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
**OWNERSHIP BREAKDOWN**

- **FOREST SERVICE**: 38.2%
- **STATE ENDOWMENT**: 4.6%
- **STATE OTHER**: 0.5%
- **PRIVATE**: 30%
- **OTHER / STATEWIDE HIGHWAYS**: 17.1%
- **FEDERAL OTHER**: 2.9%

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

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

**OTHER / STATEWIDE HIGHWAYS**
- Major lakes
- IL Supervisory Areas

**MAJOR LAND OWNERSHIP**

**LAND OWNERSHIP**

- Boise Staff Office - Boise
- Coeur d'Alene Staff Office - Coeur d'Alene
- Priest Lake Supervisory Area - Cocolalla
- Priest Lake Sub-Lake Supervisory Areas - Sandpoint
- Boundary Valley Forest Protective District - Bovina, Ferry (part of Priest Lake Supervisory Area)
- Missoula Supervisory Area - Missoula
- Cataldo Forest Protective District - Kingston (part of Missoula Supervisory Area)
- St. Joe Supervisory Area - St. Maries
- Ponderosa Supervisory Area - Drayton
- Clearwater Supervisory Area - Orofino
- Maggi Creek Supervisory Area - Kamiah
- Clearwater Supervisory Area - Orofino
- Payette Lakes Supervisory Area - McCall
- Southwest Supervisory Area - Eunice
- Eastern Supervisory Area - Malad Falls
- Jerome Field Office (part of Eastern Supervisory Area)
- St. Joe Staff Office - Idaho Falls

**OFFICE LOCATIONS**

- Surfaces mining Act reclamation plans inspection of a gravel pit on Henry's Creek Flat in Fremont County.

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*Some maps may be outdated. All information is based on ownership information received by other organizations. Analysis of data was limited to current ownership categories and does not account for prior ownership or changes in ownership. Totals may not add up due to rounding. Ownership data is based on the most recent available information.*

**STATE ENDOWMENT**: 2,441,710

**STATE OTHER**: 266,600

**FOREST SERVICE**: 20,322,200

**BUREAU OF LAND MANAGEMENT**: 11,698,100

**FEDERAL OTHER**: 1,562,000

**TRIBAL**: 888,150

**PRIVATE**: 15,952,100

**STATE – IDL ENDOWMENT LAND**: 2,441,710

**STATE OTHER**: 266,600

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*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.
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.

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.
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**
- **Agriculture 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)
- **Normal School Fund** (benefiting the Idaho State University Department of Education and Lewis-Clark State College)
- **Penitentiary Fund**
- **Capital Permanent Fund** (Capitol building – major maintenance)

### HISTORIC ENDOWMENT OWNERSHIP STATEWIDE

Both endowment lands and mineral ownership have been retained by the state in perpetuity, with proceeds used to fund endowment purposes.

### BY COUNTY

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>ACREAGE RECEIVED</th>
<th>CURRENT ACREAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ada</td>
<td>82,230</td>
<td>75,100</td>
</tr>
<tr>
<td>Adams</td>
<td>51,852</td>
<td>48,420</td>
</tr>
<tr>
<td>Bonner</td>
<td>64,934</td>
<td>60,300</td>
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<tr>
<td>Bear Lake</td>
<td>62,020</td>
<td>53,210</td>
</tr>
<tr>
<td>Bonneville</td>
<td>53,700</td>
<td>52,401</td>
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<tr>
<td>Bingaman</td>
<td>116,520</td>
<td>114,000</td>
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<tr>
<td>Blaine</td>
<td>90,060</td>
<td>83,023</td>
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<tr>
<td>Boise</td>
<td>87,546</td>
<td>83,570</td>
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<tr>
<td>Bannock</td>
<td>128,020</td>
<td>126,050</td>
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<tr>
<td>Bear Lake</td>
<td>121,810</td>
<td>121,810</td>
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<tr>
<td>Boundary</td>
<td>101,330</td>
<td>105,422</td>
</tr>
<tr>
<td>Butte</td>
<td>67,140</td>
<td>63,350</td>
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<tr>
<td>Cassia</td>
<td>100,160</td>
<td>96,900</td>
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<tr>
<td>Canyon</td>
<td>51,960</td>
<td>47,920</td>
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<tr>
<td>Caribou</td>
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<td>160,402</td>
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<td>Cassia</td>
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<tr>
<td>Clark</td>
<td>37,000</td>
<td>32,000</td>
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<tr>
<td>Clearwater</td>
<td>204,150</td>
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<tr>
<td>Custer</td>
<td>56,110</td>
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<tr>
<td>Elmore</td>
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<tr>
<td>Franklin</td>
<td>22,810</td>
<td>22,810</td>
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<tr>
<td>Fremont</td>
<td>145,150</td>
<td>145,150</td>
</tr>
<tr>
<td>Total</td>
<td>3,706,400</td>
<td>3,706,400</td>
</tr>
</tbody>
</table>

### ENDOWMENT LANDS ENTITLED TO THE STATE OF IDAHO

<table>
<thead>
<tr>
<th>ENDOWMENT LANDS</th>
<th>ACREAGE ENTITLED</th>
<th>ACREAGE RECEIVED</th>
<th>CURRENT ACREAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural College</td>
<td>90,000</td>
<td>81,380</td>
<td>78,456</td>
</tr>
<tr>
<td>Capital Permanent</td>
<td>32,000</td>
<td>31,130</td>
<td>30,970</td>
</tr>
<tr>
<td>Charitable Institutions</td>
<td>150,000</td>
<td>117,070</td>
<td>117,070</td>
</tr>
<tr>
<td>Normal School</td>
<td>150,000</td>
<td>149,000</td>
<td>149,000</td>
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<tr>
<td>Penitentiary</td>
<td>50,000</td>
<td>49,000</td>
<td>49,000</td>
</tr>
<tr>
<td>Public School</td>
<td>2,082,087</td>
<td>2,073,118</td>
<td>2,073,118</td>
</tr>
<tr>
<td>State Hospital</td>
<td>50,000</td>
<td>51,170</td>
<td>31,385</td>
</tr>
<tr>
<td>State University</td>
<td>47,000</td>
<td>47,000</td>
<td>47,000</td>
</tr>
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<td>Total</td>
<td>3,650,763</td>
<td>3,706,400</td>
<td>2,441,710</td>
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</tbody>
</table>

### HISTORY OF ENDOWMENT DISTRIBUTIONS

**Public School Endowment**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL (millions)</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,750,000</td>
</tr>
<tr>
<td>2009</td>
<td>1,735,000</td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
<td>1,705,000</td>
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<tr>
<td>2012</td>
<td>1,690,000</td>
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<tr>
<td>2013</td>
<td>1,675,000</td>
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<tr>
<td>2014</td>
<td>1,660,000</td>
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<tr>
<td>2015</td>
<td>1,645,000</td>
</tr>
<tr>
<td>2016</td>
<td>1,630,000</td>
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</tbody>
</table>

**Public School Endowment**

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*Figures for 2003 and 2004 have been estimated. Total acreage and total endowment land entitlement are amounts owned in the State, 53,688,320 acres, as shown by the annual report of the General Land Office, June 30, 1831.

**Surface acres only. IDL also manages more than 3.3 million acres of mineral estate.”

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 endowment ownership pattern is more valuable for the endowment trust because of enhanced access and more contiguous ownership, which also is beneficial for 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.

### FIRE FORESTRY

Idaho has retained 67% of the Endowment Lands entitled to the State of Idaho.
INFORMATION TECHNOLOGY
The Information Technology (IT) team supports agency operations by implementing and supporting cutting edge internal and public-facing enterprise systems that help to manage 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 69.7 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, practices, 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, 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.

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.

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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.


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SUPPORT FUNCTIONS
Fire Forestry

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.

Good Neighbor Authority

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

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.

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.

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2,704,806 tree seedlings GROWN AND PLANTED ON 5,230 ACRES
Pre-commercially thinned 3,277 overstocked acres
Pre-commercially thinned 16,414 acres for future regeneration efforts

END OF FY16

BOOM!!

YEAR = $61.6 million HARVESTED
Revenue nearly supports public schools.
Accounts for more than one-quarter of the total amount of timber harvested across ownerships in Idaho in one year.
Supports 5,198 jobs, $173.4 million in wages and salaries, and more than 1.5 billion gallons of fuel and services.
3,094 miles of road improved, maintained, and protected.

259.9 MMBF

3,094 MILES OF ROAD IMPROVED, MAINTAINED, AND PROTECTED

TIMBER HARVESTED - FY 2016

8,312 TRUCKLOADS MEASURED BY IDL SCANNERS

TIMBER SALES

AVERAGE TIMBER PRICES:

<table>
<thead>
<tr>
<th>Product Type</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Poles</td>
<td>$30.16</td>
<td>$3.04</td>
<td>$3.45</td>
</tr>
<tr>
<td>$/LF</td>
<td>$41.56</td>
<td>$3.01</td>
<td>$3.01</td>
</tr>
<tr>
<td>Sawlog $/MBF</td>
<td>$282.02</td>
<td>$289.84</td>
<td>$279.05</td>
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<tr>
<td>Sawlog $/Ton</td>
<td>$273.72</td>
<td>$279.84</td>
<td>$279.05</td>
</tr>
<tr>
<td>Pulp</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Average Sale Prices

<table>
<thead>
<tr>
<th>Product Type</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Products</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Timber Sold - FY 2016

<table>
<thead>
<tr>
<th>Product Type</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Poles</td>
<td>1,066,792</td>
<td>1,067,255</td>
<td>1,000,000</td>
</tr>
<tr>
<td>$/LF</td>
<td>426.19</td>
<td>429.56</td>
<td>444.05</td>
</tr>
<tr>
<td>Sawlog $/MBF</td>
<td>1,965.03</td>
<td>2,062.15</td>
<td>2,082.45</td>
</tr>
<tr>
<td>Sawlog $/Ton</td>
<td>1,904.25</td>
<td>2,001.45</td>
<td>2,021.70</td>
</tr>
<tr>
<td>Pulp</td>
<td>0</td>
<td>0</td>
<td>0</td>
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Total Timber Volume - All product types - 259,942 MBBF

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Total Timber Sales - All product types - $259,942 MBBF

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INTRODUCTION

LANDS & WATERWAYS

ACCOUNT STATEMENTS

IDL - 2016 ANNUAL REPORT

& ASSISTANCE

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.

• Identify goals and objectives for the ILRCC

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 advice 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, fire prevention, suppression, and education to reduce wildfire impacts on communities.

Many bureau programs are funded through partnerships with the USDA Forest Service, State and local, state and federal agencies.

URBAN AND COMMUNITY FORESTRY

In our communities, trees reduce air-and-noise pollution, conserve water, sequestrate 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 designating 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 STEWARDSHIP

156 new or revised Forest Stewardship Plans on 63,773 acres

827 acres of forest improvement practices on private lands

405 students participated in the State Forestry Contest, assisted by 200 forestry professionals and volunteers

COMMUNITY FIRE PROGRAM

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

ACTIVE FIRE PREVENTION PROJECTS BY COUNTY

INCREASE IN NUMBER OF ACRES TREATED TO DATE (ACTUAL VS. FFY 2011)

• Acres treated to date (10/20/16) with FFY2011

• Active Fire Prevention

• Western Fire Manager, Hazard Fuel Reduction

• Northwest Collaborative, Newsome Collaborative

• Eastern Idaho Collaborative, Eagle Valley Collaborative

•慶北 Collaborative

• Western Basins Collaborative

• Teton National Forest Collaborative

• Idaho Power

• Boise River Collaborative

• Individual Cities

• Boundary Counties

• Bannock County

• Fremont County

• Bonner County

• Bonneville County

• Shoshone County

• Kootenai County

• Lake County

• Ada County

• Valley County

• Twin Falls County

• Blaine County

• Lemhi County

• Bear Lake County

• Power County

• Blaine County

• Lemhi County

• Bear Lake County

• Power County

• Latah County
INTRODUCTION

LANDS & WATERWAYS ACCOUNT STATEMENTS

IDL - 2016 ANNUAL REPORT

2016-

FIRE

FORESTRY

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

IDAHO BOARD OF SCALING PRACTICES

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Executive Director:

RUSSEL (RUSS) HOGAN
2016 FIRE SEASON

2016 FIRE SEASON COST

General Fund Net Obligation
$10,021,000

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

55 PERCENT OF 20-YEAR AVERAGE 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.

IDL FIRES BY CAUSE

LIGHTNING
1,511 acres

BURNED IN IDL PROTECTION
8 PERCENT of 20-year average

HISTORIC FIRE PROGRAM COSTS

90 MIL

IDL SUPPRESSION COSTS

91% of 10 acres

80 MIL

REIMBURSABLE COSTS*

PREPAREDNESS COSTS
75 MIL

60 MIL

50 MIL

40 MIL

SOUTHERN

IDL FIRES BY REGION / DISTRICT

PANHANDLE
20 MIL

30 MIL

10 MIL

FEDERAL

STATE

NORTH CENTRAL DISTRICTS

250,000

PANHANDLE DISTRICTS

DEARY

PONDEROSA FPD - USFS

CRAIG MOUNTAIN FPD - CRAIGMONT

KAMIAH

MAGGIE CREEK FPD - PRIEST LAKE FPD - COOLIN

BLM

KOOTENAI VALLEY FPD - PRIVATE/ TRIBAL

SOUTHERN DISTRICTS

BONNERS FERRY

FISH & GAME

MICA FPD - COEUR D'ALENE

SOUTHWEST IDAHO FPD - BOISE

SANDPOINT

PEND OREILLE FPD - SITPA - MCCALL

ST. MARIES

WEST ST. JOE FPD - KINGSTON

CATALDO FPD - KINGSTON

STATEWIDE ACRES BURNED: PROTECTION AGENCY *

NORTH CENTRAL

365,048 acres

STATE

1,511 acres

STATEWIDE ACRES BURNED: OWNERSHIP *

NORTH CENTRAL DISTRICTS

250,000

PANHANDLE DISTRICTS

DEARY

PONDEROSA FPD - USFS

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KAMIAH

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WEST ST. JOE FPD - KINGSTON

CATALDO FPD - KINGSTON

*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

0.1 ACRE MEDIAN FIRE SIZE 0.1 ACRE

0.1 ACRE MINIMUM FIRE SIZE 0.1 ACRE

0.1 ACRE MAXIMUM 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.
**INTRODUCTION**

**LANDS & WATERWAYS**

**ACCOUNT STATEMENTS IDL - 2016 ANNUAL REPORT**

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**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.

---

**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 3.3 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 locate 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, cinders) and metals. Sand and gravel continue to be the main source of mineral revenue to IDL.

**MINERAL ROYALTIES BY TYPE**

- **TOTAL** = $1,965,594.55
- **OIL & GAS LESS THAN 1%**
- **CINDERS 3%**
- **LIMESTONE 3%**
- **DECORATIVE STONE 4%**
- **SAND & GRAVEL 45%**
- **PHOSPHATE 37%**
- **OTHER 8%**

**COMMERCIAL LEASING**

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

### 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.

### 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.

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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.

**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)
- 8 WELLS IN PRODUCTION
- 2 WELLS NOT DRILLED

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.

**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)

A separate annual report for the Oil and Gas Conservation Commission was created for 2016. Visit www.idl.idaho.gov to view the report.
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 (2 NEW)

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
2 ACTIVE EXPLORATION LOCATIONS ON NAVIGABLE WATERS

Abandoned Cinnabar Mine and ghost town, Valley County, Idaho
We have examined and prepared the data presented in this annual report in accordance with generally accepted accounting standards and affirmed 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.

**Permanent Fund revenue is generated from activities on endowment land that results in the permanent disposal of the resource such as timber sales and land leases.**

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.

**Permanent Sub-Total**

Federal Funds

Fire Suppression

Subtotal Dedicated Funds

Community Forestry Trust

Indirect Cost Recovery

Support Services

Board of Scaling

Fire Management

Lands & Waterways

Forest Resources

School of Science

University of Idaho

State Hospital South

Normal School

Penitentiary

Charitable Institutions

Agricultural College

Endowment

Grand Total

Surface Acres by Asset Class

Timberland

Surface Acres by Asset Class

Rangeland

Surface Acres by Asset Class

Commercial

Acreage

Residential

Total

LAND INCOME BY ASSET CLASS

By Asset Class

Acreage

2016 Income*

Cattle

14,232

13.17

Tobacco

306,157

19.18

Penitentiary

1,967,734

17.00

Charitable Institutions

15,232

15.66

Normal School

167,935

15.03

Grand Total

8,963,758

88.64

* In millions

ENDOWMENT LAND STATUS

ENDOWMENT FUND REVENUE BY ENDOWMENT, BY ASSET CLASS

Public School

Agricultural College

Charitable Institutions

Normal School

Penitentiary

Charitable Institutions

Total by Endowment

1,418,883

1,418,883

1,418,883

1,418,883

1,418,883

1,418,883

**Permanent Fund revenue is generated from activities on endowment land that results in the permanent disposal of the resource such as timber sales and land leases.**

PERMANENT FUND REVENUE BY ENDOWMENT, BY ASSET CLASS

Public School

Agricultural College

Charitable Institutions

Normal School

Penitentiary

Charitable Institutions

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1,418,883

**Permanent Fund revenue is generated from activities on endowment land that results in the permanent disposal of the resource such as timber sales and land leases.**

ENDOWMENT FUND REVENUE BY ENDOWMENT

Public School

Agricultural College

Charitable Institutions

Normal School

Penitentiary

Charitable Institutions

Total by Endowment

1,418,883

1,418,883

1,418,883

1,418,883

1,418,883

1,418,883

**Permanent Fund revenue is generated from activities on endowment land that results in the permanent disposal of the resource such as timber sales and land leases.**

Lands & Waterways

ACCOUNTS AND FUNDING

ENDOWMENT FUNDS

PERMANENT FUND REVENUE BY ENDOWMENT, BY ASSET CLASS

STATEMENT

ACCOUNTANT’S

Deborah Buck

Financial Officer
## Endowment Trust Lands Income Statement

<table>
<thead>
<tr>
<th>Public School</th>
<th>Agricultural College</th>
<th>Charitable Institutions</th>
<th>Normal School</th>
<th>Forestry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minerals Rentals and Bonuses</td>
<td>1,226,204</td>
<td>1,542,505</td>
<td>1,569,947</td>
<td>1,217,325</td>
</tr>
<tr>
<td>Oil and Gas Rentals and Bonuses</td>
<td>299,833</td>
<td>782</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Commercial Real Estate</td>
<td>299,833</td>
<td>782</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Residential Real Estate</td>
<td>13,033</td>
<td>11,246</td>
<td>66,992</td>
<td>13,033</td>
</tr>
<tr>
<td>Rangeland</td>
<td>13,033</td>
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<td>13,033</td>
</tr>
<tr>
<td>Farmland</td>
<td>867,067</td>
<td>2,456</td>
<td>4,444</td>
<td>2,456</td>
</tr>
<tr>
<td>Timberland</td>
<td>438,271</td>
<td>5,185</td>
<td>2,634</td>
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<tr>
<td>Minerals</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>4,215,750</td>
<td>5,600,741</td>
<td>1,521,646</td>
<td>1,171,069</td>
</tr>
<tr>
<td>Total Expense</td>
<td>5,737,396</td>
<td>4,160,985</td>
<td>1,439,755</td>
<td>1,140,875</td>
</tr>
<tr>
<td>Less: Expenses**</td>
<td>7,172,129</td>
<td>5,600,741</td>
<td>1,439,755</td>
<td>1,140,875</td>
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<tr>
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</tr>
</tbody>
</table>

**Direct program revenue includes only the Earnings Reserve. **Includes all expenses related to Permanent Fund proceeds. ***Unlike the other endowments, timber sale revenues accrue to the Permanent Fund rather than the Reserve.

---

34 **Total:**

| Total Revenue | 73,663,859 | 83,370,163 | 23,874,763 | 20,196,129 |
| Total Expense | 88,063,979 | 77,494,697 | 20,196,129 | 21,607,329 |
| Less: Expenses** | 99,236,107 | 88,063,979 | 20,196,129 | 21,607,329 |
| Net Income | ($110,467) | ($110,467) | 2,396,701 | 5,254,087 |

---

34 **Total:**

| Total Revenue | 110,467 | 110,467 | 110,467 | 110,467 |
| Total Expense | 110,467 | 110,467 | 110,467 | 110,467 |
| Less: Expenses** | 110,467 | 110,467 | 110,467 | 110,467 |
| Net Income | 0 | 0 | 0 | 0 |
### STATE OF IDAHO ENDOWMENT FUNDS – STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2016

#### Increase (Decrease) in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from Permanent Fund</td>
<td></td>
</tr>
<tr>
<td>Transfer to Permanent Fund</td>
<td></td>
</tr>
<tr>
<td>Net Program Revenue</td>
<td></td>
</tr>
<tr>
<td>Total Program Expenses</td>
<td></td>
</tr>
<tr>
<td>Program Expenses</td>
<td></td>
</tr>
<tr>
<td>Program Revenues</td>
<td></td>
</tr>
<tr>
<td>Earnings Reserve Net Position,</td>
<td></td>
</tr>
<tr>
<td>Permanent Net Position, end of</td>
<td></td>
</tr>
<tr>
<td>year</td>
<td></td>
</tr>
</tbody>
</table>

#### Temporary Change in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Net Position</td>
<td></td>
</tr>
<tr>
<td>Distributions to Beneficiaries</td>
<td></td>
</tr>
<tr>
<td>Distribution for Expenses-EFIB</td>
<td></td>
</tr>
<tr>
<td>Distribution for Expenses-Lands</td>
<td></td>
</tr>
</tbody>
</table>

#### Permanent Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Net Position, beginning of year</td>
<td></td>
</tr>
<tr>
<td>Transfer to Earnings Reserve</td>
<td></td>
</tr>
<tr>
<td>Transfer from Earnings Reserve</td>
<td></td>
</tr>
<tr>
<td>Total Program Revenue</td>
<td></td>
</tr>
<tr>
<td>Permanent Net Position, end of year</td>
<td></td>
</tr>
</tbody>
</table>

#### Total Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Net Position</td>
<td></td>
</tr>
<tr>
<td>Temporary Change in Net Position</td>
<td></td>
</tr>
<tr>
<td>Earnings Reserve Net Position</td>
<td></td>
</tr>
<tr>
<td>Permanent Net Position, end of year</td>
<td></td>
</tr>
</tbody>
</table>

---

**Note:** The financial information below is excerpted from the audited financial statements located at [www.efib.idaho.gov](http://www.efib.idaho.gov). Idaho Department of Lands manages the land assets, the Idaho Endowment Fund Investment Board manages the invested funds.
STATE OF IDAHO ENDOWMENT FUNDS
GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES – JUNE 30, 2016

Current assets:
- Cash with the State Treasurer: $334,591,282
- Investments, at Fair Value: $1,692,791,806
- Receivable for Unsettled Trades: $1,159,805
- Receivable From Idaho Department of Lands: $32,653,023
- Accrued Interest and Dividends Receivable: $1,989,802
- Prepaid Expenses to the Department of Lands: $1,544,923

Total Assets: $1,839,201,220

Current Liabilities:
- Payable for Unsettled Trades: $7,063,246
- Investment Manager Expenses Payable: $1,761,982

Total Liabilities: $8,825,228

Fund Balances:
- Nonspendable - Permanent Funds: $1,385,976,459
- Restricted - Earnings Reserve: $444,399,533

Total Fund Balances: $1,830,375,992

Statement of Net Position:
- Restricted for Permanent Trust - Nonexpendable: $1,385,976,459
- Restricted for Permanent Trust - Expendable: $444,399,533

Total Net Position - Governmental Activities: $1,830,375,992

Current Liabilities:
- Payable for Unsettled Trades: $7,063,246
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Total Liabilities: $8,825,228

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- Nonspendable - Permanent Funds: $1,385,976,459
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Total Fund Balances: $1,830,375,992

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- Restricted for Permanent Trust - Nonexpendable: $1,385,976,459
- Restricted for Permanent Trust - Expendable: $444,399,533

Total Net Position - Governmental Activities: $1,830,375,992

*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.