



Financial Statements
June 30, 2012

Idaho Bond Bank Authority

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Financial Statements	
Statement of Net Assets	5
Statement of Revenues, Expenses and Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8
Other Information	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13



Independent Auditor's Report

To Honorable Ron Crane, Idaho State Treasurer, Chair and Authority Members
Idaho Bond Bank Authority
Boise, Idaho

We have audited the accompanying financial statements of the Idaho Bond Bank Authority (the Authority), a component unit of the State of Idaho, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

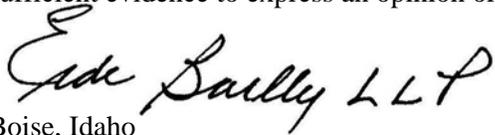
We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Idaho Bond Bank Authority and do not purport to, and do not, present fairly the financial position of the State of Idaho, as of June 30, 2012, the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2012, and the changes in financial position and cash flows for the year then ended in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 09, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed text of the firm's name.

Boise, Idaho
November 09, 2012

FINANCIAL CONDITION

The Authority's financial statements are presented in accordance with applicable provisions of the Governmental Accounting Standards Board Statements.

The financial statements report short-term and long-term financial information about the Authority. The Statement of Net Assets provides information about the nature and amounts of investments in resources (assets) and obligations (liabilities) at the close of fiscal year 2012. The Statement of Revenues, Expenses, and Changes in Net Assets reports the Authority's operations for fiscal year 2012 and the resulting increase or decrease in net assets. The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities and the flow of cash during the fiscal year.

The Idaho Bond Bank Authority is a single-purpose governmental entity and is an enterprise fund for financial reporting with revenues and expenses recognized on the accrual basis. Bond issuance costs, loan costs and premiums/discounts are capitalized and amortized using the effective interest method. The notes to the financial statements contain, among other information, descriptions of the Authority's significant accounting policies and are an integral part of the financial statements.

During the current fiscal year, the Authority approved a new debt capacity policy. The capacity is calculated as follows:

Combined Idaho Bond Bank MADS (max annual debt service) plus School Bond Guarantee MADS shall be no greater than prior fiscal year audited state sales tax revenue divided by 5.

This capacity allows the Authority to continue to service the needs of municipalities while taking into consideration the increased use of the state sales tax pledge, due to the demand for both the Authority and the School Bond Guarantee program.

FINANCIAL HIGHLIGHTS

During fiscal year 2012 the Authority approved 14 municipal loan applications for projects in 13 communities, resulting in \$44.16 million in bonds being issued. This activity level remained consistent from fiscal year 2011 when the Bond Bank issued \$38.49 million in bonds to fund projects in two communities.

The following table shows the value of the Authority's assets, liabilities and net assets summarized as of June 30, 2012 and 2011.

ASSETS	2012	2011	\$ Change	% Change
Total assets	<u>\$ 282,866,958</u>	<u>\$ 241,669,202</u>	<u>\$ 41,197,756</u>	17%
 LIABILITIES				
Total current liabilities	\$ 12,145,233	\$ 10,501,035	\$ 1,644,198	16%
Total noncurrent liabilities	<u>270,604,200</u>	<u>231,096,146</u>	<u>39,508,054</u>	17%
Total liabilities	282,749,433	241,597,181	41,152,252	17%
 NET ASSETS, Unrestricted				
Total liabilities and net assets	<u>117,525</u>	<u>72,021</u>	<u>45,504</u>	63%
	<u>\$ 282,866,958</u>	<u>\$ 241,669,202</u>	<u>\$ 41,197,756</u>	17%

The following table shows the activity of the Authority including revenues, expenses and changes in net assets summarized as of June 30, 2012 and 2011.

	2012	2011	\$ Change	% Change
OPERATING REVENUES				
Total operating revenues	\$ 11,689,823	\$ 10,576,450	\$ 1,113,373	11%
OPERATING EXPENSES				
Total operating expenses	<u>11,644,319</u>	<u>10,530,920</u>	<u>1,113,399</u>	11%
CHANGE IN NET ASSETS	45,504	45,530	(26)	0%
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>72,021</u>	<u>26,491</u>	<u>45,530</u>	172%
TOTAL NET ASSETS, END OF YEAR	<u>\$ 117,525</u>	<u>\$ 72,021</u>	<u>\$ 45,504</u>	63%

The regular financial activity for the year involved receipt of semi-annual interest and principal payments from participants on outstanding loans receivable. Interest and principal payments are received by the trustee and then used to make principal and interest payments due on outstanding bonds payable. During fiscal years 2012 and 2011, there were no unusual or excessive administrative expenses. Refer to Note 2 of the financial statements for more information on long-term debt activity.

CONTACT INFORMATION

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability of its assets. If you have any questions about this report or need additional information, contact the Idaho State Treasurer's Office at (208) 334-3200.

Idaho Bond Bank Authority
Statement of Net Assets
June 30, 2012

Assets	
Cash held with Idaho State Treasurer	\$ 117,525
Loans receivable, current portion	8,690,000
Interest receivable	<u>3,455,233</u>
Total current assets	<u>12,262,758</u>
Deferred bond issuance costs	3,842,591
Deferred loan costs	4,286,609
Loans receivable, less current portion	<u>262,475,000</u>
Total noncurrent assets	<u>270,604,200</u>
	<u>\$ 282,866,958</u>
Liabilities	
Revenue bonds payable, current portion	\$ 8,690,000
Interest payable	<u>3,455,233</u>
Total current liabilities	<u>12,145,233</u>
Revenue bonds payable, less current portion	<u>270,604,200</u>
Total noncurrent liabilities	<u>270,604,200</u>
Total liabilities	282,749,433
Net Assets	
Unrestricted	<u>117,525</u>
	<u>\$ 282,866,958</u>

Idaho Bond Bank Authority
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2012

Operating Revenues	
Interest income	\$ 11,624,178
Bond issuance fee	65,645
	<hr/>
Total operating revenues	11,689,823
	<hr/>
Operating Expenses	
Interest expense	11,623,519
Other expense	20,800
	<hr/>
Total operating expenses	11,644,319
	<hr/>
Change in Net Assets	45,504
Total Net Assets, Beginning of Year	72,021
	<hr/>
Total Net Assets, End of Year	\$ 117,525
	<hr/> <hr/>

Idaho Bond Bank Authority
Statement of Cash Flows
Year Ended June 30, 2012

Operating Activities	
Receipts from bond issuance fees	\$ 65,645
Other operating cash receipts	659
Cash payments to suppliers for services	<u>(20,800)</u>
Net Cash from Operating Activities	<u>45,504</u>
Noncapital Financing Activities	
Receipts from bonds issued	48,636,400
Payments on bond principal	(7,385,000)
Payments of bond interest	(10,917,330)
Payments of issue costs	<u>(891,805)</u>
Net Cash from Noncapital Financing Activities	<u>29,442,265</u>
Investing Activities	
Disbursements of loans receivable	(47,744,595)
Receipts of loan principal	7,385,000
Receipts of loan interest	<u>10,917,330</u>
Net Cash used for Investing Activities	<u>(29,442,265)</u>
Net Change in Cash and Cash Equivalents	45,504
Cash Equivalents and Cash with Treasurer, Beginning of Year	<u>72,021</u>
Cash Equivalents and Cash with Treasurer, End of Year	<u><u>\$ 117,525</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	<u>\$ 45,504</u>
Net Cash from Operating Activities	<u><u>\$ 45,504</u></u>

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created by Idaho Code, Section 67-8703, authorizing the Authority to issue bonds to make loans to local governments for infrastructure. The objective of the Authority is to obtain lower interest rate and underwriting costs than local governments can achieve individually. The Authority is administered by a five member board, of which two members are appointed by the governor and three are elected officials.

The Authority is included as a component unit in the State of Idaho financial statements. The Authority can obligate state sales tax revenue as a source of payment or security for bonds issued, which imposes a potential direct financial burden on the State.

These statements present only the balances and activities of the Authority and are not intended to present the financial position and results of operations of the State of Idaho in conformity with generally accepted accounting principles of the United States of America.

Basis of Accounting and Financial Statement Presentation

The Authority is accounted for and reported as a proprietary-type enterprise fund. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets display information about the Authority. These statements include the financial activity of the overall reporting entity. These statements report all activities of the Authority as a business-type activity. Operations are financed primarily from interest income.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The Statement of Net Assets presents the Authority's assets and liabilities, with the difference reported as net assets. Net assets are displayed as unrestricted net assets; however, unrestricted net assets may have constraints or designations placed upon them by management, which can be unilaterally removed.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Cash Held with Idaho State Treasurer

The Authority involuntarily participates in the State of Idaho Treasurer's Pooled Idle Fund (Idle Pool). The Idle Pool is an internal investment pool managed by the State Treasurer's Office on behalf of participants. The funds of the Idle Pool are invested pursuant to Idaho Code 67-1210 and 67-1210A and are generally invested in US Treasury and US Government Agency obligations, investment grade corporate obligations, high quality commercial paper and bank certificates of deposit. For performance evaluation, the Idle Pool is compared to the 180-day Treasury constant maturity rate. All investments are held in trust by a safekeeping bank. An annual audit of the Idaho Treasurer's Office is conducted by the State Legislative Auditor's Office. The Legislative Auditor of the State of Idaho has full access to the records of the Idle Pool.

Loans Receivable and Provisions for Loan Losses

Loans receivable consist of loans to local governments in order to finance infrastructure needs. The terms of the loans receivable are identical to the terms of the bonds payable.

Periodic evaluation of the loans receivable portfolio is performed in order to determine whether an allowance for loan losses should be established and reflected in current operations. Due to various levels of security, including the ability of the Authority to intercept State-shared revenues designated for distribution to borrowing communities, and the Authority's low delinquency rates in its loan portfolio, management determined that no allowance for loan losses was necessary for the year ended June 30, 2012.

Deferred Bond Issuance Costs

Deferred bond issuance costs represent those direct costs associated with the issuance of the bonds. These costs are capitalized and amortized over the life of the bond. The Authority has incurred \$4,917,175 in deferred bond issuance costs as of June 30, 2012. For the year ended June 30, 2012, additions to deferred bond issuance costs were \$891,805 and there were no deletions.

Amortization of these deferred bond issuance costs for the year ended June 30, 2012 was \$304,848 and is included in the caption, "Interest Expense" on the Statement of Revenues, Expenses and Changes in Net Assets. Accumulated amortization as of June 30, 2012 was \$1,074,584.

Deferred Loan Costs

Deferred loan costs represent the excess note receivable balance over the cash that was distributed to the participants. The deferred loan costs are capitalized and amortized over the life of the notes in correlation with the amortization of the deferred bond issuance costs. The Authority has incurred \$4,749,607 in deferred loan costs as of June 30, 2012. For the year ended June 30, 2012, additions to deferred loan costs were \$3,648,241 and there were no deletions. Amortization of these deferred loan costs for the year ended June 30, 2012 was \$127,143 and is included in the caption, "Interest Income" on the Statement of Revenues, Expenses and Changes in Net Assets. Accumulated amortization as of June 30, 2012 was \$462,998.

Revenue Bonds Payable

Bonds and notes payable include bonds issued to make loans to local governments in order to finance infrastructure needs. Bond premiums, as well as issuance costs, are deferred and amortized over the life of the loan.

The Authority's financial statements report long-term obligations, such as bonds and notes payable, as liabilities, with the portion payable within twelve months designated separately from the portion payable in more than twelve months. Bonds payable are reported net of applicable bond premium or discount. The net premiums and discounts on the bonds totaled a net premium of \$9,666,783. Amortization of the bond premiums and discounts were net \$431,992, for the year ended June 30, 2012, and are included in the caption, "Interest Expense" on the Statement of Revenues, Expenses and Changes in Net Assets. Accumulated amortization as of June 30, 2012 was \$1,537,583.

Note 2 - Long-Term Liabilities

The Authority is authorized to issue and sell revenue bonds under provisions of the Idaho Constitution, Article VIII, Section 2A, and Idaho Code, Sections 67-8701 through 67-8728. The bonds are used by the Authority to make loans to local governments in order to finance infrastructure needs. The bonds are limited obligations of the Authority and do not constitute a debt of the State of Idaho or any of its political subdivisions. Revenue bonds Series 2004A were originally issued in the amount of \$11,070,000; Series 2006A bonds had an original issue amount of \$17,415,000; the 2006B issue, consisting of series and term bonds, had an original issue amount of \$9,780,000; the 2007A issue had an original issue amount of \$11,700,000; the 2007B issue, had an original issue amount of \$145,000; the 2008A issue had an original issue amount of \$14,625,000; the 2008B issue had an original issue amount of \$7,095,000; the 2008C issue had an original issue amount of \$23,360,000; the 2008D issue had an original issue amount of \$320,000; the 2008E issue had an original issue amount of \$27,820,000; the 2009A issue had an original issue amount of \$48,795,000; the 2009B issue had an original issue amount of \$10,255,000; the 2009C issue had an original issue amount of \$9,665,000; the 2010A issue had an original issue amount of \$18,595,000; the 2010B issue had an original issue amount of \$28,490,000; the 2010C issue had an original issue amount of \$10,000,000; the 2011A issue had an original issue amount of \$10,670,000; the 2012A issue had an original issue amount of \$11,860,000; and the 2012B issue had an original issue amount of \$21,625,000.

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Series 2004A		Series 2006A		Series 2006B		Series 2007A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 930,000	\$ 237,780	\$ 685,000	\$ 625,538	\$ 590,000	\$ 349,344	\$ 460,000	\$ 403,550
2014	975,000	190,155	710,000	594,088	605,000	322,419	480,000	384,750
2015	850,000	144,530	600,000	561,337	645,000	291,169	495,000	365,250
2016	725,000	105,155	630,000	530,588	680,000	258,044	515,000	344,728
2017	315,000	79,155	660,000	498,338	710,000	223,294	540,000	322,969
2018-2022	1,630,000	192,768	3,770,000	2,031,461	1,590,000	753,394	3,040,000	1,261,806
2023-2027	135,000	2,903	4,520,000	1,129,318	725,000	554,844	3,705,000	577,041
2028-2032	-	-	1,315,000	443,363	930,000	349,866	840,000	17,850
2033-2037	-	-	1,290,000	119,475	1,150,000	122,719	-	-
2038-2041	-	-	-	-	-	-	-	-
Total	\$ 5,560,000	\$ 952,446	\$ 14,180,000	\$ 6,533,506	\$ 7,625,000	\$ 3,225,093	\$ 10,075,000	\$ 3,677,944
Interest rate	2.50% to 5.00%		4.00% to 5.00%		4.00% to 5.00%		3.40% to 4.25%	

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2012

Fiscal Year Ending June 30	Series 2007B		Series 2008A		Series 2008B		Series 2008C	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 15,000	\$ 3,559	\$ 465,000	\$ 600,150	\$ 185,000	\$ 304,500	\$ 425,000	\$ 1,179,263
2014	15,000	2,989	515,000	580,206	195,000	297,850	440,000	1,161,963
2015	15,000	2,411	530,000	556,531	200,000	290,688	465,000	1,141,538
2016	15,000	1,826	560,000	532,956	205,000	283,094	480,000	1,117,913
2017	15,000	1,226	580,000	509,281	215,000	274,950	500,000	1,092,788
2018-2022	15,000	619	3,300,000	2,139,928	1,210,000	1,235,850	2,845,000	5,053,357
2023-2027	-	-	4,135,000	1,289,125	2,675,000	803,663	3,535,000	4,200,766
2028-2032	-	-	2,005,000	394,875	2,035,000	140,288	4,640,000	3,062,026
2033-2037	-	-	815,000	153,125	-	-	6,040,000	1,624,057
2038-2041	-	-	190,000	4,750	-	-	2,895,000	157,622
Total	\$ 90,000	\$ 12,630	\$ 13,095,000	\$ 6,760,927	\$ 6,920,000	\$ 3,630,883	\$ 22,265,000	\$ 19,791,293
Interest rate	3.625% to 4.125%		3.250% to 5.000%		3.500% to 5.000%		4.000% to 5.625%	

Fiscal Year Ending June 30	Series 2008D		Series 2008E		Series 2009A		Series 2009B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 20,000	\$ 8,995	\$ 750,000	\$ 1,191,288	\$ 815,000	\$ 2,196,006	\$ 575,000	\$ 308,113
2014	20,000	8,235	780,000	1,162,600	815,000	2,171,556	605,000	287,688
2015	20,000	7,435	805,000	1,131,875	1,100,000	2,142,831	620,000	274,663
2016	25,000	6,605	845,000	1,098,875	1,005,000	2,111,256	630,000	259,813
2017	25,000	5,530	875,000	1,063,381	960,000	2,081,781	645,000	243,069
2018-2022	90,000	15,218	5,185,000	4,607,006	15,870,000	9,096,044	3,565,000	865,625
2023-2027	-	-	6,465,000	3,162,875	19,830,000	4,242,003	2,495,000	152,300
2028-2032	-	-	9,780,000	470,012	7,415,000	382,394	-	-
2033-2037	-	-	-	-	-	-	-	-
2038-2041	-	-	-	-	-	-	-	-
Total	\$ 200,000	\$ 52,018	\$ 25,485,000	\$ 13,887,912	\$ 47,810,000	\$ 24,423,871	\$ 9,135,000	\$ 2,391,271
Interest rate	2.300% to 5.150%		3.500% to 5.500%		3.000% to 5.375%		2.000% to 5.000%	

Fiscal Year Ending June 30	Series 2009C		Series 2010A		Series 2010B		Series 2010C	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 380,000	\$ 357,000	\$ 985,000	\$ 742,908	\$ -	\$ 1,618,857	\$ 555,000	\$ 305,400
2014	395,000	341,500	1,015,000	715,446	590,000	1,610,007	565,000	291,375
2015	415,000	325,300	1,035,000	682,058	605,000	1,589,057	585,000	274,125
2016	425,000	308,500	1,080,000	645,158	630,000	1,564,357	600,000	256,350
2017	445,000	291,100	1,115,000	609,167	655,000	1,537,838	620,000	238,050
2018-2022	2,515,000	1,155,200	6,000,000	2,332,083	3,695,000	7,245,440	3,380,000	892,144
2023-2027	2,770,000	596,800	6,410,000	728,387	4,390,000	6,220,105	3,145,000	253,481
2028-2032	1,645,000	100,500	-	-	5,300,000	4,788,734	-	-
2033-2037	-	-	-	-	6,455,000	2,968,594	-	-
2038-2041	-	-	-	-	6,170,000	790,625	-	-
Total	\$ 8,990,000	\$ 3,475,900	\$ 17,640,000	\$ 6,455,207	\$ 28,490,000	\$ 29,933,614	\$ 9,450,000	\$ 2,510,925
Interest rate	4.000% to 5.000%		2.500% to 5.060%		3.000% to 6.250%		2.000% to 4.000%	

Fiscal Year Ending June 30	Series 2011A		Series 2012A		Series 2012B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 285,000	\$ 373,950	\$ 245,000	\$ 488,306	\$ 325,000	\$ 630,888	\$ 8,690,000	\$ 11,925,395
2014	695,000	364,150	370,000	432,763	575,000	851,450	10,360,000	11,771,190
2015	720,000	350,000	425,000	418,850	815,000	833,475	10,945,000	11,383,123
2016	730,000	335,500	540,000	403,313	835,000	808,725	11,155,000	10,972,756
2017	745,000	317,025	565,000	386,738	860,000	785,450	11,045,000	10,561,130
2018-2022	3,670,000	1,190,125	3,040,000	1,702,063	4,785,000	3,397,150	69,195,000	45,167,281
2023-2027	3,120,000	528,625	2,885,000	1,269,056	4,465,000	2,282,550	75,405,000	27,993,842
2028-2032	705,000	17,625	2,650,000	621,500	4,060,000	1,388,000	43,320,000	12,177,033
2033-2037	-	-	1,140,000	65,000	2,215,000	766,500	19,105,000	5,819,470
2038-2041	-	-	-	-	2,690,000	277,600	11,945,000	1,230,597
Total	\$ 10,670,000	\$ 3,477,000	\$ 11,860,000	\$ 5,787,589	\$ 21,625,000	\$ 12,021,788	\$ 271,165,000	\$ 149,001,817
Interest rate	2.000% to 5.000%		3.500% to 5.000%		3.000% to 4.000%			

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2012

The revenue bonds are secured by loan payments from local governments, investment earnings on amounts held by the trustee, and any other monies received by the Authority as designated revenues. The Series 2006A, 2006B, 2007A, 2007B, 2008A, 2008B, 2008C, 2008D, 2009B, 2009C, 2010A, 2010B, 2010C, 2011A, 2012A, and 2012B bonds are further secured by monies in the debt service reserve funds held by each participant. The reserve requirement is equal to the lesser of 125 percent of the annual debt service, the maximum annual debt service, or 10 percent of the original issue amount.

The changes in long-term liabilities for the fiscal year ended June 30, 2012 are as follows:

Long-Term Liabilities	Balances at June 30, 2011	Increases	Reductions	Balances at June 30, 2012	Amounts Due Within One Year
Revenue Bonds - 2004A	\$ 6,445,000	\$ -	\$ (885,000)	\$ 5,560,000	\$ 930,000
Revenue Bonds - 2006A	14,840,000	-	(660,000)	14,180,000	685,000
Revenue Bonds - 2006B	8,190,000	-	(565,000)	7,625,000	590,000
Revenue Bonds - 2007A	10,520,000	-	(445,000)	10,075,000	460,000
Revenue Bonds - 2007B	105,000	-	(15,000)	90,000	15,000
Revenue Bonds - 2008A	13,545,000	-	(450,000)	13,095,000	465,000
Revenue Bonds - 2008B	7,095,000	-	(175,000)	6,920,000	185,000
Revenue Bonds - 2008C	22,660,000	-	(395,000)	22,265,000	425,000
Revenue Bonds - 2008D	285,000	-	(85,000)	200,000	20,000
Revenue Bonds - 2008E	26,210,000	-	(725,000)	25,485,000	750,000
Revenue Bonds - 2009A	48,360,000	-	(550,000)	47,810,000	815,000
Revenue Bonds - 2009B	9,700,000	-	(565,000)	9,135,000	575,000
Revenue Bonds - 2009C	9,355,000	-	(365,000)	8,990,000	380,000
Revenue Bonds - 2010A	18,595,000	-	(955,000)	17,640,000	985,000
Revenue Bonds - 2010B	28,490,000	-	-	28,490,000	-
Revenue Bonds - 2010C	10,000,000	-	(550,000)	9,450,000	555,000
Revenue Bonds - 2011A	-	10,670,000	-	10,670,000	285,000
Revenue Bonds - 2012A	-	11,860,000	-	11,860,000	245,000
Revenue Bonds - 2012B	-	21,625,000	-	21,625,000	325,000
Total Revenue Bonds	234,395,000	44,155,000	(7,385,000)	271,165,000	8,690,000
Premiums/(Discounts)	4,021,145	4,540,046	(431,991)	8,129,200	-
Total Bonds Payable	\$ 238,416,145	\$ 48,695,046	\$ (7,816,991)	279,294,200	\$ 8,690,000
			Current portion	<u>8,690,000</u>	
			Long-term portion	<u>\$ 270,604,200</u>	



Other Information
June 30, 2012

Idaho Bond Bank Authority



**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based
On an Audit of Financial Statements Performed in Accordance with *Government Auditing
Standards***

To Honorable Ron Crane, Idaho State Treasurer, Chair and Authority Members
Idaho Bond Bank Authority
Boise, Idaho

We have audited the accompanying financial statements of Idaho Bond Bank Authority, (the Authority) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 09, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Idaho Bond Bank Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Idaho Bond Bank Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Idaho Bond Bank Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Idaho Bond Bank Authority's internal control over financial reporting.

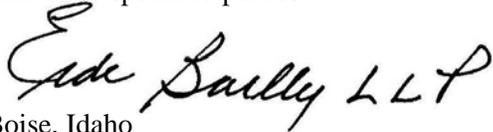
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Idaho Bond Bank Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State of Idaho, the Members of Idaho Bond Bank Authority and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 09, 2012