



Financial Statements
June 30, 2013

Idaho Bond Bank Authority

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Idaho Bond Bank Authority, a component unit of the State of Idaho, which comprise the statement of net position as of June 30, 2013, and the related statement of revenues, expenses and changes in net position and the statement of cash flows the for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho Bond Bank Authority as of June 30, 2013, and 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.

Emphasis of Matter*Changes in Accounting Principles*

As discussed in Note 1 to the financial statements, in fiscal year 2013, the Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The effects due to the implementation of the new standards on the financial statements as a whole are described in Notes 1 and Note 3 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 responses 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Idaho Bond Bank Authority's internal control over financial reporting and compliance.



Boise, Idaho
September 16, 2013

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 and long-term financial information about the Authority. The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations (liabilities) at the close of fiscal year 2013. The Statement of Revenues, Expenses and Changes in Net Position report the Authority's operations for fiscal year 2013 and the resulting increase or decrease in net position. 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. GASB 62, 63 and 65 were implemented in the current year, GASB 62 had no effect on the financial statements. GASB 63 renamed the statement of net assets and the statement of revenues, expenses and changes in net assets to the statement of net position and the statement of revenues, expenses and changes in net position, respectively. GASB 65 expenses bond issuance costs and loan costs that were previously capitalized. A prior period adjustment was made to properly apply this update. Premiums and 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.

FINANCIAL HIGHLIGHTS AND LONG-TERM DEBT

During fiscal year 2013 the Bond Bank approved 28 municipal loan applications for projects in 23 communities, resulting in \$88.69 million in bonds being issued. This activity level increased from FY 2012 when the Bond Bank issued \$44.16 million in bonds to fund projects in 13 communities. The increase was primarily due to participants refunding their current outstanding debt for savings due to current market conditions.

The following table shows the value of Bond Bank assets, liabilities and net position summarized as of June 30, 2013 and 2012 restated due to implementation of GASB 63 and 65.

ASSETS	2013	2012	\$ Change	% Change
Total assets	<u>\$ 370,463,001</u>	<u>\$ 279,024,368</u>	<u>\$ 91,438,633</u>	33%
LIABILITIES				
Total current liabilities	\$ 19,120,108	\$ 12,145,233	\$ 6,974,875	57%
Total noncurrent liabilities	<u>355,926,849</u>	<u>270,604,200</u>	<u>85,322,649</u>	32%
Total liabilities	375,046,957	282,749,433	92,297,524	33%
NET POSITION				
Unrestricted	<u>(4,583,956)</u>	<u>(3,725,065)</u>	<u>(858,891)</u>	23%
Total liabilities and net position	<u>\$ 370,463,001</u>	<u>\$ 279,024,368</u>	<u>\$ 91,438,633</u>	33%

The following table shows the activity of Bond Bank including revenues, expenses and changes in net position summarized as of June 30, 2013 and 2012 restated due to implementation of GASB 63 and 65.

	2013	2012	\$ Change	% Change
OPERATING REVENUES				
Total operating revenues	\$ 13,193,245	\$ 11,689,823	\$ 1,503,422	13%
OPERATING EXPENSES				
Total operating expenses	<u>14,052,136</u>	<u>12,231,276</u>	<u>1,820,860</u>	15%
CHANGE IN NET POSITION	(858,891)	(541,453)	(317,438)	59%
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>(3,725,065)</u>	<u>(3,183,612)</u>	<u>(541,453)</u>	17%
NET POSITION, END OF YEAR	<u>\$ (4,583,956)</u>	<u>\$ (3,725,065)</u>	<u>\$ (858,891)</u>	23%

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 2013 and 2012, 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 Bond Bank's finances and to demonstrate the Bond Bank'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 Position
June 30, 2013

Assets	
Cash held with Idaho State Treasurer	\$ 226,475
Accounts receivable	15,000
Loans and notes receivable, current portion	14,725,000
Interest receivable	<u>4,395,108</u>
Total current assets	<u>19,361,583</u>
Loans and notes receivable, net of current portion, net of discounts / premiums	<u>351,101,418</u>
Total noncurrent assets	<u>351,101,418</u>
	<u><u>\$ 370,463,001</u></u>
Liabilities	
Revenue bonds payable, current portion	\$ 14,725,000
Interest payable	<u>4,395,108</u>
Total current liabilities	<u>19,120,108</u>
Revenue bonds payable, net of current portion, net of premiums / discounts	<u>355,926,849</u>
Total noncurrent liabilities	<u>355,926,849</u>
Total liabilities	375,046,957
Net Position	
Unrestricted	<u>(4,583,956)</u>
	<u><u>\$ 370,463,001</u></u>

Idaho Bond Bank Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2013

Operating Revenues	
Interest Income	\$ 13,045,115
Origination fee	125,630
Other income	22,500
	<hr/>
Total operating revenues	13,193,245
	<hr/>
Operating Expenses	
Interest expense	12,656,361
Cost of issuance	1,370,995
Other expense	24,780
	<hr/>
Total operating expenses	14,052,136
	<hr/>
Change in Net Position	(858,891)
Net Position, Beginning of Year, as restated	<hr/>
	(3,725,065)
Net Position, End of Year	<hr/>
	\$ (4,583,956)
	<hr/>

Idaho Bond Bank Authority
Statement of Cash Flows
Year Ended June 30, 2013

Operating Activities	
Receipts from bond issuance fees	\$ 133,130
Other operating cash receipts	600
Cash payments to suppliers for services	<u>(24,780)</u>
Net Cash from Operating Activities	<u>108,950</u>
Noncapital Financing Activities	
Receipts from bonds issued	100,965,422
Payments on bond principal	(8,690,000)
Payments of bond interest	(12,745,890)
Payments of issue costs	<u>(1,370,994)</u>
Net Cash from Noncapital Financing Activities	<u>78,158,538</u>
Investing Activities	
Disbursements of loans receivable	(99,594,428)
Receipts of loan principal	8,690,000
Receipts of loan interest	<u>12,745,890</u>
Net Cash used for Investing Activities	<u>(78,158,538)</u>
Net Change in Cash and Cash Equivalents	108,950
Cash held with Idaho State Treasurer, Beginning of Year	<u>117,525</u>
Cash held with Idaho State Treasurer, End of Year	<u><u>\$ 226,475</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ (858,891)
Adjustments to reconcile operating income to net cash from operating activities	
Cost of issuance expense	1,370,995
Note receivable premium / discount amortization	641,249
Bond premium / discount amortization	(1,029,403)
Change in assets and liabilities:	
Accounts receivable	<u>(15,000)</u>
Net Cash from Operating Activities	<u><u>\$ 108,950</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 Idaho Bond Bank 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 the results of operations of the State of Idaho in conformity with generally accepted accounting principles of the United States.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011 and was implemented in fiscal year 2013. The adoption of GASB No. 62 did not have any impact on the entity's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, the entity implemented this statement in fiscal year 2013.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The Authority elected to early implement it in fiscal year 2013. The effects of implementation of this standard are presented in Note 3.

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 Position and the Statement of Revenues, Expenses, and Changes in Net Position 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.

The Statement of Net Position presents the Authority's assets and liabilities, with the difference reported as net position. Net position is displayed as unrestricted; however, unrestricted net position may have constraints or designations placed upon it 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 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 90-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 Auditors 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. The face value of the notes receivable as of June 30, 2013 is \$351,165,000, with \$14,725,000 receivable within one year. Interest rates range from 2.00% to 6.25%

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, 2013.

Discount or premium on notes receivable represent the difference between the note receivable balance and the cash that was distributed to the participants. The note premium or discount is capitalized and amortized over the life of the notes and recognized as revenue using the effective interest method. Notes receivable are reported net of applicable premium or discount. Net discount or premium on notes totaled \$15,765,666 in net discounts as of June 30, 2013. Amortization of note discount or premium for the year ended June 30, 2013 was \$641,249 and is included in the caption, "Interest Income" on the Statement of Revenues, Expenses and Changes in Net Position. Accumulated amortization as of June 30, 2013 was \$1,104,247 with a discount, net of accumulated amortization of \$14,661,419.

Revenue Bonds Payable

Bonds and notes payable include bonds issued to make loans to local governments in order to finance infrastructure needs. Bond premiums / discounts 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. Net premium or discount on the bonds totaled \$22,053,834 in net premium as of June 30, 2013. Amortization of bond premium or discount for the year ended June 30, 2013 was \$1,029,403 and is included in the caption, "Interest Expense" on the Statement of Revenues, Expenses and Changes in Net Position. Accumulated amortization as of June 30, 2013 was \$2,566,985 with a premium, net of accumulated amortization of \$19,486,849.

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 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 had an original issue amount of \$10,670,000; the 2012A issue had an original issue amount of \$11,860,000; the 2012B issue had an original amount of \$21,625,000; the 2012C had an original issue amount of \$17,360,000; the 2012D issue had an original issue amount of \$66,340,000; and the 2013A issue had an original amount of \$4,990,000

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2013

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
2014	\$ 975,000	\$ 190,155	\$ 710,000	\$ 594,088	\$ 605,000	\$ 322,419	\$ 480,000	\$ 384,750
2015	850,000	144,530	600,000	561,338	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	330,000	65,010	690,000	468,038	745,000	186,919	560,000	300,281
2019-2023	1,435,000	130,661	3,930,000	1,869,472	975,000	691,620	3,165,000	1,136,927
2024-2028	-	-	3,910,000	935,095	765,000	517,595	3,860,000	419,487
2029-2033	-	-	1,375,000	382,839	970,000	305,079	-	-
2034-2038	-	-	990,000	68,176	940,000	79,613	-	-
2039-2043	-	-	-	-	-	-	-	-
Total	\$ 4,630,000	\$ 714,666	\$ 13,495,000	\$ 5,907,972	\$ 7,035,000	\$ 2,875,752	\$ 9,615,000	\$ 3,274,392
Interest rate	2.50% to 5.00%		4.00% to 5.00%		4.00% to 5.00%		3.40% to 4.25%	

Fiscal Year Ending June 30	Series 2007B		Series 2008A		Series 2008B		Series 2008C	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	15,000	619	610,000	482,869	225,000	266,150	530,000	1,067,076
2019-2023	-	-	3,440,000	1,995,560	1,375,000	1,182,200	2,945,000	4,903,639
2024-2028	-	-	4,335,000	1,077,375	2,930,000	668,226	3,735,000	3,996,298
2029-2033	-	-	1,205,000	314,625	1,390,000	63,225	4,895,000	2,800,237
2034-2038	-	-	855,000	111,375	-	-	6,365,000	1,290,675
2039-2043	-	-	-	-	-	-	1,485,000	39,910
Total	\$ 75,000	\$ 9,071	\$ 12,630,000	\$ 6,160,778	\$ 6,735,000	\$ 3,326,383	\$ 21,840,000	\$ 18,612,037
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
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	25,000	4,418	960,000	1,020,788	1,060,000	2,050,156	665,000	224,225
2019-2023	65,000	10,800	5,395,000	4,344,770	19,480,000	8,305,656	3,700,000	725,201
2024-2028	-	-	10,070,000	2,755,472	18,770,000	3,269,504	1,695,000	68,500
2029-2033	-	-	5,005,000	118,863	3,805,000	95,125	-	-
2034-2038	-	-	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-	-	-
Total	\$ 180,000	\$ 43,023	\$ 24,735,000	\$ 12,696,624	\$ 46,995,000	\$ 22,227,865	\$ 8,560,000	\$ 2,083,159
Interest rate	2.300% to 5.150%		3.500% to 5.500%		3.000% to 5.375%		2.000% to 5.000%	

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2013

Fiscal Year Ending June 30	Series 2009C		Series 2010A		Series 2010B		Series 2010C	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 395,000	\$ 341,500	\$ 1,015,000	\$ 728,133	\$ 590,000	\$ 1,610,007	\$ 565,000	\$ 291,375
2015	415,000	325,300	1,035,000	702,758	605,000	1,589,057	585,000	274,125
2016	425,000	308,500	1,080,000	661,358	630,000	1,564,357	600,000	256,350
2017	445,000	291,100	1,115,000	628,958	655,000	1,537,838	620,000	238,050
2018	465,000	272,900	1,140,000	589,376	685,000	1,509,363	635,000	219,225
2019-2023	2,620,000	1,047,500	6,170,000	2,199,569	3,830,000	7,074,968	3,490,000	780,963
2024-2028	2,725,000	486,900	5,100,000	666,214	4,550,000	5,966,320	2,400,000	145,438
2029-2033	1,120,000	45,200	-	-	5,510,000	4,455,503	-	-
2034-2038	-	-	-	-	6,715,000	2,557,031	-	-
2039-2043	-	-	-	-	4,720,000	450,313	-	-
	<u>\$ 8,610,000</u>	<u>\$ 3,118,900</u>	<u>\$ 16,655,000</u>	<u>\$ 6,176,366</u>	<u>\$ 28,490,000</u>	<u>\$ 28,314,757</u>	<u>\$ 8,895,000</u>	<u>\$ 2,205,525</u>

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		Series 2012C	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 695,000	\$ 364,150	\$ 370,000	\$ 432,763	\$ 575,000	\$ 851,450	\$ 1,335,000	\$ 521,769
2015	720,000	350,000	425,000	418,850	815,000	833,475	1,425,000	487,044
2016	730,000	335,500	540,000	403,313	835,000	808,725	1,470,000	436,269
2017	745,000	317,025	565,000	386,738	860,000	785,450	1,530,000	397,306
2018	775,000	294,225	580,000	369,563	880,000	757,100	1,550,000	378,056
2019-2023	3,470,000	1,051,200	3,115,000	1,627,494	4,920,000	3,188,175	7,085,000	1,168,994
2024-2028	3,250,000	390,950	2,855,000	1,147,938	4,315,000	2,075,725	2,965,000	181,734
2029-2033	-	-	2,435,000	494,375	3,605,000	1,234,700	-	-
2034-2038	-	-	730,000	18,250	2,300,000	676,200	-	-
2039-2043	-	-	-	-	2,195,000	179,900	-	-
	<u>\$ 10,385,000</u>	<u>\$ 3,103,050</u>	<u>\$ 11,615,000</u>	<u>\$ 5,299,281</u>	<u>\$ 21,300,000</u>	<u>\$ 11,390,900</u>	<u>\$ 17,360,000</u>	<u>\$ 3,571,172</u>

Interest rate 2.000% to 5.000% 3.500% to 5.000% 3.000% to 4.000% 1.25% - 5.00%

Fiscal Year Ending June 30	Series 2012D		Series 2013A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	2,895,000	2,476,588	135,000	118,297	14,725,000	14,900,530
2015	3,385,000	2,413,788	470,000	143,600	16,225,000	14,448,256
2016	3,445,000	2,345,488	490,000	129,200	16,560,000	13,899,912
2017	3,560,000	2,239,838	500,000	114,350	16,635,000	13,332,415
2018	3,695,000	2,094,738	515,000	99,125	17,335,000	12,720,219
2019-2023	20,255,000	8,482,163	1,880,000	292,000	102,740,000	52,209,531
2024-2028	17,975,000	4,336,813	-	175,000	96,205,000	29,280,584
2029-2033	8,660,000	1,112,663	-	175,000	39,975,000	11,597,434
2034-2038	2,105,000	225,391	-	175,000	21,000,000	5,201,711
2039-2043	365,000	5,703	1,000,000	157,500	9,765,000	833,326
	<u>\$ 66,340,000</u>	<u>\$ 25,733,173</u>	<u>\$ 4,990,000</u>	<u>\$ 1,579,072</u>	<u>\$ 351,165,000</u>	<u>\$ 168,423,918</u>

Interest Rate 2.00% - 5.00% 3.00% - 3.50%

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2013

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, 2012B, 2012C, 2012D, and 2013A 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, 2013 are as follows

Long-Term Liabilities	Balances at June 30,2012	Increases	Reductions	Balances at June 30, 2013	Amounts Due Within One Year
Revenue Bonds - 2004A	\$ 5,560,000	\$ -	\$ (930,000)	\$ 4,630,000	\$ 975,000
Revenue Bonds - 2006A	14,180,000	-	(685,000)	13,495,000	710,000
Revenue Bonds - 2006B	7,625,000	-	(590,000)	7,035,000	605,000
Revenue Bonds - 2007A	10,075,000	-	(460,000)	9,615,000	480,000
Revenue Bonds - 2007B	90,000	-	(15,000)	75,000	15,000
Revenue Bonds - 2008A	13,095,000	-	(465,000)	12,630,000	515,000
Revenue Bonds - 2008B	6,920,000	-	(185,000)	6,735,000	195,000
Revenue Bonds - 2008C	22,265,000	-	(425,000)	21,840,000	440,000
Revenue Bonds - 2008D	200,000	-	(20,000)	180,000	20,000
Revenue Bonds - 2008E	25,485,000	-	(750,000)	24,735,000	780,000
Revenue Bonds - 2009A	47,810,000	-	(815,000)	46,995,000	815,000
Revenue Bonds - 2009B	9,135,000	-	(575,000)	8,560,000	605,000
Revenue Bonds - 2009C	8,990,000	-	(380,000)	8,610,000	395,000
Revenue Bonds - 2010A	17,640,000	-	(985,000)	16,655,000	1,015,000
Revenue Bonds - 2010B	28,490,000	-	-	28,490,000	590,000
Revenue Bonds - 2010C	9,450,000	-	(555,000)	8,895,000	565,000
Revenue Bonds - 2011A	10,670,000	-	(285,000)	10,385,000	695,000
Revenue Bonds - 2012A	11,860,000	-	(245,000)	11,615,000	370,000
Revenue Bonds - 2012B	21,625,000	-	(325,000)	21,300,000	575,000
Revenue Bonds - 2012C	-	17,360,000	-	17,360,000	1,335,000
Revenue Bonds - 2012D	-	66,340,000	-	66,340,000	2,895,000
Revenue Bonds - 2013A	-	4,990,000	-	4,990,000	135,000
Total Revenue Bonds	271,165,000	88,690,000	(8,690,000)	351,165,000	14,725,000
Premiums/(Discounts)	8,129,200	12,387,052	(1,029,403)	19,486,849	-
Total Bonds Payable	\$ 279,294,200	\$ 101,077,052	\$ (9,719,403)	370,651,849	\$ 14,725,000
			Current portion	<u>14,725,000</u>	
			Long-term portion	<u>\$ 355,926,849</u>	

Note 3 - Restatement

The Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. As a result, the effect on net position as of June 30, 2012 was a decrease of \$3,842,590. The decrease results from no longer deferring and amortizing bond issuance costs. Net position as previously reported for June 30, 2012 was \$117,525 and was (\$3,725,065), as restated.



Other Information
June 30, 2013

Idaho Bond Bank Authority



Independent Auditor's 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, 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, the financial statements of Idaho Bond Bank Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2013. An explanatory paragraph was included in the auditor's report to emphasize the implementation of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho
September 16, 2013