnings on investments made by the Endowment Fund Investment Board.

In 2016, the Land Board approved an updated Asset Management Plan and the Investment Policy Statement – two documents that guide prudent management of the endowment trust and lay the foundation for the Strategic Reinvestment Plan.



816 & 826 West Bannock Street - two buildings offered for auction in 2016



Log yard, Orofino, Idaho



*Good Neighbor Authority makes it possible for the State of Idaho to leverage our support and land management expertise with the Forest Service to improve management activities happening on federal lands in Idaho.*



**C.L. BUTCH OTTER | GOVERNOR**

# GOOD NEIGHBOR AUTHORITY

In September 2016, IDL auctioned a U.S. Forest Service timber sale for the first time in Idaho as part of a State-federal partnership called Good Neighbor Authority [GNA].

GNA is a federal law that enables the Forest Service to partner with states to increase the pace and scale of forest and watershed restoration activities on national forests. The Forest Service, IDL, timber companies, and other partners have been working together since 2015 to bring Idaho GNA projects to fruition.

In addition to the timber sale auction in September, GNA partners reached key milestones during 2016 with the signing of a statewide master agreement and local supplemental project agreements that mobilize projects at the national forest level. In 2016, Governor Otter and the Idaho Legislature also approved the hiring of two IDL forester positions, and granted contracting authority for the professional resources needed to prepare and administer GNA timber sales in Idaho.

The first GNA projects in Idaho will be implemented in the Nez Perce-Clearwater National Forests, Idaho Panhandle National Forests, and Payette National Forest.

The State of Idaho is committed to continuing to work with GNA partners to increase proactive management on federal lands in Idaho.

# FOREST MANAGEMENT

53 OPERATIONAL FORESTERS 

14 FORESTRY SUPERVISORS 



973,000 acres OF ENDOWMENT FORESTS = 5% OF FORESTED LAND BASE IN IDAHO



MANY ADD'L FORESTRY EXPERTS, FROM TECHNICIANS TO THE DIRECTOR

## FY16 TIMBER HARVEST & RECEIPTS



259.9 MMBF **TIMBER** = \$61.6 million HARVESTED  
harvested by professional logging contractors



Revenue mostly supports public schools



Accounts for more than one-quarter of the total amount of timber harvested across ownerships in Idaho in one year



Supported 5,198 jobs, \$173.4 million in wages and salaries, and more than \$1 billion in sales of goods and services\*



3,094 miles of road improved, maintained, and protected



2,704,806 tree seedlings GROWN AND PLANTED ON 8,230 ACRES by IDL foresters and private contractors

Pre-commercially thinned 3,277 overstocked acres

Prepared 5,414 acres for future regeneration efforts

Sample measured timber on 7,763 plots on 53,522 acres for Stand Based Inventory, in order to estimate volume and growth on all forested acres managed by IDL

Collected 2,984 bushels of cones

## END OF FY16

- 175 - ACTIVE TIMBER SALES

- 470 - MMBF UNDER CONTRACT

- 59 - PURCHASERS OF TIMBER SALES



HARVEST + REFORESTATION

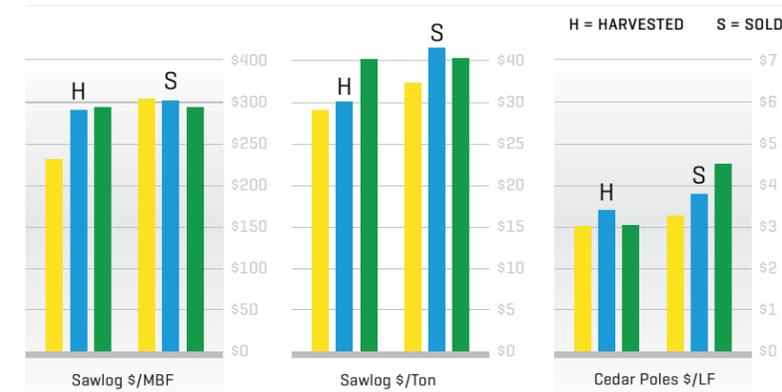
**RENEWABLE RESOURCE**

Benefits wildlife, promotes clean air and clean water, and ensures revenues for today's students as well as future generations.

MMBF = MILLION BOARD FEET

\*Numbers derived from report by Universities of Idaho and Montana that states every million board feet of timber harvested and processed in Idaho provides about \$667,000 in wages and salaries, \$385 million in sales of goods and services, and provides about 20 jobs - 12 directly in the industry and 8 in supporting industries.

## AVERAGE TIMBER PRICES:



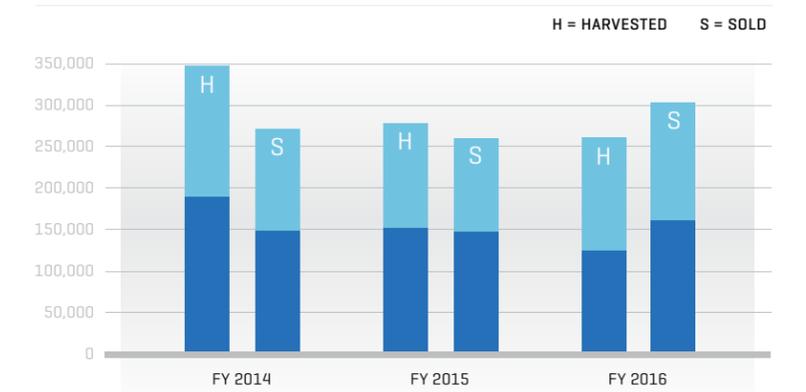
## TIMBER HARVESTED - FY 2016

North Operations	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Priest Lake	12,557	13,104	110,730	585	3,715
Pend Oreille	8,868	42,065	105,480	10	319
Mica	13,187	15,910	135,822	84	369
St. Joe	25,384	23,444	106,315	669	1,436
Cataldo	1,009	0	0	12	25
Ponderosa	26,115	26,571	199,980	108	1,954
<b>Subtotal</b>	<b>87,120</b>	<b>121,093</b>	<b>658,327</b>	<b>1,468</b>	<b>7,819</b>
<b>Total</b>	<b>183,952</b>	<b>278,157</b>	<b>1,066,792</b>	<b>2,363</b>	<b>14,533</b>

Total Harvest Volume - All product types - 259,942 MBF

Average Harvest Prices	FY 2014	FY 2015	FY 2016
Sawlog \$/MBF	\$233.82	\$279.05	\$282.02
Sawlog \$/Ton	\$27.72	\$30.16	\$41.56
Cedar Poles \$/LF	\$3.04	\$3.45	\$3.01

## TOTAL TIMBER VOLUME (MBF):



## TIMBER SOLD - FY 2016

North Operations	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Priest Lake	17,190	0	271,100	40	0
Pend Oreille	8,485	55,453	0	0	38
Mica	10,046	30,995	178,465	10	0
St. Joe	50,600	59,999	0	1,038	166
Ponderosa	32,150	42,922	188,130	305	16
<b>Subtotal</b>	<b>118,472</b>	<b>189,369</b>	<b>637,695</b>	<b>1,393</b>	<b>220</b>
<b>Total</b>	<b>208,382</b>	<b>464,130</b>	<b>1,067,255</b>	<b>1,570</b>	<b>413</b>

Total Sale Volume - All product types - 302,670 MBF

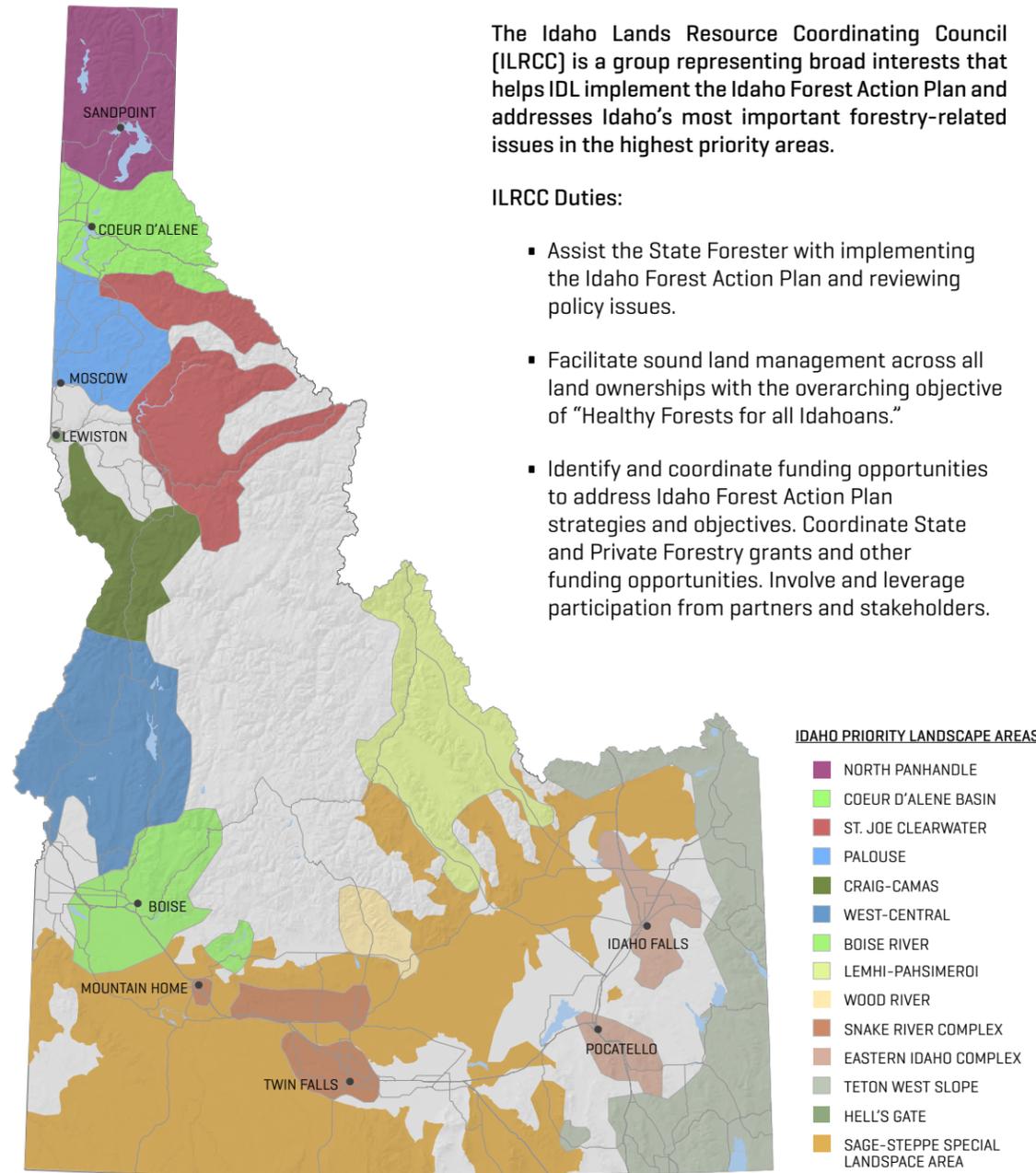
Average Sale Prices	FY 2014	FY 2015	FY 2016
Sawlog \$/MBF	\$306.69	\$304.56	\$285.45
Sawlog \$/Ton	\$33.89	\$44.05	\$42.70
Cedar Poles \$/LF	\$3.36	\$3.84	\$4.47

# FORESTRY REGULATION & ASSISTANCE

The IDL forestry assistance professionals provide technical assistance to forest landowners, organizations, other IDL programs, and local, state and federal agencies.

These specialists in forest management, entomology, pathology, community forestry, and fire advise and assist forest landowners and managers, urban foresters, and consulting foresters in the responsible management of forest resources and enforce the policies set forth by the Idaho Forest Practices Act, which regulates commercial forest operations within Idaho.

Many bureau programs are funded through partnerships with the USDA Forest Service, State and Private Forestry program.



## IDAHO LANDS RESOURCE COORDINATING COUNCIL

The Idaho Lands Resource Coordinating Council (ILRCC) is a group representing broad interests that helps IDL implement the Idaho Forest Action Plan and addresses Idaho's most important forestry-related issues in the highest priority areas.

### ILRCC Duties:

- Assist the State Forester with implementing the Idaho Forest Action Plan and reviewing policy issues.
- Facilitate sound land management across all land ownerships with the overarching objective of "Healthy Forests for all Idahoans."
- Identify and coordinate funding opportunities to address Idaho Forest Action Plan strategies and objectives. Coordinate State and Private Forestry grants and other funding opportunities. Involve and leverage participation from partners and stakeholders.

## URBAN AND COMMUNITY FORESTRY

In our communities, trees reduce air and noise pollution, conserve water, save energy, reduce soil erosion, beautify areas, enhance economic vitality, and improve human health. Bureau staff members support and assist communities that want to develop or improve a community forestry program.

- Cities with managed programs: 32; Total population: 800,314
- Cities with developing programs: 76; Total population: 180,559
- More than 6,000 energy saving trees planted in targeted locations in partnership with Idaho Power
- Technical assistance to 88 cities
- IDL initiated an Idaho Tree Plotter inventory program for Idaho cities. Data will be used locally to manage public trees and statewide to inform assistance and planning.

## FOREST HEALTH

Insect infestations and diseases can present major health problems for Idaho forests. Bureau staff members provide technical assistance and training to forest landowners and managers, designed to minimize risks and hazards from insects and diseases. Focus is on prevention, suppression, and restoration of forests before, during, and after an insect or disease outbreak.

- Total acres surveyed: 8,161,059

- Arial detection: 7,095,486 acres
- Gypsy moth: 985,565
- Douglas-fir Tussock Moth: 80,008 acres
- IDL in partnership with the USDA Forest Service and the University of Idaho Forestry Extension conducted 63 insect and disease identification and management training sessions, educating 2,256 participants.
- IDL responded to 293 requests for forest health information.

## FOREST STEWARDSHIP

Across the state, IDL Private Forestry Specialists provide advice to private landowners on management planning, timber harvest, reforestation, thinning, and many other forest issues.

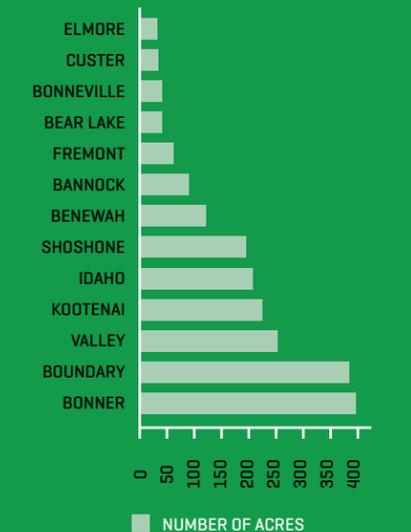
- Technical assistance provided to 1,467 private forest landowners
- 156 new or revised Forest Stewardship Plans on 63,773 acres
- 827 acres of forest improvement practices on private lands
- Education to more than 6,203 private forest landowners and forest managers
- 405 students participated in the State Forestry Contest, assisted by 200 forestry professionals and volunteers

## COMMUNITY FIRE PROGRAM

Fire resiliency not only applies to the vegetative components associated with the many landscapes found throughout Idaho, but also to the communities and individuals that call these same areas home. IDL supports a wide range of activities related to modifying vegetation, planning, and education to reduce wildfire impacts on communities.

## ACTIVE FIRE PREVENTION PROJECTS BY COUNTY

Acres Treated To-Date (10/20/16) with FFY2011 through FFY2015 Federal Grant Funding  
Western Fire Manager, Hazard Fuel Reduction Regions 1 & 4, and Cohesive Strategy grants



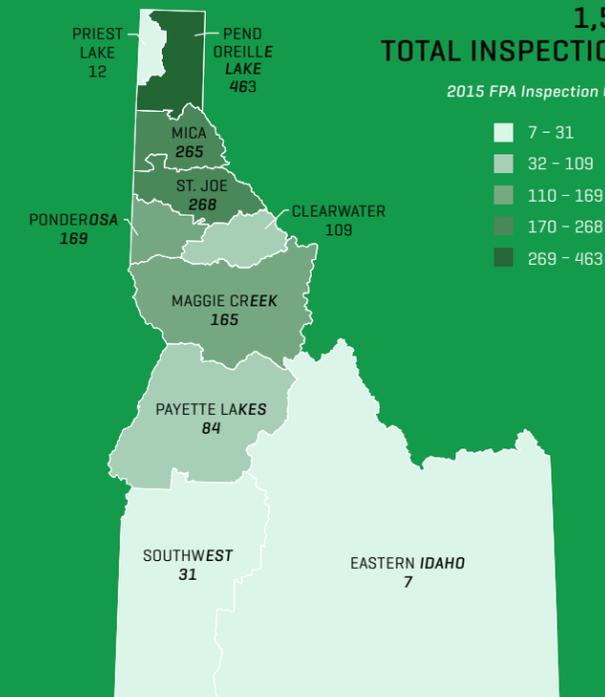
## IDAHO FOREST PRACTICES ACT ADMINISTRATION

The IDL administers the Idaho Forest Practices Act (FPA), a law created in 1974 to promote active forest management and ensure the health of forest soil, water, vegetation, wildlife, and aquatic habitat is maintained during the growing and harvesting of forest trees in Idaho.

- 2,550 Forest Practices notifications submitted to IDL for harvesting operations on state and private forestlands
- Over 97.3% of all inspections in compliance with the Forest Practices Act rules
- A total of 1,573 inspections conducted on 1,332 distinct operations

**1,573**  
TOTAL INSPECTIONS

2015 FPA Inspection Count

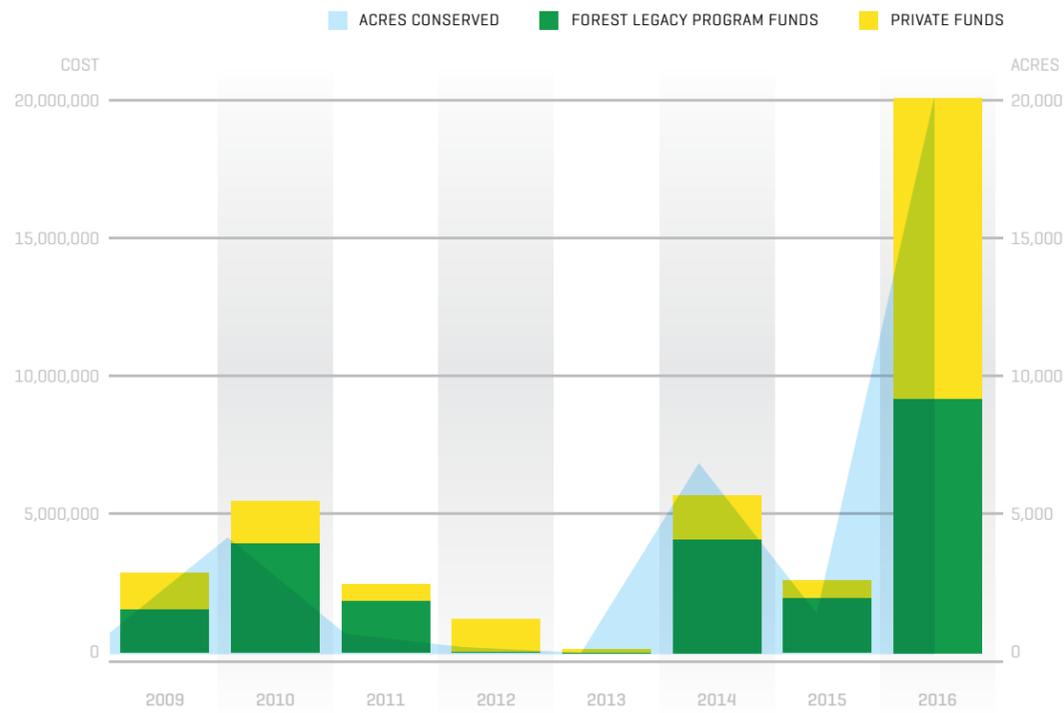


## FOREST LEGACY

Many private forest landowners face economic pressure to convert their lands to uses that will forever remove them from the forested land base. The IDL administers a federally-funded Forest Legacy Program, providing funds to purchase conservation easements on private lands that might otherwise be developed and lost as productive forests. The primary objective is to keep working forests working.

- Acquired 6 conservation easements in 2016, covering 19,987 acres of private forest land.
- Conservation Easements Acquired in 2016:
  - Bonner Lake West - 7 acres
  - McArthur East-Molpus (4 different conservation easements/properties) - 5,548 acres
  - Clagstone - 14,432 acres

## ACRES CONSERVED & ASSOCIATED COST OVER TIME



**34,269 ACRES CONSERVED SINCE 2009**

Spring scaling workshop and roll-out for new and current log scalers.



## IDAHO BOARD OF SCALING PRACTICES



The Idaho Board of Scaling Practices enforces log scaling (*measurement*) standards prescribed by statute and regulation, to ensure professional quality log scaling for the benefit of Idaho timber interests. The board tests and licenses log scaling practitioners and subjects them to routine, unannounced check scales to assure proficiency. The board also administers log brand registrations and the disposition of prize (*abandoned*) logs.

An executive director and check scaler, headquartered in the Idaho Department of Lands Coeur d'Alene Staff Office, carry out the board's directives. Funding for the board is derived from assessment fees levied on the scale of forest products harvested within the state and from licensing and registration fees.

Appointed by the Governor, board members represent industry, logging, and private landowner interests.

Current Board Members:

**TOM SCHULTZ** | Chairman

**JACK BUELL** | Vice Chairman

**H. LARRY STEWART** | Secretary

**ROBERT E. BOEH**

**GERRY IKOLA**

**TREVOR STONE**

**BRETT BENNETT**

Executive Director:

**RUSSEL (RUSS) HOGAN**

# 2016 FIRE SEASON

## 168 FIRES

55 PERCENT OF 20-YEAR AVERAGE

**2016 FIRE SEASON COST**

General Fund Net Obligation  
**\$10,021,000**

Reimbursable Expenses for assisting on fires managed by other agencies  
**+ \$4,781,000**

**TOTAL COSTS\***  
**\$14,802,000**

\*Estimates as of October 5, 2016. Due to billing cycles across fire protection agencies, the true cost of a single fire season is not known for several years.

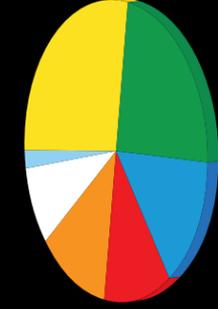


**1,511 acres**  
**BURNED IN IDL PROTECTION**

8 PERCENT OF 20-year average

91% of  **10 acres**

### IDL FIRES BY CAUSE



91% of  **10 acres**

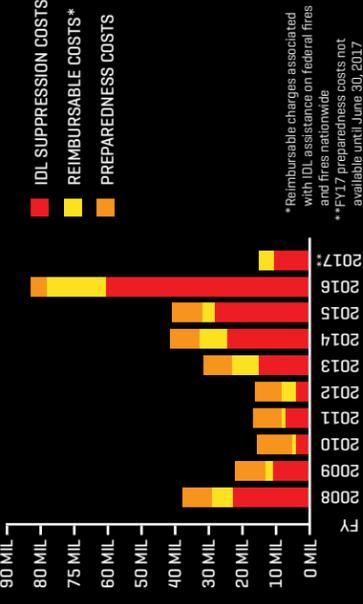
### IDL FIRES BY REGION / DISTRICT



- PANHANDLE DISTRICTS**
- PRIEST LAKE FPD - COOLIN
  - KOOTENAI VALLEY FPD - BONNERS FERRY
  - MICA FPD - COEUR D'ALENE
  - PEND OREILLE FPD - SANDPOINT
  - CATALDO FPD - KINGSTON
  - WEST ST. JOE FPD - ST. MARIES

- NORTH CENTRAL DISTRICTS**
- PONDEROSA FPD - DEARY
  - MAGGIE CREEK FPD - KAMIAH
  - CRAIG MOUNTAIN FPD - CRIAGMONT
  - CPTPA - OROFINO
- SOUTHERN DISTRICTS**
- SOUTHWEST IDAHO FPD - BOISE
  - SITPA - MCCALL

### HISTORIC FIRE PROGRAM COSTS

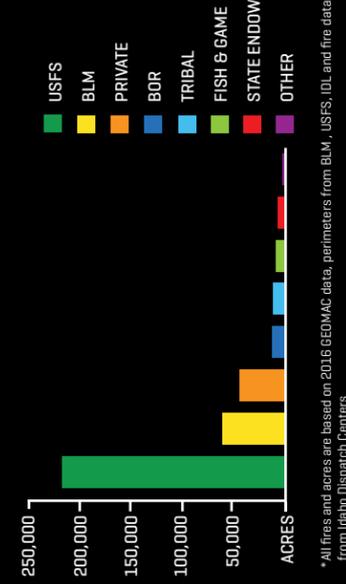


\*Reimbursable charges associated with IDL assistance on federal fires and fires nationwide  
 \*\*FY17 preparedness costs not available until June 30, 2017

### STATEWIDE ACRES BURNED: PROTECTION AGENCY\*



### STATEWIDE ACRES BURNED: OWNERSHIP\*



\*All fires and acres are based on 2016 GEOMAC data, perimeters from BLM, USFS, IDL and fire data from Idaho Dispatch Centers

**AVERAGE FIRE COST \$31,371 | COST PER ACRE BURNED \$3,488\* | MEDIAN FIRE SIZE 0.1 ACRE**

\*The costs incurred from the use of incident management teams on four IDL fires in 2016 divided by a small number of acres burned in 2016 results in a higher cost per acre compared to other fire seasons.



Pioneer Fire, Boise County, Kari Greer/USFS

### FOREST PROTECTIVE DISTRICTS

Wildfire response in Idaho primarily is organized by IDL, the U.S. Forest Service and the Bureau of Land Management. The IDL and two timber protective associations have lead fire response duties on 12 forest protective districts that cover 6.3 million acres of land owned mostly by private entities and the State of Idaho. The districts, with the support of the Fire Management Bureau, promote and carry out the work of the IDL fire management program. Federal land management agencies provide fire protection on the majority of their lands statewide.

FEDERAL STATE OTHER RFPA BOUNDARIES

# FIRE MANAGEMENT

Fire management responsibilities are one of the most visible of our functions.

On a day-to-day basis IDL establishes and implements policies to prevent, prepare for, and fight wildland fires on more than six million acres of state, private, and federal forests and rangelands in Idaho.

These responsibilities include regulating the elimination of fire hazards caused by timber harvesting on state and private lands. Between Jan. 1 and Oct. 28, 2016, IDL issued 2,069 compliances related to this responsibility. Our duties also include issuing fire safety burn permits to individuals living outside city limits anywhere in Idaho, who plan to burn for any reason—including crop residue burning and excluding recreational campfires—during closed fire season. In calendar year 2016, IDL issued more than 14,000 fire safety burn permits with the help of the online resource: [BurnPermits.Idaho.gov](http://BurnPermits.Idaho.gov)

IDL's work in fire management helps protect and preserve important endowment timber assets as well as millions of acres of private forestland and some federal lands.

IDL enhances forest and rangeland management on state endowment trust lands by utilizing fire as a management tool, while protecting local communities from wildfire by reducing fuels.

IDL also supports and helps facilitate the creation of rangeland fire protection associations in Idaho, made up of ranchers who are professionally trained and legally allowed to utilize interagency fire suppression resources.

CHIEF FOCUS OF IDL MANAGED FIRES IS  
**INITIAL ATTACK**

PUT OUT FIRES AS QUICKLY AS POSSIBLE

PROTECT RESOURCES

MINIMIZE SUPPRESSION COSTS

# GRAZING, AGRICULTURE & CONSERVATION LEASING

The IDL manages 1,153 grazing leases that cover 1,732,502 acres of state endowment trust land located primarily across the southern two thirds of Idaho.

These leases contribute an estimated 257,950 animal unit months (AUM) of forage to livestock operations for this year.

In FY16, IDL continued its review of the grazing program. Following the successful implementation of the new Grazing Program Business plan in May 2015, a review of the grazing lease rate formula began in September 2015. The review process will continue into 2017, and a final recommendation to the Land Board on the grazing lease rate formula is expected in 2017.

Most of the original farming land owned by the endowments was sold during the 1900s. What remains is a small but productive portfolio of farming leases that total approximately 21,173 acres. The crops grown on state endowment trust lands include alfalfa, barley, beans, corn, peas, potatoes, safflower, and wheat. In addition, portions of agricultural state endowment trust lands are in the Conservation Reserve Program.

The IDL also manages a small portfolio of conservation leases. The leases are developed to allow resource preservation, view preservation, wildlife management, and other conservation practices without diminishing the potential lease revenue for the endowed beneficiary.

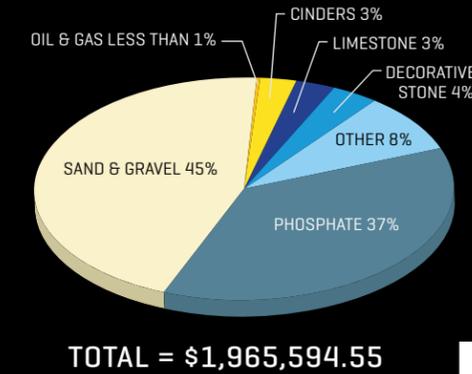
## CONFLICT LEASE AUCTIONS

In calendar year 2016, IDL held two conflict lease auctions for expiring grazing leases. Just over two percent of total grazing leases were conflicted in 2016. If more than one person applies to lease the same land, then the lease is auctioned to the applicants at a "conflict lease auction." Conflict lease auctions are only available to the conflicting applicants.

Grazing on Endowment Land near McCall, Idaho



## MINERAL ROYALTIES BY TYPE



Idaho mining operation on federal and private lands near Challis, Idaho

# MINERAL LEASING

The IDL manages 3.3 million acres of state-owned mineral rights, which are the subsurface rights to any mineral. Since 1923, state law has required the State of Idaho to reserve the mineral rights when state land is sold to a private party. Therefore, of the 3.3 million acres of state-owned mineral rights, about 2.4 million acres of the surface rights also are owned by the state. The rest of the surface above the mineral rights has other surface ownership.

As of June 30, 2016, there were 163 active mineral leases on endowment land and 21 exploration locations. Exploration Locations are similar to federal mineral claims and allow for mineral entry, meaning a claim can be staked on them. This allows the locator the right to explore for minerals and decide if the minerals have economic value and would be worth mining.

Minerals that directly generate royalty revenue for the state endowment trust include aggregate (sand, gravel, stone, cinders) and metals. Sand and gravel continue to be the main source of mineral revenue to IDL.

# COMMERCIAL LEASING

Commercial uses include leasing for six sectors: energy resources, communication sites, recreation, industrial facilities, military facilities, and office/retail.

## 2016 COTTAGE SITE AUCTIONS

### JUNE 25, 2016

**39** Priest Lake lots sold  
*[all leased]*

**\$18,918,228** in sales

### AUGUST 19, 2016

**30** Payette Lake lots sold  
*[25 leased, 5 unleased]*

**\$12,605,500** in sales

### SEPTEMBER 23, 2016

**4** Priest Lake lots sold  
*[1 leased, 3 unleased]*

**\$1,919,604** in sales

**73**  
COTTAGE SITES  
**SOLD**  
IN CY16

# COTTAGE SITE AUCTIONS

In 2010, the Land Board approved a plan to divest the state's ownership of cottage sites at Priest Lake and Payette Lake over time and reinvest the proceeds in other assets.

The Idaho Constitution requires a public auction for the disposal of state endowment trust land by sale. The auction for ownership of leased cottage site lots is voluntary, meaning the lessees of the lot nominate their leased sites for public auction. The state can accept no less than the appraised value of the lot at auction. If the winning bidder for a leased lot is not the lessee, the individual must pay the lessee for the appraised value of the privately owned improvements on the lot.

In February 2016, the Land Board approved a plan that will give every lessee an opportunity to participate in a voluntary auction for ownership by the end of 2019.

By the end of 2016, the State of Idaho will have divested one-half of its ownership in Priest Lake and Payette Lake cottage sites through the voluntary auction for ownership process.

Priest Lake, Idaho

## END OF FY16

**- 239 -**  
ACTIVE COTTAGE SITE LEASES  
AT PRIEST LAKE

**- 71 -**  
ACTIVE COTTAGE SITE LEASES  
AT PAYETTE LAKE

# COTTAGE SITE LEASING

The State of Idaho owns hundreds of acres of state endowment trust land on the shores and upland of two of Idaho's most beautiful lakes - Priest Lake in northern Idaho, and Payette Lake in west central Idaho.

At the end of FY16, more than 310 individuals and families leased the lots, known as cottage sites, from the endowment trust.

The endowment trust owns the land. The cabins built on the land are owned by the lessees as personal property. In many instances, the lots have been leased by the same families for many generations.

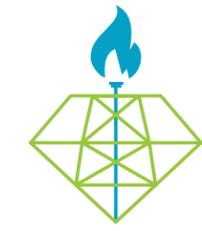


Little Willow gathering facility, Payette County

# OIL & GAS LEASING

The IDL manages about 3.3 million acres of state-owned oil and gas rights, and leases these rights to explore and potentially produce oil and gas through competitive bidding at public auctions, with oversight and approval by the Land Board. Oil and gas rights owned by the state endowment trust are leased to make money for public schools and other specified endowment beneficiary institutions. IDL also leases oil and gas rights owned by the Idaho Department of Fish and Game, the Idaho Transportation Department, and the public trust (the rights submerged below the ordinary high water mark of navigable streams and rivers within the state).

**IDL manages 339 OIL & GAS LEASES that cover 34,810 acres [End of FY16]**



## IDAHO OIL & GAS CONSERVATION COMMISSION

The Idaho Oil and Gas Conservation Commission regulates the exploration, drilling, and production of oil and gas resources in Idaho to ensure the conservation of oil and gas and the protection of surface and groundwater.



A separate annual report for the Oil and Gas Conservation Commission was created for 2016. Visit [www.idl.idaho.gov](http://www.idl.idaho.gov) to view the report.



*In 2016 the hearing processes for integration and other actions were modified through legislation. Proposed changes to statute and rule in 2017 will bring Idaho's oil and gas regulatory framework into further alignment with those used in other states. Idaho has joined the ranks of the nation's oil and gas producing states, and we are proud to be contributing to America's energy independence.*

**CHAIRMAN CHRIS BECK**  
IDAHO OIL AND GAS CONSERVATION COMMISSION

### FY16 HIGHLIGHTS

- 0 NEW SEISMIC EXPLORATION PERMITS ISSUED
- 3 NEW DRILL PERMITS ISSUED
- 20 ACTIVE WELL PERMITS
- 9 WELLS READY FOR DEVELOPMENT OR IN DEVELOPMENT (SHUT IN PENDING PIPELINE)
- 8 WELLS IN PRODUCTION
- 2 WELLS NOT DRILLED [as of June 30, 2016]

Between July 1 and Nov. 16, 2016, 2 more drill permits were issued. As of Nov. 16, 2016, there were 20 active well permits, 7 wells ready for development, 8 wells in production and 2 wells plugged and abandoned.

### APPOINTED COMMISSION MEMBERS

CHAIRMAN CHRIS BECK  
WATER INTERESTS



VICE CHAIRMAN MARGARET CHIPMAN  
LANDOWNER WITH MINERAL RIGHTS



KEN SMITH  
OIL AND GAS INTERESTS



SID CELLAN  
LANDOWNER WITHOUT MINERAL RIGHTS



JAMES CLASSEN  
GEOLOGICAL INTERESTS



# MINING REGULATION & ASSISTANCE

The IDL administers the Idaho Surface Mining Act and the Idaho Dredge and Placer Mining Act on all state, private, and federal lands in Idaho. Mining plans and reclamation bonds are required prior to the start of mining activity regulated by these laws. Plans are reviewed and approved in coordination with other state and federal agencies.

The IDL also provides financial and technical assistance to land owners across Idaho with abandoned mine issues. Public safety and environmental protection are the focus of the abandoned mine lands program, which is funded by a portion of the Mine License Tax.

## FY16 HIGHLIGHTS

**1,530** ACTIVE SURFACE MINING RECLAMATION PLANS  
*[30 NEW, 51 CLOSED]*

**27** ACTIVE DREDGE AND PLACER MINING PERMITS *[1 NEW]*



Abandoned Cinnabar Mine and ghost town, Valley County, Idaho

# PUBLIC TRUST LAND MANAGEMENT

The IDL and Land Board administer public trust lands – the beds and banks lying below the ordinary high water mark of the state’s navigable lakes, rivers and streams.

In that capacity, IDL is the administrator of the Idaho Lake Protection Act and regulates encroachments and activities on, in, or above the navigable lakes in the State of Idaho. Examples of encroachments permitted by the IDL include docks, marinas, and float homes.

Additionally, IDL administers the leasing of riverbed public trust lands for minerals and processes disclaimers of interest and easements along navigable rivers. These lands are managed for the general public’s benefit, not for a specific beneficiary.

## FY16 HIGHLIGHTS

### PUBLIC TRUST PROGRAM

**185** ACTIVE SUBMERGED LAND LEASES *[E.G. MARINAS]*

**11** NEW SUBMERGED LAND LEASES ISSUED

**11,732** ACTIVE ENCROACHMENT PERMITS

**327** NEW ENCROACHMENT PERMITS ISSUED

**2** ACTIVE RIVERBED MINERAL LEASES  
*[EXCLUDING OIL AND GAS LEASES]*

**2** ACTIVE EXPLORATION LOCATIONS ON NAVIGABLE WATERS

# ACCOUNTANT'S STATEMENT

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 2016.



DEBBIE BUCK | Financial Officer

\* Earnings Reserve Fund revenue is generated from activities on endowment land that do not permanently deplete the resource such as timber sales and land leases.

\*\* Permanent Fund revenue is generated from activities on endowment land that results in the permanent disposal of a non-renewable asset such as mineral extraction, perpetual easements, or land sales.

## ACCOUNTS AND FUNDING

### REVENUE AND EXPENDITURES BY FUND TYPE FY2016

	Revenue	Expenditures
General Fund	276	5,364,432
Misc Pass Through Funds	186,514	0
<b>Dedicated Land Funds:</b>		
Forest Resources	579,885	782,329
Lands & Waterways	887,827	1,083,389
Fire Management	7,189,448	4,576,383
Board of Scaling	227,488	245,468
Support Services	15,593	916,181
Indirect Cost Recovery	318,039	694,596
Community Forestry Trust	13,126	13,526
<b>Subtotal Dedicated Funds</b>	<b>9,231,406</b>	<b>8,311,872</b>
Fire Suppression	4,962,876	37,359,892
Federal Funds	3,523,480	3,687,180
<b>Endowment Funds:</b>		
*Earnings Reserve	73,993,809	25,737,753
**Permanent by Endowment		
Public School	1,818,840	0
Agricultural College	1,111	0
Charitable Institutions	15,232	0
Normal School	167,935	0
Penitentiary	9,510	0
School of Science	27,013	0
State Hospital South	21,915	0
University of Idaho	12,607	0
Capitol Permanent	53,582	0
**Permanent Sub-Total	2,127,745	
<b>Subtotal Endowment Funds</b>	<b>76,121,554</b>	<b>25,737,753</b>
<b>Grand Total</b>	<b>94,026,107</b>	<b>80,461,129</b>

## ENDOWMENT LAND STATUS

### SURFACE OF ACRES BY ASSET CLASS

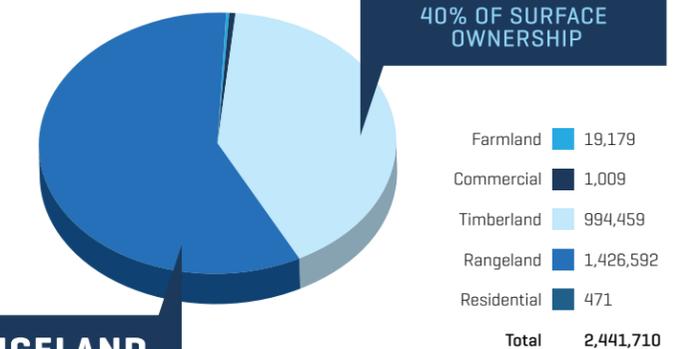
Endowment	Rangeland	Timberland	Farmland	Commercial	Residential	Grand Total
Agricultural College	17,957.78	15,216.18	352.75	0	0	33,526.71
Capitol Permanent	36.76	7,227.85	8.44	9.80	0	7,282.85
Charitable Institutions	14,033.66	63,158.77	46.41	2.86	0	77,241.70
Normal School	15,746.89	43,656.40	62.16	162.14	17.11	59,644.70
Penitentiary	1,293.54	27,134.83	477.41	9.01	0	28,914.79
Public School	1,350,431.17	704,109.46	17,475.40	674.52	427.61	2,073,118.16
School of Science	11,530.31	63,638.42	192.34	136.67	0	75,497.74
State Hospital South	3,660.77	27,678.29	18.10	1.14	26.48	31,384.78
University of Idaho	11,900.99	42,638.92	545.69	12.89	0	55,098.49
<b>Total</b>	<b>1,426,591.87</b>	<b>994,459.12</b>	<b>19,178.70</b>	<b>1,009.04</b>	<b>471.20</b>	<b>2,441,709.93</b>

### LAND INCOME BY ASSET CLASS

By Asset Class	Acres	2016 Income*
Farmland	19,179	\$0.31
Commercial	1,009	\$1.17
Timberland	994,459	\$42.59
Rangeland	1,426,592	\$1.21
Residential	471	\$3.26
<b>Total</b>	<b>2,441,710</b>	<b>\$48.54</b>

\* \$ in millions

### SURFACE ACRES BY ASSET CLASS



## ENDOWMENT FUNDS

### PERMANENT FUND REVENUE BY ENDOWMENT, BY ASSET CLASS

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol	Total by Asset Class
Timber	71,571	0	0	708	9,068	5,829	0	7,600	51,142.56	145,918
Rangeland	0	0	0	0	0	0	0	0	2,268.89	2,269
Commercial Office/Retail	250	0	0	0	0	0	0	0	0	250
Residential	0	0	0	0	0	0	0	0	0	0
Oil and Gas*	8,201	309	0	1,247	0	0	0	40	0	9,797
Minerals**	1,737,041	801	15,232	165,980	442	21,185	21,915	4,967	170	1,967,734
Mortgage Interest	1,778	0	0	0	0	0	0	0	0	1,778
<b>Total by Endowment</b>	<b>1,818,840</b>	<b>1,111</b>	<b>15,232</b>	<b>167,935</b>	<b>9,510</b>	<b>27,013</b>	<b>21,915</b>	<b>12,607</b>	<b>53,582</b>	<b>2,127,745</b>

\*Includes \$5,832.26 in oil and gas royalties \*\*Includes \$1,959,735.29 in mineral royalties

### LAND BANK REVENUE BY ENDOWMENT

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol	Total by Asset Class
<b>Total by Endowment</b>	<b>19,951,638.21</b>	<b>0</b>	<b>0</b>	<b>1,053,480.36</b>	<b>0</b>	<b>0</b>	<b>5,945,970.38</b>	<b>0</b>	<b>0</b>	<b>26,951,088.95</b>

# ENDOWMENT TRUST LANDS

## INCOME STATEMENT

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary
<b>Asset Class/Endowment Revenue *</b>					
Timberland	\$36,864,979	\$1,542,505	\$5,600,741	\$2,997,402	\$1,097,432
Farmland	438,271	1,200	5,185	6,642	20,600
Rangeland	2,326,140	24,279	124,798	43,658	9,506
Residential Real Estate	4,341,679	0	1	375,212	3
Commercial Real Estate	493,870	1	12	1,007,240	1
Oil and Gas Rentals and Bonuses	21,109	1,056	4,025	3,497	94
Minerals Rentals and Bonuses	54,947	906	2,634	4,534	490
<b>Total Revenue</b>	<b>44,540,996</b>	<b>1,569,947</b>	<b>5,737,396</b>	<b>4,438,186</b>	<b>1,128,126</b>
<b>Less: Expenses**</b>					
Timberland	13,796,771	325,179	1,439,755	877,738	495,746
Farmland	152,601	418	1,805	2,313	7,173
Rangeland	1,459,073	11,246	57,807	20,222	4,403
Residential Real Estate	1,293,391	0	0	200,951	0
Commercial Real Estate	194,036	0	5	519,536	0
Oil and Gas	49,093	2,456	9,361	8,134	219
Minerals	269,393	4,444	12,913	22,229	2,401
<b>Total Expense</b>	<b>17,214,359</b>	<b>343,743</b>	<b>1,521,646</b>	<b>1,651,122</b>	<b>509,942</b>
<b>Net Income by Asset Class</b>					
Timberland	23,068,208	1,217,325	4,160,985	2,119,665	601,686
Farmland	285,670	782	3,380	4,329	13,427
Rangeland	867,067	13,033	66,992	23,435	5,103
Residential Real Estate	3,048,288	0	1	174,261	3
Commercial Real Estate	299,833	0	7	487,704	1
Oil and Gas Rentals and Bonuses	(27,984)	(1,400)	(5,336)	(4,637)	(125)
Minerals Rentals and Bonuses	(214,446)	(3,537)	(10,279)	(17,695)	(1,911)
<b>Total Net Income</b>	<b>\$27,326,636</b>	<b>\$1,226,204</b>	<b>\$4,215,750</b>	<b>\$2,787,063</b>	<b>\$618,184</b>

\*Direct program revenue includes only Earnings Reserve funds. \*\*Includes all expenses related to Permanent Fund proceeds.

	School of Science	State Hospital South	University	Capital***	Total
<b>Asset Class/Endowment Revenue *</b>					
Timberland	\$3,850,112	\$8,274,288	\$2,562,955	0	\$62,790,415
Farmland	0	145	11,054	0	483,097
Rangeland	280,598	130,834	30,219	0	2,970,033
Residential Real Estate	1	537,189	0	0	5,254,087
Commercial Real Estate	5	414,350	481,223	0	2,396,701
Oil and Gas	1,089	388	1,577	0	32,835
Minerals	1,505	665	960	0	66,641
<b>Total Revenue</b>	<b>4,133,311</b>	<b>9,357,859</b>	<b>3,087,988</b>	<b>0</b>	<b>73,993,809</b>
<b>Less: Expenses**</b>					
Timberland	1,318,516	930,650	901,307	110,467	20,196,129
Farmland	0	50	3,849	0	168,209
Rangeland	129,974	60,603	13,997	0	1,757,326
Residential Real Estate	0	496,127	0	0	1,990,470
Commercial Real Estate	2	292,878	216,071	0	1,222,529
Oil and Gas	2,533	902	3,667	0	76,365
Minerals	7,380	3,260	4,707	0	326,726
<b>Total Expense</b>	<b>1,458,404</b>	<b>1,784,471</b>	<b>1,143,598</b>	<b>110,467</b>	<b>25,737,753</b>
<b>Net Income by Asset Class</b>					
Timberland	2,531,597	7,343,638	1,661,648	(110,467)	42,594,286
Farmland	0	94	7,205	0	314,888
Rangeland	150,625	70,232	16,221	0	1,212,708
Residential Real Estate	1	41,062	0	0	3,263,617
Commercial Real Estate	3	121,472	265,152	0	1,174,172
Oil and Gas	(1,444)	(514)	(2,090)	0	(43,530)
Minerals	(5,875)	(2,595)	(3,747)	0	(260,085)
<b>Total Net Income</b>	<b>\$2,674,907</b>	<b>\$7,573,388</b>	<b>\$1,944,390</b>	<b>(\$110,467)</b>	<b>\$48,256,056</b>

\*\*\*Unlike the other endowments, timber sale revenues accrue to the permanent fund rather than the reserve.

# ENDOWMENT FUND

Annual distributions to endowment beneficiaries come from land revenues and earnings on the investment of those revenues. While Idaho Department of Lands manages the land assets, the Idaho Endowment Fund Investment Board manages the invested funds.

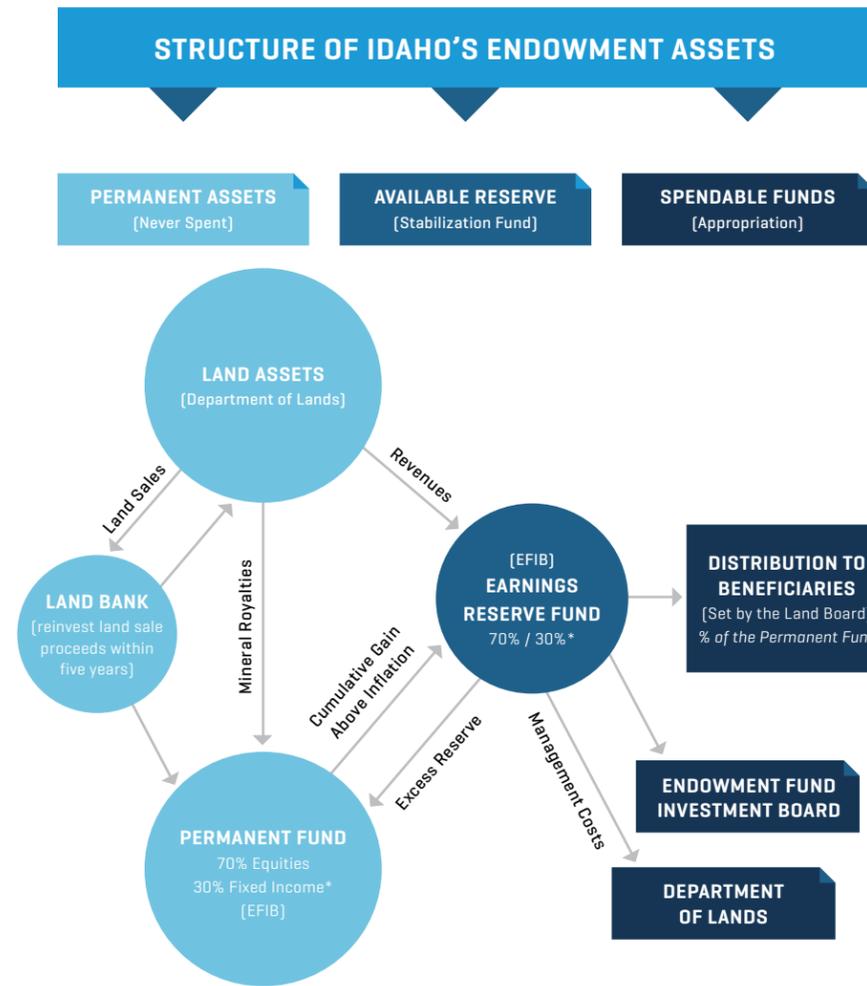
The financial information below is excerpted from the audited financial statements located at [www.efib.idaho.gov](http://www.efib.idaho.gov)

## STATE OF IDAHO ENDOWMENT FUNDS – STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2016

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary
<b>Permanent Net Position</b>					
Permanent Net Position, beginning of year	\$954,024,905	\$26,252,027	\$86,706,663	\$ 79,299,328	\$ 38,202,358
Program Revenues:					
Receipts from Dept. of Lands	1,795,651	1,277	10,468	165,370	9,593
Income from Investments	(1,392,463)	(41,298)	(194,345)	(156,554)	(60,468)
Total Program Revenue	403,188	(40,021)	(183,877)	8,816	(50,875)
Transfer to Earnings Reserve	(107,015,097)	-	-	-	-
Transfer from Earnings Reserve	-	935,000	18,329,000	10,850,000	1,449,000
Increase (Decrease) in Net Position	(106,611,909)	894,979	18,145,123	10,858,816	1,398,125
<b>Permanent Net Position, end of year</b>	<b>847,412,996</b>	<b>27,147,006</b>	<b>104,851,786</b>	<b>90,158,144</b>	<b>39,600,483</b>
<b>Earnings Reserve Net Position</b>					
Earnings Reserve Net Position, beginning of year	183,626,675	10,371,540	45,966,866	36,422,030	15,212,393
Program Revenues:					
Receipts from Dept. of Lands	46,645,199	1,588,128	4,674,130	5,456,006	1,063,187
Income from Investments	(296,998)	(17,783)	2,847	(46,782)	(3,480)
<b>Total Program Revenues</b>	<b>46,348,201</b>	<b>1,570,345</b>	<b>4,676,977</b>	<b>5,409,224</b>	<b>1,059,707</b>
Program Expenses:					
Distribution for Expenses-IDL	16,892,476	336,397	1,677,583	1,314,311	534,040
Distribution for Expenses-EFIB	4,693,286	150,268	542,668	474,882	218,022
Distributions to Beneficiaries	32,758,800	1,288,800	4,500,000	3,608,400	1,872,000
<b>Total Program Expenses</b>	<b>54,344,562</b>	<b>1,775,465</b>	<b>6,720,251</b>	<b>5,397,593</b>	<b>2,624,062</b>
Net Program Revenue	(7,996,361)	(205,120)	(2,043,274)	11,631	(1,564,355)
Transfer to Permanent Fund	-	(935,000)	(18,329,000)	(10,850,000)	(1,449,000)
Transfer from Permanent Fund	107,015,097	-	-	-	-
Increase (Decrease) in Net Position	99,018,736	(1,140,120)	(20,372,274)	(10,838,369)	(3,013,355)
<b>Earnings Reserve Net Position, end of year</b>	<b>282,645,411</b>	<b>9,231,420</b>	<b>25,594,592</b>	<b>25,583,661</b>	<b>12,199,038</b>
<b>TOTAL NET POSITION</b>	<b>\$1,130,058,407</b>	<b>\$36,378,426</b>	<b>\$130,446,378</b>	<b>\$115,741,805</b>	<b>\$51,799,521</b>

	School of Science	State Hospital South	University of Idaho	Capitol	Total
<b>Permanent Net Position</b>					
Permanent Net Position, beginning of year	\$ 81,123,562	\$ 82,306,145	\$ 78,853,194	\$ 28,175,601	\$ 1,454,943,783
Program Revenues:					
Receipts from Dept. of Lands	5,287	21,741	14,150	56,100	2,079,637
Income from Investments	(145,823)	(118,476)	(114,328)	(67,109)	(2,290,864)
Total Program Revenue	(140,536)	(96,735)	(100,178)	(11,009)	(211,227)
Transfer from Earnings Reserve	-	-	-	(1,276,000)	(108,291,097)
Transfer to Earnings Reserve	7,763,000	-	209,000	-	39,535,000
Increase (Decrease) in Net Position	7,622,464	(96,735)	108,822	(1,287,009)	(68,967,324)
<b>Permanent Net Position, end of year</b>	<b>88,746,026</b>	<b>82,209,410</b>	<b>78,962,016</b>	<b>26,888,592</b>	<b>1,385,976,459</b>
<b>Earnings Reserve Net Position</b>					
Earnings Reserve Net Position, beginning of year	40,727,376	23,999,358	28,508,147	2,961,244	387,795,629
Program Revenues:					
Receipts from Dept. of Lands	3,648,754	11,549,396	3,488,356	68,450	78,181,606
Income from Investments	(24,762)	(147,331)	(36,701)	24,219	(546,771)
<b>Total Program Revenues</b>	<b>3,623,992</b>	<b>11,402,065</b>	<b>3,451,655</b>	<b>92,669</b>	<b>77,634,835</b>
Program Expenses:					
Distribution for Expenses-Lands	1,552,551	1,716,944	1,185,726	118,047	25,328,075
Distribution for Expenses-EFIB	498,150	442,980	438,050	127,447	7,585,753
Distributions to Beneficiaries	3,866,400	4,562,400	4,016,400	400,000	56,873,200
<b>Total Program Expenses</b>	<b>5,917,101</b>	<b>6,722,324</b>	<b>5,640,176</b>	<b>645,494</b>	<b>89,787,028</b>
Net Program Revenue	(2,293,109)	4,679,741	(2,188,521)	(552,825)	(12,152,193)
Transfer to Permanent Fund	(7,763,000)	-	(209,000)	-	(39,535,000)
Transfer from Permanent Fund	-	-	-	1,276,000	108,291,097
Increase (Decrease) in Net Position	(10,056,109)	4,679,741	(2,397,521)	723,175	56,603,904
<b>Earnings Reserve Net Position, end of year</b>	<b>30,671,267</b>	<b>28,679,099</b>	<b>26,110,626</b>	<b>3,684,419</b>	<b>444,399,533</b>
<b>TOTAL NET POSITION</b>	<b>\$119,417,293</b>	<b>\$110,888,509</b>	<b>\$105,072,642</b>	<b>\$30,573,011</b>	<b>\$1,830,375,992</b>

# ENDOWMENT FUNDS



\*Fund asset mix target for FY16. As of October 1, 2016, the target was 66% Equities, 26% Fixed Income and 8% U.S. Commercial Real Estate.

## STATE OF IDAHO ENDOWMENT FUNDS GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES - JUNE 30, 2016

<b>Current Assets:</b>	
Cash with the State Treasurer	\$3,836,282
Investments, at Fair Value	1,809,741,948
Receivable for Unsettled Trades	2,489,326
Receivable From Idaho Department of Lands	11,613,915
Accrued Interest and Dividends Receivable	5,499,800
Prepaid Expenses to the Department of Lands	6,019,949
<b>Total Assets</b>	<b>1,839,201,220</b>
<b>Current Liabilities:</b>	
Payable for Unsettled Trades	7,063,246
Investment Manager Expenses Payable	1,761,982
<b>Total Liabilities</b>	<b>8,825,228</b>
<b>Fund Balances:</b>	
Nonspendable - Permanent Funds	1,385,976,459
Restricted - Earnings Reserve	444,399,533
<b>Total Fund Balances</b>	<b>1,830,375,992</b>
<b>Total Liabilities and Fund Balances</b>	<b>1,839,201,220</b>
<b>Statement of Net Position:</b>	
Restricted for Permanent Trust - Nonexpendable	1,385,976,459
Restricted for Permanent Trust - Expendable	444,399,533
<b>Total Net Position - Governmental Activities</b>	<b>1,830,375,992</b>



Shoshone Falls view from Endowment Land, Jerome County, Idaho