



Financial Statements
June 30, 2017

Idaho Bond Bank Authority

Independent Auditor's Report.....	1
Management's Discussion and Analysis	3
Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9
Other Information	
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 <i>Government Auditing Standards</i>	20
Schedule of Findings and Responses	22



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 (the Authority), a component unit of the State of Idaho, which comprise the statement of net position as of June 30, 2017, 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 Authority'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 Authority'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, 2017, 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.

Restatement

As described in Note 4 to the financial statements, certain errors resulting in the understatement of loans and notes receivable and revenue from loan origination fees from previous years was discovered. Accordingly, the impact on the net position from the understatement of revenues in previous years has been restated. 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 October 4, 2017 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
October 4, 2017

FINANCIAL CONDITION

The Idaho Bond Bank 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 Idaho Bond Bank Authority (the Bond Bank) or (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 2017. The Statement of Revenues, Expenses and Changes in Net Position report the Authority's operations for fiscal year 2017 and the resulting 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 purposes with revenues and expenses recognized on the accrual basis. 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 2017 the Authority approved ten municipal loan applications resulting in \$29.95 million in bonds being issued. This activity level increased from FY 2016 when the Bond Bank issued \$20.56 million in bonds. The increase was primarily due to the size of the projects that were funded in the prior year.

The following table shows the value of Bond Bank assets, liabilities and net position summarized as of June 30, 2017 and 2016.

	2017	2016 As Restated	\$ Change	% Change
Assets				
Total assets	<u>\$ 352,256,731</u>	<u>\$ 366,707,420</u>	<u>\$ (14,450,689)</u>	-4%
Liabilities				
Total current liabilities	\$ 23,811,758	\$ 23,785,606	\$ 26,152	0%
Total noncurrent liabilities	<u>328,122,929</u>	<u>342,618,225</u>	<u>(14,495,296)</u>	-4%
Total liabilities	351,934,687	366,403,831	(14,469,144)	-4%
Net Position				
Unrestricted	<u>322,044</u>	<u>303,589</u>	<u>18,455</u>	6%
Total liabilities and net position	<u>\$ 352,256,731</u>	<u>\$ 366,707,420</u>	<u>\$ (14,450,689)</u>	-4%

The following table shows the activity of Bond Bank including revenues, expenses and changes in net position summarized as of June 30, 2017 and 2016.

	2017	2016 As Restated	\$ Change	% Change
Operating Revenues				
Total operating revenues	\$ 11,949,389	\$ 13,336,619	\$ (1,387,230)	-10%
Operating Expenses				
Total operating expenses	11,930,934	13,351,195	(1,420,261)	-11%
Change in Net Position	18,455	(14,576)	33,031	-227%
Net Position, Beginning of Year, as restated	303,589	318,165	(14,576)	
Net Position, End of Year	\$ 322,044	\$ 303,589	\$ 18,455	6%

RESTATEMENT

In fiscal year 2013 the Authority adopted GASB No. 65, *Items Previously Reported as Assets and Liabilities*. At that time, the Authority staff researched the appropriate application of the standards to its transactions and through consultation with various experts, including Eide Bailly and the Governmental Accounting Standards Board, concluded that the bond issuance costs should be expensed, but that the pass through of those costs to the loan recipient should be treated as an adjustment to the related premium or discount on the note and not treated as loan origination fees. As a result of that conclusion, an adjustment to premium and discount was capitalized and amortized as a component of interest income and was not recognized as revenue upon loan issuance. Upon reexamination of the transactions of the Authority and the related authoritative guidance, the conclusion was made that the bond issuance costs passed through to the loan recipient were more appropriately viewed as loan origination fees. In accordance with the authoritative literature, loan origination fees should be recognized as revenue in the period in which the revenue is received. A prior period adjustment was recorded in fiscal year 2017 in the amount of \$5,095,240 to increase loans and notes receivable and the net position as of the beginning of the fiscal year. This treatment of the transactions provides a better matching of bonds payable to the loans receivable on the Statement of Net Position and better matching of interest income and interest expense on the Statement of Revenue, Expenses and Changes in Net Position. The 2016 balances in the tables above have been restated for this adjustment.

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 2017 and 2016, there were no unusual or excessive administrative expenses.

See Note 2 for additional information concerning the long-term liabilities of the Authority.

OTHER INFORMATION

The Bond Bank did submit a response to the SEC under the MCDC initiative. The Bond Bank received a response from Commission on March 3, 2017, that they have concluded their review and based on the information provided to them they do not intend to recommend an enforcement action against the Bond Bank. The Bond Bank has policies and procedures in place to ensure continuing disclosure requirements are being met.

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, 2017

Assets	
Cash held with Idaho State Treasurer	\$ 322,044
Loans and notes receivable, current portion	19,490,000
Interest receivable	<u>4,321,758</u>
Total current assets	<u>24,133,802</u>
Loans and notes receivable, net of current portion, net of discounts / premiums	<u>328,122,929</u>
Total noncurrent assets	<u>328,122,929</u>
	<u><u>\$ 352,256,731</u></u>
Liabilities	
Revenue bonds payable, current portion	\$ 19,490,000
Interest payable	<u>4,321,758</u>
Total current liabilities	<u>23,811,758</u>
Revenue bonds payable, net of current portion, net of premium / discounts	<u>328,122,929</u>
Total noncurrent liabilities	<u>328,122,929</u>
Total liabilities	351,934,687
Net Position	
Unrestricted	<u>322,044</u>
	<u><u>\$ 352,256,731</u></u>

Idaho Bond Bank Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017

Operating Revenues	
Interest income	\$ 11,448,085
Origination fees	454,377
Other income	<u>46,927</u>
Total operating revenues	<u>11,949,389</u>
Operating Expenses	
Interest expense	11,448,085
Cost of issuance	454,377
Other expense	<u>28,472</u>
Total operating expenses	<u>11,930,934</u>
Change in Net Position	18,455
Net Position, Beginning of Year, as restated	<u>303,589</u>
Net Position, End of Year	<u><u>\$ 322,044</u></u>

Idaho Bond Bank Authority
Statement of Cash Flows
Year Ended June 30, 2017

Operating Activities	
Receipts from bond issuance fees and other income	\$ 46,927
Cash payments to suppliers for services	(28,472)
	<u>18,455</u>
Net Cash from Operating Activities	<u>18,455</u>
Noncapital Financing Activities	
Receipts from bonds issued	29,945,000
Receipts from bond premium	2,795,312
Payments on bond principal	(44,015,000)
Payments of bond interest	(14,642,541)
Payments of issue costs	(454,377)
	<u>(26,371,606)</u>
Net Cash used for Noncapital Financing Activities	<u>(26,371,606)</u>
Investing Activities	
Disbursements of loans receivable	(29,945,000)
Disbursement of premium	(2,795,312)
Receipts of loan principal	44,015,000
Receipts of loan interest	14,642,541
Receipt of origination fees	454,377
	<u>26,371,606</u>
Net Cash from Investing Activities	<u>26,371,606</u>
Net Change in Cash and Cash Equivalents	18,455
Cash Held with Idaho State Treasurer, Beginning of Year	<u>303,589</u>
Cash Held with Idaho State Treasurer, End of Year	<u><u>\$ 322,044</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Change in net position	\$ 18,455
Adjustments to reconcile operating income to net cash from operating activities	
Note receivable premium / discount amortization	2,730,608
Bond premium / discount amortization	(2,730,608)
	<u>18,455</u>
Net Cash from Operating Activities	<u><u>\$ 18,455</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.

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.

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, 2017 is \$325,120,000, with \$19,490,000 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, 2017. The allowance for loan loss is considered a significant estimate and it is at reasonably possible that this estimate will change.

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 \$35,174,893 in net premiums as of June 30, 2017. Amortization of note discount or premium for the year ended June 30, 2017 was \$2,730,608 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, 2017 was \$12,681,964. The premium on notes receivable net of accumulated amortization totaled \$22,492,929 at June 30, 2017.

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 \$35,174,893 in net premium as of June 30, 2017. Amortization of bond premium or discount for the year ended June 30, 2017 was \$2,730,608 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, 2017 was \$12,681,964. The premium on bonds payable net of accumulated amortization totaled \$22,492,929 at June 30, 2017.

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.

Individual revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Series 2004A		Series 2006B	
	Principal	Interest	Principal	Interest
2018	\$ 330,000	\$ 65,010	\$ 640,000	\$ 34,750
2019	345,000	51,840	375,000	9,375
2020	320,000	38,540	-	-
2021	335,000	25,273	-	-
2022	300,000	12,105	-	-
2023-2027	135,000	2,903	-	-
2028-2032	-	-	-	-
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 1,765,000</u>	<u>\$ 195,671</u>	<u>\$ 1,015,000</u>	<u>\$ 44,125</u>

Interest Rate 2.50% - 5.00%

4.00% - 5.00%

Fiscal Year Ending June 30	Series 2007A		Series 2007B	
	Principal	Interest	Principal	Interest
2018	\$ 145,000	\$ 76,765	\$ 15,000	\$ 619
2019	150,000	70,775	-	-
2020	155,000	64,675	-	-
2021	160,000	58,375	-	-
2022	170,000	51,775	-	-
2023-2027	945,000	147,288	-	-
2028-2032	215,000	4,569	-	-
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 1,940,000</u>	<u>\$ 474,222</u>	<u>\$ 15,000</u>	<u>\$ 619</u>

Interest Rate 4.00% - 4.25%

3.625% - 4.125%

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2017

Fiscal Year Ending June 30	Series 2008A		Series 2008B	
	Principal	Interest	Principal	Interest
2018	\$ 610,000	\$ 63,388	\$ 225,000	\$ 266,150
2019	625,000	36,200	230,000	257,050
2020	40,000	22,125	245,000	247,550
2021	40,000	20,475	250,000	237,650
2022	40,000	18,825	260,000	227,450
2023-2027	245,000	60,625	2,675,000	803,663
2028-2032	115,000	5,875	2,035,000	140,288
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 1,715,000</u>	<u>\$ 227,513</u>	<u>\$ 5,920,000</u>	<u>\$ 2,179,801</u>
Interest Rate	3.25% - 5.00%		3.50% - 5.00%	

Fiscal Year Ending June 30	Series 2008C		Series 2008D	
	Principal	Interest	Principal	Interest
2018	\$ 530,000	\$ 43,863	\$ 25,000	\$ 4,418
2019	555,000	16,706	5,000	3,255
2020	45,000	1,069	-	3,015
2021	-	-	30,000	3,015
2022	-	-	30,000	1,515
2023-2027	-	-	-	-
2028-2032	-	-	-	-
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 1,130,000</u>	<u>\$ 61,638</u>	<u>\$ 90,000</u>	<u>\$ 15,218</u>
Interest Rate	4.00% - 5.625%		2.30% - 5.15%	

Fiscal Year Ending June 30	Series 2008E		Series 2009A	
	Principal	Interest	Principal	Interest
2018	\$ 960,000	\$ 73,000	\$ 1,060,000	\$ 107,525
2019	980,000	24,500	2,530,000	45,150
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023-2027	-	-	-	-
2028-2032	-	-	-	-
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 1,940,000</u>	<u>\$ 97,500</u>	<u>\$ 3,590,000</u>	<u>\$ 152,675</u>
Interest Rate	3.50% - 5.50%		3.00% - 5.375%	

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2017

Fiscal Year Ending June 30	Series 2009B		Series 2009C	
	Principal	Interest	Principal	Interest
2018	\$ 665,000	\$ 117,100	\$ 465,000	\$ 272,900
2019	-	-	480,000	254,000
2020	-	-	500,000	231,900
2021	-	-	525,000	208,900
2022	-	-	545,000	187,500
2023-2027	-	-	2,770,000	596,800
2028-2032	-	-	1,645,000	100,500
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 665,000</u>	<u>\$ 117,100</u>	<u>\$ 6,930,000</u>	<u>\$ 1,852,500</u>
Interest Rate	2.00% - 5.00%		4.00% - 5.00%	

Fiscal Year Ending June 30	Series 2010A		Series 2010B	
	Principal	Interest	Principal	Interest
2018	\$ 1,140,000	\$ 567,430	\$ 685,000	\$ 1,509,363
2019	1,165,000	521,021	710,000	1,480,607
2020	1,195,000	470,564	740,000	1,451,763
2021	1,230,000	416,591	770,000	1,420,807
2022	1,270,000	356,477	790,000	1,382,900
2023-2027	6,410,000	728,387	4,390,000	6,220,105
2028-2032	-	-	5,300,000	4,788,734
2033-2037	-	-	6,455,000	2,968,594
2038-2042	-	-	6,170,000	790,625
2043-2047	-	-	-	-
Total	<u>\$ 12,410,000</u>	<u>\$ 3,060,469</u>	<u>\$ 26,010,000</u>	<u>\$ 22,013,498</u>
Interest Rate	2.50% - 5.06%		3.00% - 6.25%	

Fiscal Year Ending June 30	Series 2010C		Series 2011A	
	Principal	Interest	Principal	Interest
2018	\$ 635,000	\$ 219,225	\$ 775,000	\$ 294,225
2019	655,000	199,875	790,000	266,800
2020	675,000	179,925	670,000	237,600
2021	695,000	158,506	705,000	210,100
2022	720,000	134,613	730,000	181,400
2023-2027	3,145,000	253,481	3,120,000	528,625
2028-2032	-	-	705,000	17,625
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 6,525,000</u>	<u>\$ 1,145,625</u>	<u>\$ 7,495,000</u>	<u>\$ 1,736,375</u>
Interest Rate	2.00% - 4.00%		2.00% - 5.00%	

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2017

Fiscal Year Ending June 30	Series 2012A		Series 2012B	
	Principal	Interest	Principal	Interest
2018	\$ 580,000	\$ 369,563	\$ 880,000	\$ 757,100
2019	600,000	354,863	915,000	716,625
2020	600,000	342,863	965,000	679,275
2021	620,000	326,013	995,000	644,900
2022	640,000	308,763	1,030,000	599,250
2023-2027	2,885,000	1,269,056	4,465,000	2,282,550
2028-2032	2,650,000	621,500	4,060,000	1,388,000
2033-2037	1,140,000	65,000	2,215,000	766,500
2038-2042	-	-	2,690,000	277,600
2043-2047	-	-	-	-
Total	<u>\$ 9,715,000</u>	<u>\$ 3,657,621</u>	<u>\$ 18,215,000</u>	<u>\$ 8,111,800</u>
Interest Rate	3.50% - 5.00%		2.00% - 5.00%	

Fiscal Year Ending June 30	Series 2012C		Series 2012D	
	Principal	Interest	Principal	Interest
2018	\$ 1,550,000	\$ 378,056	\$ 3,695,000	\$ 2,094,738
2019	1,570,000	356,594	3,855,000	1,982,288
2020	1,595,000	304,944	3,930,000	1,865,138
2021	1,245,000	233,944	4,080,000	1,704,938
2022	1,305,000	170,194	4,245,000	1,538,438
2023-2027	3,715,000	277,303	18,900,000	5,217,238
2028-2032	620,000	7,750	10,405,000	1,524,288
2033-2037	-	-	3,135,000	306,344
2038-2042	-	-	810,000	24,063
2043-2047	-	-	-	-
Total	<u>\$ 11,600,000</u>	<u>\$ 1,728,785</u>	<u>\$ 53,055,000</u>	<u>\$ 16,257,473</u>
Interest Rate	1.25% - 5.00%		2.00% - 5.00%	

Fiscal Year Ending June 30	Series 2013A		Series 2013B	
	Principal	Interest	Principal	Interest
2018	\$ 515,000	\$ 99,125	\$ 375,000	\$ 541,981
2019	535,000	83,375	400,000	526,606
2020	545,000	67,175	410,000	510,356
2021	260,000	55,100	430,000	491,506
2022	265,000	47,225	445,000	471,781
2023-2027	275,000	179,125	2,600,000	1,991,281
2028-2032	-	175,000	2,715,000	1,366,909
2033-2037	-	175,000	3,100,000	722,463
2038-2042	-	175,000	1,370,000	69,250
2043-2047	1,000,000	17,500	-	-
Total	<u>\$ 3,395,000</u>	<u>\$ 1,073,625</u>	<u>\$ 11,845,000</u>	<u>\$ 6,692,133</u>
Interest Rate	3.00% - 3.50%		2.00% - 5.00%	

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2017

Fiscal Year Ending June 30	Series 2014A		Series 2014B	
	Principal	Interest	Principal	Interest
2018	\$ 1,085,000	\$ 1,867,320	\$ 100,000	\$ 234,962
2019	1,140,000	1,831,645	100,000	232,462
2020	1,155,000	1,794,220	235,000	227,687
2021	1,210,000	1,735,095	240,000	219,962
2022	1,275,000	1,672,970	250,000	211,387
2023-2027	9,410,000	7,295,175	1,405,000	895,670
2028-2032	18,220,000	4,757,037	1,755,000	539,115
2033-2037	11,955,000	1,326,850	1,265,000	97,125
2038-2042	2,470,000	102,295	-	-
2043-2047	-	-	-	-
Total	<u>\$ 47,920,000</u>	<u>\$ 22,382,607</u>	<u>\$ 5,350,000</u>	<u>\$ 2,658,370</u>

Interest Rate 1.50% - 5.00% 2.50% - 5.00%

Fiscal Year Ending June 30	Series 2014C		Series 2015A	
	Principal	Interest	Principal	Interest
2018	\$ 675,000	\$ 524,725	\$ 700,000	\$ 804,288
2019	690,000	511,075	735,000	768,413
2020	700,000	493,675	775,000	730,663
2021	730,000	464,925	810,000	691,038
2022	760,000	427,675	850,000	649,538
2023-2027	5,645,000	1,340,750	5,620,000	2,505,388
2028-2032	2,335,000	459,531	7,015,000	1,288,063
2033-2037	1,595,000	84,319	4,750,000	225,781
2038-2042	-	-	-	-
2043-2047	-	-	-	-
Total	<u>\$ 13,130,000</u>	<u>\$ 4,306,675</u>	<u>\$ 21,255,000</u>	<u>\$ 7,663,172</u>

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

Fiscal Year Ending June 30	Series 2015B		Series 2017A	
	Principal	Interest	Principal	Interest
2018	\$ 75,000	\$ 957,613	\$ 355,000	\$ 986,550
2019	80,000	956,063	1,000,000	968,000
2020	630,000	948,963	1,660,000	919,800
2021	640,000	933,063	1,725,000	843,475
2022	660,000	913,563	1,800,000	755,350
2023-2027	3,675,000	4,148,494	8,440,000	2,400,000
2028-2032	5,580,000	3,047,000	3,550,000	1,004,275
2033-2037	6,525,000	1,464,625	2,635,000	396,900
2038-2042	2,675,000	135,375	780,000	51,375
2043-2047	-	-	-	-
Total	<u>\$ 20,540,000</u>	<u>\$ 13,504,759</u>	<u>\$ 21,945,000</u>	<u>\$ 8,325,725</u>

Interest Rate 2.00% - 5.00% 2.00% - 5.00%

Fiscal Year Ending June 30	Series 2017B	
	Principal	Interest
2018	\$ -	\$ 319,340
2019	155,000	317,015
2020	160,000	311,890
2021	165,000	306,203
2022	175,000	300,253
2023-2027	965,000	1,398,294
2028-2032	1,160,000	1,198,526
2033-2037	1,405,000	951,390
2038-2042	1,710,000	634,344
2043-2047	2,105,000	231,094
Total	<u>\$ 8,000,000</u>	<u>\$ 5,968,349</u>

Interest Rate 3.00% - 4.25%

Total revenue bond debt service requirements to maturity are as follows:

	Total	
	Principal	Interest
2018	\$ 19,490,000	\$ 13,651,091
2019	21,370,000	12,842,177
2020	17,945,000	12,145,375
2021	17,890,000	11,409,854
2022	18,555,000	10,620,945
2023-2027	91,835,000	40,542,201
2028-2032	70,080,000	22,434,586
2033-2037	46,175,000	9,550,891
2038-2042	18,675,000	2,259,927
2043-2047	3,105,000	248,594
	<u>\$ 325,120,000</u>	<u>\$ 135,705,641</u>

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 2006B, 2007A, 2007B, 2008A, 2008B, 2008C, 2008D, 2009B, 2009C, 2010A, 2010B, 2010C, 2011A, 2012A, 2012B, 2012C, 2012D, 2013A, 2013B, 2014A, 2014B, 2014C, 2015A, 2015B, 2017A and 2017B bonds are further secured by monies in the debt service reserve funds held by each participant. The reserve requirement of each participant 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.

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2017

The changes in long-term liabilities for the fiscal year ended June 30, 2017 are as follows:

Long-Term Liabilities	Balances at June 30, 2016	Increases	Reductions	Balances at June 30, 2017	Amounts Due Within One Year
Revenue Bonds - 2004A	\$ 2,080,000	\$ -	\$ (315,000)	\$ 1,765,000	\$ 330,000
Revenue Bonds - 2006A	2,525,000	-	(2,525,000)	-	-
Revenue Bonds - 2006B	5,105,000	-	(4,090,000)	1,015,000	640,000
Revenue Bonds - 2007A	8,125,000	-	(6,185,000)	1,940,000	145,000
Revenue Bonds - 2007B	30,000	-	(15,000)	15,000	15,000
Revenue Bonds - 2008A	11,025,000	-	(9,310,000)	1,715,000	610,000
Revenue Bonds - 2008B	6,135,000	-	(215,000)	5,920,000	225,000
Revenue Bonds - 2008C	1,630,000	-	(500,000)	1,130,000	530,000
Revenue Bonds - 2008D	115,000	-	(25,000)	90,000	25,000
Revenue Bonds - 2008E	2,815,000	-	(875,000)	1,940,000	960,000
Revenue Bonds - 2009A	4,550,000	-	(960,000)	3,590,000	1,060,000
Revenue Bonds - 2009B	6,705,000	-	(6,040,000)	665,000	665,000
Revenue Bonds - 2009C	7,375,000	-	(445,000)	6,930,000	465,000
Revenue Bonds - 2010A	13,525,000	-	(1,115,000)	12,410,000	1,140,000
Revenue Bonds - 2010B	26,665,000	-	(655,000)	26,010,000	685,000
Revenue Bonds - 2010C	7,145,000	-	(620,000)	6,525,000	635,000
Revenue Bonds - 2011A	8,240,000	-	(745,000)	7,495,000	775,000
Revenue Bonds - 2012A	10,280,000	-	(565,000)	9,715,000	580,000
Revenue Bonds - 2012B	19,075,000	-	(860,000)	18,215,000	880,000
Revenue Bonds - 2012C	13,130,000	-	(1,530,000)	11,600,000	1,550,000
Revenue Bonds - 2012D	56,615,000	-	(3,560,000)	53,055,000	3,695,000
Revenue Bonds - 2013A	3,895,000	-	(500,000)	3,395,000	515,000
Revenue Bonds - 2013B	12,210,000	-	(365,000)	11,845,000	375,000
Revenue Bonds - 2014A	48,985,000	-	(1,065,000)	47,920,000	1,085,000
Revenue Bonds - 2014B	5,450,000	-	(100,000)	5,350,000	100,000
Revenue Bonds - 2014C	13,280,000	-	(150,000)	13,130,000	675,000
Revenue Bonds - 2015A	21,920,000	-	(665,000)	21,255,000	700,000
Revenue Bonds - 2015B	20,560,000	-	(20,000)	20,540,000	75,000
Revenue Bonds - 2017A	-	21,945,000	-	21,945,000	355,000
Revenue Bonds - 2017B	-	8,000,000	-	8,000,000	-
Total Revenue Bonds	339,190,000	29,945,000	(44,015,000)	325,120,000	19,490,000
Premiums/(Discounts)	22,428,225	2,795,312	(2,730,608)	22,492,929	-
Total Bonds Payable	<u>\$ 361,618,225</u>	<u>\$ 32,740,312</u>	<u>\$ (46,745,608)</u>	<u>347,612,929</u>	<u>\$ 19,490,000</u>
			Current portion	<u>19,490,000</u>	
			Long-term portion	<u>\$ 328,122,929</u>	

Note 3 - Advanced Refundings

In fiscal year 2017 the Authority issued \$21,945,000 of the 2017A refunding bonds at a premium of \$2,710,948 to provide resources and to purchase U.S. Government State and Local Government Securities that were placed in an irrevocable escrow for the purpose of generating resources for future debt service payments of \$8,730,000 of the 2008A revenue bonds and \$5,395,000 of the 2009B revenue bonds. As a result, the refunded bonds are considered to be partially defeased and the receivable from the participants and the liability for the defeased bonds has been removed from these financial statements. These advanced refundings were undertaken to reduce total debt service payments by \$4,806,356 with an economic gain of \$3,991,730.

In fiscal year 2016 Middleton School District deposited bond proceeds of \$24,597,274 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, \$21,950,000 of the Series 2009A Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the Authority. As a result, the Series 2009A Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The District achieved an economic gain of approximately \$2,536,725 as a result of the refunding.

In fiscal year 2016 Madison School District deposited bond proceeds and excess debt service funds of \$16,239,562 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, \$14,440,000 of the Series 2008E Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the Authority. As a result, the Series 2008E Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The School District achieved an economic gain of approximately \$2,128,397 as a result of the refunding.

In fiscal year 2016 Minidoka School District deposited bond proceeds of \$2,942,541 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, \$2,665,000 of the Series 2008E Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the Authority. As a result, the Series 2008E Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The School District achieved an economic gain of approximately \$358,899 as a result of the refunding.

In fiscal year 2016 Madison Library District deposited bond proceeds of \$2,625,009 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, \$2,385,000 of the Series 2008E Bonds. The Bond proceeds were from a Bond issued by the Library District that was not through the Authority. As a result, the Series 2008E Bonds are considered to be partially defeased and the receivable from the Library District and the liability for the defeased bonds have been removed from these financial statements. The Library District achieved an economic gain of approximately \$288,619 as a result of the refunding.

In fiscal year 2016 The Authority issued \$20,560,000 of the 2015B refunding bonds at a premium of \$3,212,418 to provide resources to purchase United States Treasury instruments that were placed in an irrevocable escrow for the purpose of generating resources for future debt service payments of \$2,640,000 of the 2006A revenue bonds and \$18,825,000 of the 2008C revenue bonds. As a result, the refunded bonds are considered to be partially defeased and the receivable from the participants and the liability for the defeased bonds has been removed from these financial statements. \$2,640,000 in defeased bonds outstanding were redeemed on September 15, 2016. This advance refunding was undertaken to reduce total debt service payments by \$569,798 with an economic gain of \$191,592 for the 2006A participant and reduce total debt service payments by \$3,371,802 with an economic gain of \$1,527,010 for the 2008C participants.

In fiscal 2015 Middleton School District deposited bond proceeds of \$20,051,558 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, \$17,575,000 of the Series 2009A Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the Authority. As a result, the Series 2009A Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The School District achieved an economic gain of approximately \$941,258 as a result of the refunding.

In fiscal year 2015 The Authority issued \$6,050,000 of the 2014C refunding bonds at a premium of \$1,015,936 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable escrow for the purpose of generating resources for future debt service payments of \$6,390,000 of the 2006A revenue bonds. As a result, the refunded bonds are considered to be partially defeased and the receivable from the participants and the liability for the defeased bonds have been removed from these financial statements. \$6,390,000 in defeased bonds outstanding were redeemed on September 15, 2016. This advance refunding was undertaken to reduce total debt service payments by \$442,675 with an economic gain of \$349,625 for the participants.

The outstanding balance of defeased bonds as of June 30, 2017 are as follows:

Bond Series Defeased	Outstanding at June 30, 2016	Current Year Defeasances	Bonds Redeemed	Outstanding at June 30, 2017
2006A	\$ 9,030,000	\$ -	\$ 9,030,000	\$ -
2008C	18,825,000	-	-	18,825,000
2008E	19,490,000	-	-	19,490,000
2009A	39,525,000	-	-	39,525,000
2008A	-	8,730,000	-	8,730,000
2009B	-	5,395,000	-	5,395,000
Total	<u>\$ 86,870,000</u>	<u>\$ 14,125,000</u>	<u>\$ 9,030,000</u>	<u>\$ 91,965,000</u>

Note 4 - Restatement

In fiscal year 2013 the Authority adopted GASB No. 65, Items Previously Reported as Assets and Liabilities. At that time, it was concluded that the bond issuance costs should be expensed, but that the pass through of those costs to the loan recipient should be treated as an adjustment to the related premium or discount on the note and not treated as loan origination fees. As a result of that conclusion, an adjustment to premium and discount was capitalized and amortized as a component of interest income and was not recognized as revenue upon loan issuance. Upon reexamination of the transactions of the Authority and the related authoritative guidance, the conclusion was made that the bond issuance costs passed through to the loan recipient were more appropriately viewed as loan origination fees. In accordance with GASB No. 65, Items Previously Reported as Assets and Liabilities, loan origination fees should be recognized as revenue in the period in which the revenue is received. A prior period adjustment was recorded in fiscal year 2017 in the amount of \$5,095,240 to increase loans and notes receivable and the net position as of the beginning of the fiscal year. This treatment of the transactions provides a better matching of bonds payable to the loans receivable on the Statement of Net Position and better matching of interest income and interest expense on the Statement of Revenue, Expenses and Changes in Net Position.



Other Information
June 30, 2017

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), which comprise the statement of net position, statement of revenues, expenses and changes in net position, and cash flows, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2017.

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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness [2017-001].

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.

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*.

The Authority's Response to the Finding

The Authority's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Authority'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
October 4, 2017

Financial Statement Findings

2017-001 Financial Statement Preparation

Criteria:

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited including the preparation of the footnote disclosures required by the Governmental Accounting Standards Board (GASB).

Condition:

An internal control system design must include elements to accurately prepare financial statements in accordance with GASB. Due to a transition in staff responsibilities, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included the preparation of adjusting journal entries, a prior period adjustment, and the footnote disclosures required by the GASB.

Effect:

Management engaged the auditing firm to assist in adjusting and preparing the financial statements in accordance with generally accepted accounting principles.

Cause:

There was a transition in staff responsibilities wherein the individual who had been responsible for financial reporting was replaced during the year. As a result of the transition, the Authority requested assistance in financial statement preparation through the transition period.

Recommendation:

Management should assess the benefit of implementing an internal control system that includes the adjustment and preparation of the financial statements and related footnotes in relation to the cost or other considerations.

Response and Action Plan of Management:

Given the timing of hiring a new investment accountant on May 31, 2017, and the proximity to fiscal year end, Management proactively engaged Eide Bailly to provide additional assistance in financial statement preparation for FY2017. The Authority believed this was the most conservative course of action given the limited time frame to adequately train for this new responsibility. Since that time period the needed processes and documentation for on-going accounting, financial statement preparation and related controls are back in place. The benefit of an internal control system that includes the preparation of financial statements and related footnotes is appropriate and executable on an on-going basis.