Financial Statements
June 30, 2016

Idaho State Building Authority
As Restated

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Commissioners of the
Idaho State Building Authority
Boise, Idaho

Report on the Financial Statements
We have audited the accompanying financial statements of the Idaho State Building Authority (the Authority), a component unit of the State of Idaho, which comprise the statement of net position as of June 30, 2016, 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 State Building Authority as of June 30, 2016, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The combining statements listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Restatement and Reissuance

In our report dated September 26, 2016, we expressed an unmodified opinion on the 2016 financial statements of Idaho State Building Authority. Subsequent to that date, it was discovered that the table presenting Hedging Derivative Instrument Payments and Hedged Debt in Note 5 to the financial statements omitted fiscal year 2017 information, and all years presented were mislabeled. The Hedging Derivative Instrument Payments and Hedged Debt table in Note 5 to the financial statements has been restated to correct an error. Our opinion on the revised statements, as expressed herein, remains unmodified.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2016 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 reports is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
September 26, 2016, except as to the Hedging Derivative Instrument Payments and Hedged Debt table in Note 5 which is as of November 9, 2016.

Commission Members and Administrative Officers

The Board of Commissioners of the Idaho State Building Authority includes:

Commissioner	Term Expiration
V. L. "Bud" Tracy, Chairman	January 1, 2021
James C. Hammond, Vice Chairman	January 1, 2017
Candice Allphin, Commissioner	January 1, 2019
Tim Anderson, Commissioner	January 1, 2018
Shelly Enderud, Commissioner	January 1, 2021
John R. Ewing, Commissioner	January 1, 2019
Gregory J. Schade, DDS, MS	January 1, 2017

Commissioners are appointed by the Governor with the advice and consent of the Senate for staggered terms of five years. Commissioners hold office for their respective terms and until a successor shall have been appointed and qualified.

The law firm Meuleman Law Group, PLLC (the "Firm") of Boise, Idaho is general legal counsel to the Authority. Wayne Meuleman, a partner of the Firm, serves as Executive Director and Secretary of the Authority. The Firm provides all administrative and management services for the Authority. The Authority has no employed staff and engages outside professional services as needed in conducting the business of the Authority.

Operations and Proceedings

The Board of Commissioners held two regular meetings during the fiscal year ending June 30, 2016 to conduct the general and ordinary business of the Authority. There were no new projects authorized or financed during Fiscal Year 2016.

Authority Facilities

All facilities financed by the Authority are leased to the State of Idaho ("State") or community college districts ("Districts") under separate annually renewable leases. The State and Districts have continuously renewed each lease and continue in possession of each project. Under the leases, the State and Districts are responsible for maintenance, repair and operation of each facility and all costs related thereto. The following describes each facility financed by the Authority:

Project No. 1 - The Authority's Project No. 1 was financed in 1978 and included three office buildings and related improvements constructed by the Authority in the cities of Boise, Lewiston, and Idaho Falls, Idaho, for use as state office facilities. The office in Boise is a ten-story building located in the Capitol Mall Complex. The office building constructed in Lewiston is located in the downtown area near Lewiston City Hall and Nez Perce County government building. The office building located in downtown Idaho Falls is adjacent to the central commercial district. All bonds issued for Project No. 1 have been paid in full and all facilities have been conveyed to the State without consideration.

Project No. 2 - Project No. 2 was financed in 1985 and involved the renovation of certain buildings and construction of new facilities for the Idaho State School for the Deaf and Blind at Gooding, Idaho. All bonds issued for Project No. 2 were paid in full and the school property and facilities were conveyed to the State without consideration.

Project No. 3 - In 1987, the Authority issued bonds to finance the purchase of the Idaho Industrial Administration Building located at 317 Main Street, Boise, Idaho, from the State of Idaho. All bonds issued for Project No. 3 were paid in full and the Idaho Industrial Building was conveyed to the State without consideration.

Project No. 4 - In 1988, the Authority financed the construction of a new 248-inmate medium/maximum security prison adjacent to the Idaho State Correctional Institution south of Boise, Idaho, and a 96-inmate addition at the Idaho State Correctional Institution at Orofino, Idaho. All bonds issued for Project No. 4 were paid in full and the Authority conveyed the Idaho Maximum Security Institution in Boise and the Idaho Correctional Institution in Orofino to the State without consideration.

Project No. 5 - In 1992, the Authority financed a new men's dormitory prison facility. The facility includes a minimum-security men's housing unit to accommodate 189 inmates, counseling offices, and two multi-purpose rooms for education and other functions. All bonds issued for Project No. 5 were paid in full and the Authority conveyed the Southern Idaho Correctional Facility's Prison Dormitory to the State without consideration.

Project No. 6 - Also in 1992, the Authority financed the costs of a new psychiatric hospital constructed in Orofino, Idaho for use by the Department of Health & Welfare. The hospital consists of a new 70-bed alcohol, drug, and psychiatric treatment hospital and includes support areas for administration, training, food service, therapeutic recreation, medical services, pharmacy, lab service, housekeeping, laundry and maintenance. All bonds issued for Project No. 6 were paid in full and the Authority conveyed the State Hospital North to the State without consideration.

Project No. 7 - In 1994, the Authority financed headquarters offices and related facilities for the Department of Parks and Recreation. The facilities are located in Ada County on approximately 18 acres on Idaho State Highway 21, approximately 4 miles southeast of Boise, Idaho. All bonds issued for Project No. 7 were paid in full and the Idaho Department of Parks and Recreation Office Building has been conveyed to the State without consideration.

Project No. 8 - In 1998, the Authority financed and developed a 1,250-inmate medium/minimum security prison for the Idaho Board of Corrections and its Department of Correction. The facilities are leased to the Department of Correction. Project No. 25, IDOC Prison Industries (PI) Warehouse Building Conversion involved renovation of a warehouse building constructed as part of Project No. 8 to convert the building to a prison housing facility.

Project No. 9 - In 2000, the Lava Hot Springs Foundation (the Foundation) entered into agreements with the Authority for the purpose of acquiring and financing certain access improvements and recreational facilities (the Improvements). The Authority approved funding of the Improvements totaling approximately $400,000 from unrestricted funds of the Authority and entered into a lease agreement with the Foundation for the Improvements. All outstanding debt for Project No. 9 was paid in full. The Improvements to the Lava Hot Springs Foundation have been conveyed to the Foundation without consideration.

Project No. 10 - In 2001, the Authority issued bonds to finance an exchange of property for certain Idaho endowment lands and improvements adjoining Ponderosa State Park in McCall, Idaho. The acquired properties were leased to Idaho Department of Parks and Recreation to be used as additions to Ponderosa State Park. All bonds issued for Project No. 10 were paid in full. The acquired properties adjoining Ponderosa State Park have been conveyed to the State without consideration.

Project No. 11 - In 2001, the Authority issued bonds to finance new living and treatment facilities for 60 residents on the existing campus of the Idaho State School and Hospital in Nampa, Idaho. The project was constructed on property within the campus of Idaho State School and Hospital leased to the Authority and the project is leased back to the IDHW pursuant to an annually renewable lease. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012A, to refund the 2001B revenue bonds.

Project No. 12 - In 2001, the Authority issued bonds and entered into an agreement with the Idaho Department of Parks and Recreation (IDPR) to finance the acquisition of certain properties and improvements located along Billingsley Creek near Hagerman, Idaho, for multiple uses. The properties were purchased in September 2001 and leased to IDPR. On October 4, 2012, the 2001C Bonds were refunded by Series 2012J. A primary purpose of the refunding was to substitute the lease of the Billingsley Creek Properties with a lease of an existing office building that is utilized as the state-wide headquarters for Idaho Department of Parks and Recreation.

Project No. 13 - In March 2002, the Legislature adopted House Concurrent Resolution No. 60 authorizing the University of Idaho (UI), Idaho State University (ISU) and Idaho Department of Water Resources (IDWR) to enter into agreements with the Authority to provide for the financing and development of several new facilities in Boise, Idaho, including office, research and educational buildings and related improvements.

In December 2002, the Authority issued its State Building Revenue Bonds Series 2003A and 2003B to finance an office and education building, known as the Idaho Water Center. Construction commenced in early February 2003 was substantially complete on August 10, 2004. The State decided not to proceed with the financing and development of additional facilities authorized by House Concurrent Resolution No. 60.

On June 19, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012B, to refund the 2003A tax-exempt revenue bonds.

Projects No. 14 through 20: The Legislature adopted House Concurrent Resolution No. 30 in May 2003 authorizing Boise State University (BSU), University of Idaho (UI), Idaho State University (ISU), Lewis and Clark State College (LCSC), North Idaho College (NIC), College of Southern Idaho (CSI), and the Idaho State Police (ISP) each to enter into agreements with the Authority to finance and develop new educational facilities to be located throughout the State. NIC and CSI are community college districts. All others are state colleges, state universities or state agencies. The Authority issued bonds totaling $64,795,000 on July 17, 2003 to finance the proposed projects. The Idaho Department of Administration, through the Division of Public Works (DPW), was responsible for the construction of these projects and performed all construction administration services for each project. A summary of each project is as follows:

Project No. 14 – Idaho State University Classroom/Multi Use Complex: This project consists of a multi-use complex that includes the classroom building along with a 25,000 square foot Student Union Annex, and housing for 300 students. Of the total budget, the Authority provided financing for $12,177,000, the State of Idaho contributed $4,317,086 in non-bond proceeds, and ISU contributed the balance of $27,015,000. The Development Agreement among the Authority, the Department of Administration and ISU determined a substantial completion date of December 30, 2006. The construction was substantially complete on August 10, 2007. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012C, to refund the 2003D revenue bonds.

Project No. 15– College of Western Idaho Academic Building, [formerly part of the Boise State University West Campus]: This project is a three-story building which includes a lecture hall, classrooms of various configurations, science laboratories, computer lab, library, offices, bookstore, and multi-use dining spaces. Completed in 2005, the project was used by Boise State University. In 2008, with the consent of the Authority, Boise State University transferred its interest in the project and surrounding property to College of Western Idaho, an Idaho community college district formed in 2007. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012D, to refund the 2003E revenue bonds.

Project No. 16 – University of Idaho Teaching and Learning Center: The project is a comprehensive renovation of the University Classroom Center. The facility supports general education; tutoring and mentoring services; student life; support and other functions, services and activities. The project was completed June 2007. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012E, to refund the 2003F revenue bonds.

Project No. 17 – Lewis-Clark State College Campus Classroom and Activity Center: The facility consists of an events center-gym, multi-purpose room, classrooms, conditioning and workout rooms, and locker room/shower facilities, treatment and exam spaces, office and related support spaces, concession facilities, storage areas, public lobbies and restroom facilities, and storage areas and building mechanical spaces. Site work consists of the addition of several new parking lots, new access road and sidewalks, a new trash pickup facility, various new utility installations and site landscaping. The project was completed January 6, 2006. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012F, to refund the 2003G revenue bonds.

Project No. 18 – North Idaho College (NIC) Allied Health, Nursing and Life Science Building: The project provides a new facility for Science/Nursing/Allied Health programs on the campus of NIC. The building provides a full range of instructional spaces including classrooms, laboratories, preparation rooms, offices, computer laboratories, and distance education facilities. The project was completed August 30, 2005. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012G, to refund the 2003H revenue bonds.

Project No. 19 – College of Southern Idaho Fine Arts Addition: This project involves an addition to the existing CSI Fine Arts Building and includes a new 360-seat (+/-) Proscenium Theater with primary support spaces, general use lecture and classroom spaces, and specialized instructional spaces. The Authority provided financing totaling $5,402,000, non-bond proceeds were provided by the State of Idaho totaling $1,857,000, and CSI contributed $898,332. The project was completed December 1, 2005. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012H, to refund the 2003I revenue bonds.

Project No. 20 – Idaho State Police POST Academy: This project houses ISP/POST basic and in-service training program for the Department of Correction and the Department of Juvenile Corrections. The project has two large theater-style classrooms, two additional standard classrooms, computer lab, cellblock and living unit simulation areas, as well as an administrative area. The project was completed January 14, 2005. On April 10, 2012, to achieve a debt service savings, the Authority issued refunding bonds, Series 2012I, to refund the 2003J revenue bonds.

Project No. 21 – Eastern Idaho Technical College (EITC) Health Education Building: The project consists of approx. 40,000 gross square feet and provides a new facility for the Nursing/Health Education programs on the Campus of EITC. The building provides a full range of instruction spaces including classrooms, laboratories, preparation rooms, offices, computer laboratories, and distance education facilities. The project was completed December 31, 2007. On March 14, 2013, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2013B, to refund the callable portion of the 2005A revenue bonds.

Project No. 22 – Idaho State Capitol Restoration and Expansion: House Concurrent Resolution No. 47 adopted in 2006 by the Second Regular Session of the Fifty-eighth Idaho Legislature authorized the Idaho Capitol Commission to enter into agreements with the Authority to provide financing for the restoration and expansion of the Idaho Capitol Building. The project includes restoration of the existing structure and addition of underground wings to the east and west ends of the Capitol Building. On September 27, 2006, the Authority authorized the issuance of bonds in the amount of $127,090,000 to fund the estimated costs of the project. Substantial completion was achieved on November 12, 2009. When the project reached final completion in June 2011, all unexpended construction funds and related funds totaling $16,819,593 were transferred to the Debt Service Account. As of September 1, 2014, all outstanding State Building Revenue Bonds, Series 2006 were paid in full. In November 2014, the Facilities Lease and Premises Lease were terminated and all of the Authority's interest in the project transferred to the State without consideration.

Project No. 23 – Lava Hot Springs Foundation, 2008 Recreational Improvements: Senate Concurrent Resolution No. 133, of the Fifty-ninth legislature, Second Regular Session, authorized the Lava Hot Springs Foundation of the State of Idaho to enter into an agreement or agreements with the Authority to finance certain improvements and recreational equipment for the Foundation. The Authority issued its Revenue Note, Series 2008 in the sum of $1,650,000 to U.S. Bank, NA. to finance the costs of acquiring and constructing the Improvements and to pay the related costs. The project was completed and was opened to the public on May 15, 2009.

Project No. 24 – Idaho Department of Correction (IDOC) Secure Mental Health Treatment Facility: House Concurrent Resolution No. 58, of the Fifty-ninth legislature, Second Regular Session, authorized the Board of Correction to enter into agreements with the Authority to finance and build a 300-bed secure mental health treatment facility on state-owned land. IDOC transferred $2.9 million to the Authority to pay for initial project development costs, including the administration, coordination and technical support to establish planning, site analysis and selection, preliminary plans, and the project development budget. A site was selected and design development drawings were completed. At the direction of the Board of Correction, IDOC instructed the Authority to return unexpended project funds to the State and financing and development of the project has been terminated.

Project No. 25 – Idaho Department of Correction Prison Industries (PI) Warehouse Building Conversion: In August 2008, the Idaho Department of Correction transferred $5,265,000 to the Authority to pay costs incurred to convert the Prison Industry Enterprise building to additional housing units at the Idaho Correctional Center. Construction of the renovation was completed in August 2009 and is occupied. The additional work required to increase the capacity of the facility's wastewater treatment operations to accommodate increases to the facility's inmate population was completed and unused construction funds returned to the Idaho Department of Correction in December 2011. In fiscal year 2013, accounting for this project was merged with Project No.8, State Prison Facility.

Project No. 26 – University of Idaho Livestock and Environmental Research: In November 2008, the University of Idaho transferred $90,000 to the Authority for costs for preliminary design services which were completed in April, 2009. Further work on the project has been suspended indefinitely pending further evaluation by the University of Idaho.

Project No. 27 – Office Building, Idaho Department of Parks and Recreation (IDPR): State Concurrent Resolution No. 123 adopted in 2012, authorized IDPR to enter into agreements with the Authority to pay all Series 2001C bonds issued for Project No.12, the Vardis Fisher and Billingsley Creek properties in the Hagerman Valley, by substituting existing property or facilities held by IDPR to support a new bond issue. On October 24, 2012, the Authority issued Refunding Revenue Bonds, Series 2012J to refund the 2001C revenue bonds.

Project No. 28 – Capitol Mall Parking Facility: House Concurrent Resolution No. 47, adopted by the State Legislature during the Second Regular Session of the Sixty-First Legislature and Resolution No. 2013-1of the Authority adopted on February12, 2013, authorized the State, acting through the Idaho Department of Administration, to enter into agreements with the Authority to provide financing for the construction of a parking garage, surface parking and related improvements in the Capitol Mall area of Boise, Idaho. On March 14, 2013, the Authority authorized the issuance of bonds in the amount of $9,045,000 to fund the estimated costs of the project. Project construction began in July 2013, and the primary parking garage was sufficiently completed to allow the State to commence use in August 2014. Construction of the remaining improvements was completed in February 2015.

FINANCIAL CONDITION

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

Using the Financial 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 deferred outflows) and obligations (liabilities and deferred inflows) at the close of fiscal year 2016. The Statement of Revenues, Expenses, and Changes in Net Position reports the Authority's operations for fiscal year 2016 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 State Building Authority is a single-purpose governmental entity and is an enterprise fund for financial reporting with revenues and expenses recognized on the accrual basis. Capital assets are capitalized and depreciated over their useful lives. 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.

The combining statements, as shown on the table of contents, provide a detailed view of the Authority's activities by presenting the financial information of the individual bond issues.

Financial Highlights

The regular financial activity for the year involved receipt of annual rentals for the lease of the various projects. Rental receipts are deposited into the respective Revenue Funds of the bonds issued to finance each project and are then transferred to the respective Debt Service Accounts to be applied to principal and interest on the bonds due within the applicable fiscal year and to the Administrative Fund as Additional Rent to pay administrative fees for the fiscal year. During fiscal years 2016 and 2015, there were no unusual or excessive administrative expenses.

The following table summarizes the Authority's assets, deferred outflows, liabilities and net position as of June 30, 2016 and 2015.

	2016	2015
Other Assets	$ 8,128,292	$ 8,217,865
Net Capital Assets	153,602,014	158,959,192
Total Assets	161,730,306	167,177,057
Deferred Outflows	9,495,469	9,654,624
Current Liabilities	19,162,191	11,015,719
Long-Term Liabilities	133,371,726	150,985,025
Total Liabilities	152,533,917	162,000,744
Net Investment in Capital Assets	18,064,023	15,218,772
Amounts Restricted for		
Debt Service	4,656,595	4,644,433
Project Construction	4,203	4,158
Unrestricted	(4,032,963)	(5,036,426)
Total Net Position	$ 18,691,858	$ 14,830,937

Total Assets of the Authority as of June 30, 2016 were $161,730,306 compared to $167,177,057, as of June 30, 2015. The decrease in total assets is comprised mostly of $5,357,178 in depreciation.

Total Deferred Outflows decreased by $159,155 due to the increase in fair value of the interest rate contract of $165,003 and amortization of the deferred loss on bond refunding's of $324,158.

Total Liabilities decreased by $9,466,827. This was mostly due to principal payments of $8,259,552 and amortization of advanced rent of $423,868 during FY 2016. Total liabilities at June 30, 2016 were $152,533,917 compared to $162,000,744 as of June 30, 2015. Total bonds/notes payable as of June 30, 2016 was $141,986,100 as compared to $150,976,847 as of June 30, 2015.

Total Net Position as of June 30, 2016 is $18,691,858 is comprised of $18,064,023 net investment in capital assets, $4,656,595 restricted for payment of debt service, and ($4,032,963) unrestricted. This compares to a balance as of June 30, 2015 of $14,830,937. Total Net Position increased by $3,860,921.

The following table summarizes the Authority's revenues and expenses and changes in net position for the years ended June 30, 2016 and 2015:

	2016	2015
Rent for Revenue Bonds	$ 15,347,570	$ 32,621,449
Investment Income	82,259	78,880
Net (Decrease) Increase in Fair Value of Investments	(159,322)	39,644
Other Income	-	32,500
Total Revenue	15,270,507	32,772,473
Operating and Administrative	321,686	363,888
Depreciation Expense	5,357,178	7,067,401
Interest Expense	5,565,821	5,849,457
Other Financing Expenses	164,901	230,093
Total Operating Expenses	11,409,586	13,510,839
Loss on Reversion of Assets	-	110,582,644
Total Expenses	11,409,586	124,093,483
Change in Net Position	3,860,921	(91,321,010)
Net Position, Beginning of Year	14,830,937	106,151,947
Net Position, End of Year	$ 18,691,858	$ 14,830,937

Total Revenues of the Authority for fiscal year 2016 were $15,270,507 consisting of $15,347,570 of rental payments from the State, $82,259 of investment income, and ($159,322) in net realized and unrealized gains and losses on investments. This compares to total revenues for fiscal year 2015 of $32,772,473 consisting of $32,621,449 of rental payments, $78,880 of investment income, $39,644 in net realized and unrealized gains and losses on investments and $32,500 in other income. Rent revenues decreased during fiscal year 2016 due to Project 22 being transferred to the State in fiscal year 2015.

Total Expenses decreased primarily due a decrease in interest expense and a decrease in depreciation expense. Total expenses for fiscal year 2016 of $11,409,586 consisted of $321,686 of administrative expense, $5,357,178 of depreciation, $5,565,821 of interest expense, and $164,901 of other financing expenses.

Loss on Reversion of Assets totaled $110,582,644 in fiscal year 2015 from Project 22 (Idaho State Capitol Building renovation) being conveyed to the State without consideration.

The total **Change in Net Position** for fiscal year 2016 was an increase of $3,860,921.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2016, the Authority had $153,602,014 invested in capital assets that are leased to the State. This represents a net decrease (including additions and deletions) of $5,357,178 from June 30, 2015. The decrease is mostly a result of depreciation expense. Additional information regarding capital assets is presented in Notes 2 and 4 to the financial statements.

Long-Term Debt

At June 30, 2016, the Authority had $141,986,100 in bonds and notes outstanding compared to $150,976,847 as of June 30, 2015. This was a decrease of $8,990,747 which consists of $8,259,552 in principal payments and $731,195 in amortization of bond premiums. No new debt was issued in fiscal year 2016. Additional information regarding long-term debt is presented in Notes 2 and 5 to the financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the Executive Director at: 950 W. Bannock Street, Suite 490, Boise, ID 83702.

Assets	
Cash and cash equivalents	
Money market funds	$ 2,544,684
Money market funds, restricted for capital outlay and debt service	3,136,383
Interest receivable	17,313
Investments	307,641
Investments, restricted for capital outlay and debt service	1,524,415
Prepaid interest	597,856
Depreciable capital assets, net of accumulated depreciation	151,414,405
Non-depreciable capital assets	2,187,609
Total assets	161,730,306
Deferred Outflows	
Accumulated decrease in fair value of hedging activities	5,633,365
Deferred amount on refundings	3,862,104
Total deferred outflows	9,495,469
Liabilities	
Accounts payable	15,386
Accrued interest payable	1,496,837
Advanced rent	3,402,229
Interest rate contract	5,633,365
Long-term liabilities	
Bonds/notes payable - due within one year	8,614,374
Bonds/notes payable - due after one year	133,371,726
Total liabilities	152,533,917
Net Position	
Net investment in capital assets	18,064,023
Amounts restricted for	
Debt service	4,656,595
Project construction	4,203
Unrestricted	(4,032,963)
Total net position	$ 18,691,858

Revenues	
Rent for revenue bonds	$ 15,347,570
Investment income	82,259
Net decrease in fair value of investments	(159,322)
Total revenues	15,270,507
Expenditures	
Operating and administrative	321,686
Depreciation expense	5,357,178
Interest expense	5,565,821
Other financing expenses	164,901
Total expenses	11,409,586
Change in Net Position	3,860,921
Net Position, Beginning of Year	14,830,937
Net Position, End of Year	$ 18,691,858

Operating Activities	
Rent receipts	$ 14,923,701
Interest received	(33,605)
Bond/note interest payments	(6,065,626)
Payments to vendors	(491,990)
Net Cash from Operating Activities	8,332,480
Investing Activities	
Proceeds from the sale of investments	185,000
Net Cash from Investing Activities	185,000
Capital and Related Financing Activities	
Bond/note principal payments	(8,259,552)
Net Cash used for Capital and Related Financing Activities	(8,259,552)
Net Change in Cash and Cash Equivalents	257,928
Cash and Cash Equivalents, Beginning of Year	5,423,139
Cash and Cash Equivalents, End of Year	$ 5,681,067
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 3,860,921
Adjustments to reconcile total operating income to net cash from operating activities	
Depreciation	5,357,178
Accretion of deferred interest, bond discounts, gain on refunding	(304,350)
Loss on sale of investments	59,256
Change in assets and liabilities	
Interest receivable	558
Accounts payable	(13,581)
Accrued interest payable	(195,455)
Unavailable rent	(423,869)
Arbitrage payable	(8,178)
Net Cash from Operating Activities	$ 8,332,480

Note 1 - Summary of Significant Accounting Policies

Authorizing Legislation

The Idaho State Building Authority (the Authority) was created in 1974 by the Idaho State Legislature under provisions of the Idaho State Building Authority Act of 1974 (the Act). The Act empowers the Authority, among other things, to issue notes and bonds to finance the construction or acquisition of facilities for lease to the State of Idaho (the State) and community college districts (Districts), subject to prior legislative approval. Under the Act, the Governor, with advice and consent of the State Senate, appoints the seven commissioners of the Authority for five-year terms. The Act also provides that (a) the property of the Authority and its income are exempt from taxation and (b) the obligations of the Authority shall not become an indebtedness or obligation of the State or any of its entities.

The Act, along with the bond resolutions adopted by the Authority, contains specific provisions pertaining to (a) the use of the proceeds from the sale of notes and bonds, (b) the application of rent and other revenues, (c) the creation and maintenance of certain funds and (d) the accounting policies for such funds.

The viability of the Authority is dependent upon the continued leasing of its properties by the State and Districts or disposition of such properties in amounts sufficient to repay any remaining debt related to the properties. As of June 30, 2016, all rent is paid to the Authority by the State or Districts of the State. The State or agencies of the State sublets portions of certain facilities.

Financial Reporting Entity

The Authority follows Governmental Accounting Standards Board (GASB) in determining the reporting entity. Accordingly, the financial statements include all funds for which the Authority is financially accountable.

The Authority is included as a component unit in the State of Idaho financial statements based on certain criteria in GASB. These statements present only the funds of the Authority and are not intended to present the financial position and results of operations of State of Idaho in conformity with generally accepted accounting principles of the United States of America.

Basis of Presentation

The Authority applies the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as non-operating expenses.

Budget

Pursuant to lease agreements and bond resolutions, the Authority annually adopts a budget of administrative expenses and prepares a budget of general revenue and expenses. The Authority is not required by law to adopt or publish an overall budget for operations.

Cash and Cash Equivalents

Cash and cash equivalents for the Statement of Cash Flows includes all cash and money market funds with a maturity of three months or less.

Investments

The Authority's investments are U.S. government obligations, i.e., Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bureau, and Federal Agriculture Mortgage Corporation (Farmer Mac Guaranteed).

Bond resolutions and Idaho law limit investments to certain types of securities which meet defined standards.

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Leased Facilities

In the Statement of Net Position, capital assets, which include property, plant, equipment, and infrastructure assets, are reported as assets. All direct costs of acquisition or construction of the facilities are capitalized. All depreciable facilities leased to the State and Districts are depreciated on the straight-line method over 40 years.

Upon full repayment of bonds related to leased facilities, the Authority is not required to, but may, transfer ownership of the facilities to the State, agencies of the State or Districts at the end of the lease period. The Authority has previously conveyed leased assets to the State at the expiration of the lease period. Currently, all assets of the Authority are leased to the State, agencies of the State or Districts. The leases are established in a manner that results in the lease life being less than the asset life. Based on the 40-year depreciable life, it is likely there will be remaining asset cost at the end of the lease period. Given this situation, it is possible that the Authority will incur a loss on disposition of assets if the Authority chooses to convey the assets to the State or Districts at less than the remaining asset value.

Capitalized Interest

The Authority follows the policy of capitalizing interest as a component of the cost of facilities constructed for lease. The capitalized interest costs are amortized over the life of the related assets using the straight-line method. Amortization relating to the capitalized interest for fiscal year 2016 was $302,653.

Prepaid Interest

Prepaid interest paid on certain bond refundings is capitalized and amortized over the life of the bond. The Authority has incurred $1,616,742 in prepaid interest. Accumulated amortization as of June 30, 2016 was $1,018,887. Amortization of prepaid interest of $102,687 is included in the caption "Interest expense" on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2016.

Deferred Outflows

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Authority has determined that the interest rate contract has effectively hedged against changes in the variable interest rate. As such, changes in fair value of the interest rate swap is reported a deferred outflow of resources in the Statement of Net Position. Accumulated increase in fair value of hedging activities increased $165,003 in fiscal year 2016.

Deferred losses on bond refundings are deferred and amortized over the life of the bonds using the straight-line method. The net deferred loss on bond refundings totaled $3,862,104 at June 30, 2016. Amortization of the deferred loss on bond refundings was $324,158 for the year ended June 30, 2016, and is included in the caption "Interest expense" on the Statement of Revenues, Expenses, and Changes in Net Position. As a result of these bond refundings, the Authority has reduced future debt payments associated with those bonds.

Advanced Rent

Advanced rent represents lease payments made for facilities prior to occupancy. Advanced rent is amortized over the life of the lease as rental revenue. Construction funds remaining after project completion are applied to rent revenue and reduce advanced rent.

Long-term Obligations

In the Statement of Net Position, long-term debt is reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The net premiums and discounts on the bonds totaled $4,723,810 at June 30, 2016. Amortization of the bond premiums and discounts was a net of $731,195 for the year ended June 30, 2016, and is included in the caption "Interest expense" on the Statement of Revenues, Expenses, and Changes in Net Position.

Significant 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. Significant estimates used in preparing these financial statements include those assumed in determining the useful lives on capital assets and the fair value of the interest rate contract. It is at least reasonably possible that the significant estimates used will change within the next year.

Note 2 - Projects

The lease agreements for each project provide that the State or Districts have the option to renew the lease for successive fiscal years, subject to annual appropriation by the State Legislature. Annual rent typically is equal to (1) the annual debt service requirement, net of any monies available to the Authority for payment of such debt service, and (2) the portion of the Authority's budget for operating and administrative expenses related to each project.

A. Expected Future Rent:

The expected future lease receipts to be used for debt service are as follows:

Project 8	State Prison Facility Project	$ 36,990,000
Project 11	State School and Hospital Project	5,677,000
Project 13	Idaho Water Center Project	81,520,000
Project 14	Idaho State University Classroom and Portion of Residence Building Project	7,314,000
Project 15	College of Western Idaho Academic Building *[formerly part of the Boise State University West Campus]*	5,197,000
Project 16	University of Idaho Teaching and Learning Center Project	7,011,000
Project 17	Lewis-Clark State College Campus Classroom and Activity Center Project	6,001,000
Project 18	North Idaho College Allied Health, Nursing & Life Sciences Building Project	6,613,000
Project 19	College of Southern Idaho Fine Arts Addition Project	3,227,000
Project 20	Idaho State Police POST Training Facility Project	1,376,000
Project 21	Eastern Idaho Technical College, Health Education Building Project	8,409,000
Project 23	Lava Hot Springs Project	483,400
Project 27	Idaho Parks and Recreation Office Building Project	2,800,000
Project 28	Capitol Mall Parking Project	11,290,000
		$ 183,908,400

B. Description of the Facilities Leased:

Project No. 8 - 1998 State Prison Facility Project (2008 Series A Bonds)

Under a "Ground Lease", the Authority leased land from the State. Under an annually renewable "Agreement of Lease" with the State, the Authority constructed a new prison facility in Boise and the facilities are leased to the State. The 1998 Series A State Building Revenue Bonds were issued for the purpose of financing the acquisition, construction, improvement, and equipping of new facilities. The State has the option to purchase the facilities from the Authority at any time for the greater of the fair market value of the facilities or the amount required to satisfy all outstanding indebtedness related to the facilities. On June 26, 2008, the 2008 Series A State Building Refunding Variable Rate Revenue Bonds were issued to retire $47,705,000 of the 1998 Series A State Building Revenue Bonds.

Project No. 11 - State School and Hospital Project (2012 Series A Revenue Bonds)

Under a "Ground Lease", the Authority leased land from the State. Under an annually renewable "Facilities Lease" with the State, the Authority began construction of a new State School and Hospital in Nampa and the facilities are leased to the State. The State transferred $399,840 to the Authority for the commencement of this project. The balance of the costs of the facilities was financed through the proceeds of the sale of the 2001 Series B Revenue Bonds. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012A, to refund the 2001B revenue bonds.

Project No. 13 - Idaho Water Center Project (2003 B Revenue Bonds and 2012 Series B Revenue Bonds)

Pursuant to an Agreement for Financing and Development of the Idaho Water Center entered into as of December 17, 2002, between the Authority and Idaho Department of Water Resources (IDWR), the Regents of the University of Idaho (University), the University of Idaho Foundation, Inc. (UIF), and the Authority agreed to provide for the financing and development of new office, education and research facilities to be known as the Idaho Water Center in Boise, Idaho. Simultaneously, the Authority entered into a Facilities Lease whereby IDWR and the University have leased the new facilities on an annually renewable basis and have agreed to assume all costs and responsibilities for the operation and maintenance of the facilities during the lease term and each renewal term. The Facilities Lease contemplates that certain office and research space within the facilities will be made available to the United States Forest Service for its use related to water resource management and research and potentially to other private or public uses. An Operating Agreement entered into between IDWR and the University sets forth the manner in which IDWR and the University will share responsibilities and costs under the Facilities Lease. Also on December 17, 2002, the Authority issued its State Building Revenue Bonds, Series 2003A and 2003B, to finance the costs of the Idaho Water Center project, including site purchase, facility design, and construction. On June 19, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012B, to refund the 2003A tax-exempt revenue bonds.

Project No. 14 - Idaho State University Project (2003 D Revenue Bonds and 2012 Series C Revenue Bonds)

Under a "Development Agreement" and an annually renewable "Site and Facilities Lease" with the State, the Authority will use the proceeds of the 2003 Series D bonds to pay for the design, construction and development of a central classroom building on the Idaho State University campus in Pocatello, Idaho on a site leased by the Authority from the Idaho State University pursuant to a "Site Lease". The building is being leased to the State acting through the Idaho Department of Administration (IDOA) and Idaho State University pursuant to a "Facilities Lease", with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012C, to refund the 2003D revenue bonds.

Project No. 15 - College of Western Idaho Academic Building, *[formerly part of the Boise State University West Campus]*: (2003 E Revenue Bonds and 2012 Series D Revenue Bonds)

Under a "Development Agreement" and an annually renewable "Site and Facilities Lease" with the State, the Authority used the proceeds of the 2003 Series E bonds to pay for the design, construction and development of a classroom building known as the West Campus Academic Building for Boise State University's West Campus in Nampa, Idaho on a site leased by the Authority from Boise State University pursuant to a "Site Lease". The facility was leased to the State acting through the IDOA and Boise State University pursuant to a "Facilities Lease", with annual rent payable from the funds appropriated annually by the Idaho State Legislature. With consent of the Authority, in 2008 Boise State University transferred its interest in the project and surrounding property to College of Western Idaho, an Idaho community college district formed in 2007. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012D, to refund the 2003E revenue bonds.

Project No. 16 - University of Idaho Project (2003 F Revenue Bonds and 2012 Series E Revenue Bonds)

Under a "Development Agreement" and an annually renewable "Site and Facilities Lease" with the State, the Authority used the proceeds of the 2003 Series F bonds to pay for the design, construction and development of a renovation of the University Classroom Center as the Teaching and Learning Center at the University of Idaho in Moscow, Idaho which includes reconfiguration of current classroom spaces to enhance teaching and learning on a site leased by the Authority from University of Idaho pursuant to a "Site Lease". The facility is being leased to the State acting through the IDOA and University of Idaho pursuant to a "Facilities Lease", with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012E, to refund the 2003F revenue bonds.

Project No. 17 - Lewis-Clark State College Project (2003 G Revenue Bonds and 2012 Series F Revenue Bonds)

Under a "Development Agreement" and an annually renewable "Site and Facilities Lease" with the State, the Authority used the proceeds of the 2003 Series G bonds to pay for the design, construction and development of a multi-purpose educational facility for Lewis-Clark State College in Lewiston, Idaho on a site leased by the Authority from Lewis-Clark State College pursuant to a "Site Lease". The facility is being leased to the State acting through the IDOA and Lewis-Clark State College pursuant to a "Facilities Lease", with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012F, to refund the 2003G revenue bonds.

Project No. 18 - North Idaho College Project (2003 H Revenue Bonds and 2012 Series G Revenue Bonds)

Under a “Development Agreement” and an annually renewable “Site and Facilities Lease” with the State and the District, the Authority used the proceeds of the 2003 Series H bonds to pay for the design, construction and development of a Health Sciences Building at North Idaho College in Coeur d’Alene, Idaho on a site leased by the Authority from North Idaho College pursuant to a “Site Lease”. The facility is being leased to the State, acting through the IDOA, and North Idaho College pursuant to a “Facilities Lease”, with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012G, to refund the 2003H revenue bonds.

Project No. 19 - College of Southern Idaho Project (2003 I Revenue Bonds and 2012 Series H Revenue Bonds)

Under a “Development Agreement” and an annually renewable “Site and Facilities Lease” with the State and the District, the Authority used the proceeds of the 2003 Series I bonds to pay the costs of renovating an existing Fine Arts building and to pay for the design, construction and development of an enclosure and an addition to such building, all for the College of Southern Idaho in Twin Falls, Idaho on a site leased by the Authority from College of Southern Idaho pursuant to a “Site Lease”. The facility is being leased to the State, acting through the IDOA, and College of Southern Idaho pursuant to a “Facilities Lease”, with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012H, to refund the 2003I revenue bonds.

Project No. 20 - Idaho State Police / POST Academy Project (2003 J Revenue Bonds and 2012 Series I Revenue Bonds)

Under a “Development Agreement” and an annually renewable “Site and Facilities Lease” with the State, the Authority used the proceeds of the 2003 Series J bonds to pay for the design, construction and development of a training facility to be used by the Idaho State Police / POST Academy for basic training for new police recruits and in-service training for police officers on a site leased by the Authority from the Idaho State Board of Commissioners pursuant to a “Site Lease”. The facility is being leased to the State acting through the IDOA and Idaho State Police pursuant to a “Facilities Lease”, with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On April 10, 2012, to achieve a debt service savings, the Authority issued Refunding Revenue Bonds, Series 2012I, to refund the 2003J revenue bonds.

Project No. 21 - Eastern Idaho Technical College Project (2005 A Revenue Bonds and 2013 Series B Revenue Bonds)

Under a “Development Agreement” and an annually renewable “Site and Facilities Lease” with the State, the Authority used the proceeds of the 2005 Series A bonds to pay for the design, construction and development of an educational facility to be used by the Eastern Idaho Technical College for the Nursing/Health Education programs on the Campus on a site leased by the Authority from the Idaho State Board of Commissioners pursuant to a “Site Lease”. The facility is being leased to the State acting through the IDOA and Eastern Idaho Technical College pursuant to a “Facilities Lease”, with annual rent payable from the funds appropriated annually by the Idaho State Legislature. On March 14, 2013, to achieve a debt service savings, The Authority issued Refunding Revenue Bonds, Series 2013B, to refund the callable portion of the 2005A revenue bonds. In September 2015, the 2005A Revenue bonds were paid in full.

Project No. 23 - Lava Hot Springs Foundation, 2008 Recreational Improvements (Revenue Note, Series 2008)

Under a "Development Agreement" and an annually renewable "Recreational Improvements Lease" with the State, the Authority used the proceeds of its "Revenue Note, Series 2008" to pay for the design, construction and development of two new speed slides and stair tower to access the slides to be used by the Lava Hot Springs Foundation. The improvements are being leased to the State acting through the Lava Hot Springs Foundation pursuant to the "Recreational Improvements Lease," with annual rent payable from the funds appropriated annually by the Idaho Legislature.

Project No. 25 - Idaho Department of Correction Prison Industries (PI) Warehouse Building Conversion

Under a "Prison Expansion Agreement" and an annually renewable "Prison Facilities Lease", the Authority used funds transferred to it by the Idaho Department of Correction to pay for the design and construction of the conversion of a warehouse building to additional inmate housing and related uses. The improvements are part of the Prison Facilities leased by the Department of Correction in accordance with the "Prison Facilities Lease", with annual rent payable from the funds appropriated annually by the Idaho Legislature. Upon completion of this project, it was combined with Project No. 8 in fiscal year 2013.

Project No. 26 - University of Idaho Livestock and Environmental Research

Under a "Project Planning Agreement" with the University of Idaho, the Authority used funds transferred from the University of Idaho to pay for the initial costs of planning and design of a dairy and beef science and environmental research and education facility to be used by the University of Idaho and College of Southern Idaho. An architectural firm was contracted to provide pre-design services and that work has been completed. Further work on the project has been suspended pending further evaluation by the University of Idaho.

Project No. 27 – Office Building, Idaho Department of Parks and Recreation

Senate Concurrent Resolution No. 123 authorized the Department of Parks and Recreation to enter into agreements with the Authority to restructure financing of the Series 2001C bonds issued to acquire properties along Billingsley Creek in Hagerman Valley and to facilitate the exchange of property. In conjunction with the issuance of the Series 2012J Bonds, the Authority executed a new lease with the State acting by and through its Department of Administration (IDOA) and the Idaho Parks and Recreation Board through IDPR replacing the lease of the Billingsley Creek properties with a lease of an existing office building and related improvements of the IDPR statewide headquarter building. The site is leased by the Authority from the State acting by and through IDPR pursuant to a "Premises Lease". The facility is leased to the State, acting through IDOA, pursuant to a "Facilities Lease," with annual rent payable from the funds appropriated annually by the Idaho State Legislature.

Project No. 28 – Capitol Mall Parking Garage

Under a "Development Agreement" and an annually renewable "Site and Facilities Lease" with the State, the Authority is using the proceeds of the Series 2013A Bonds to pay for the design, construction and development of the Capitol Mall Parking Garage on a site leased by the Authority from the State acting by and through its IDOA pursuant to a "Site Lease." The facility is being leased to the State acting through the IDOA pursuant to a "Facilities Lease" with annual rent payable from funds appropriated annually by the State Legislature.

Note 3 - Money Market Funds and Investments

Idaho Code, Section 67-6409(m), stipulates the standard to be followed by the Authority in investing funds. The Code provides for investing any funds not needed for immediate use or disbursement, including any funds held in reserve, in:

1. bonds, notes and other obligations of the United States or any agency or instrumentality thereof and other securities secured by such bonds, notes or other obligation;
2. money market funds which are insured or the assets of which are limited to obligations of the United States or any agency or instrumentality thereof;
3. time certificates of deposit and savings accounts;
4. commercial paper which, at the time of its purchase, is rated in the highest category by a nationally recognized rating service; and
5. property or securities in which the state treasurer may invest funds in the state treasury pursuant to section 67-1210, Idaho Code.

The Authority is further restricted in its investments by the individual bond documents and all holdings are in accordance with those restrictions.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All money market funds and other investments are uninsured and uncollateralized and are held in the Authority's name in custody of Zions National Bank and Wells Fargo National Bank. As of June 30, 2016, the carrying amount and bank balances of money market funds were $5,681,067. The carrying amount and market value of investments was $1,832,056, as of June 30, 2016.

Credit Risk

The risk that an issuer of securities or a counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The ratings presented below use the Moody's scale.

Interest Rate Risk

Investments in securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The table below depicts the maturities of investments.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. GASB has adopted a principle that governments should provide note disclosures when 5% of the total entities' investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Authority places no limit on the amount it may invest in any one issuer. See information regarding the portfolio percentage of current investment holdings in the table below.

Authority Policy

Except as expressly provided by the above referenced statutory standards or the individual bond documents, the Authority does not have formal policies relating to custodial credit risk, credit risk, interest rate risk and concentration of credit risk.

Current Investments

As of June 30, 2016, the cost and fair market values of the Authority's money market funds and other investments were as follows:

	Cost	Market	Portfolio %	Maturity	Rating
FHLB Securities	$ 1,099,000	$ 1,006,380	13%	Sept. 2016	Aaa
Farm Credit Securities	315,078	307,926	4%	Dec. 2017	Aaa
Farmer Mac Guaranteed Securities	577,300	517,750	7%	Apr. 2017	Aaa
Wells Fargo Advantage Government Money Market Fund	5,675,650	5,675,650	76%	N/A	Aaa
Invesco Stit - Treasury PTF-PRV (TPFXX)	5,417	5,417	0%		
	$ 7,672,445	$ 7,513,123	100%		

Fair Value Measurements

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments' fair value measurements are as follows at June 30, 2016:

		Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments				
Mortgage-backed securities:				
Commercial	$ 825,676	$ -	$ 825,676	$ -
Residential	1,006,380	-	1,006,380	-
Total investments	$ 1,832,056	$ -	$ 1,832,056	$ -
Interest rate swap liability	$ (5,633,365)	$ -	$ (5,633,365)	$ -

Mortgage-backed securities are comprised of publicly traded debt securities traded in inactive markets. These investments are categorized as Level 2 and are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Investment derivative instruments categorized as Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates.

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets, not depreciated					
Land	$ 2,109,391	$ -	$ -	$ -	$ 2,109,391
Construction in progress	78,218	-	-	-	78,218
Total capital assets, not depreciated	2,187,609	-	-	-	2,187,609
Capital assets, depreciated					
Facilities	214,287,210	-	-	-	214,287,210
Total capital assets	216,474,819	-	-	-	216,474,819
Accumulated depreciation					
Facilities	(57,515,627)	(5,357,178)	-	-	(62,872,805)
Capital assets, net	$ 158,959,192	$ (5,357,178)	$ -	$ -	$ 153,602,014

Note 5 - Bonds Payable and Other Long-Term Debt

Bonds payable as of June 30, 2016:

Project 8 - State Building Refunding Variable Rate Revenue Bonds, 2008 Series A, initially bear interest at a weekly rate and the first interest payment date is August 1, 2008. The initial weekly interest rate was 1.55%. The method of determining the interest rate may be changed from time to time to a daily, weekly, term or fixed rate. The Authority has the option to redeem the bonds when the interest rate is payable at a daily or weekly rate at a price of the principal amount, plus any accrued interest. Average interest rate for fiscal year 2015 was 0.16%. The bonds mature on September 1, 2025.	$ 36,120,000
Project 11 - State Building Refunding Revenue Bonds, 2012 Series A, interest from 2% to 5% maturing annually on September 1 through 2026. The Series 2012 A Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2024, at 100% of the principal amount, plus any accrued interest.	4,590,000
Project 13 - State Building Revenue Bonds, 2003 Series B, interest from 4.93% to 5.98%, interest only through 2010, maturing annually on September 1, 2010 through 2029.	10,585,000
Project 13 - State Building Refunding Revenue Bonds, 2012 Series B, interest from 2% to 5% maturing annually on September 1, 2023 through 2032. The Series 2012 B Bonds maturing on September 1, 2023 are subject to optional redemption on September 1, 2022 and on any date thereafter in whole or part at the principal amount, plus any accrued interest. The Series 2012 B Bonds maturing on September 1, 2026, 2037, and 2040 are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2023 to 2040, at 100% of the principal amount, plus any accrued interest.	37,140,000
Project 14 - State Building Refunding Revenue Bonds, 2012 Series C, interest from 3% to 5% maturing annually on September 1 through 2023. The Series 2012 C Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	6,055,000
Project 15 - State Building Refunding Revenue Bonds, 2012 Series D, interest from 3% to 5% maturing annually on September 1 through 2023. the Series 2012D Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	4,310,000
Project 16 - State Building Refunding Revenue Bonds, 2012 Series E, interest from 3% to 5% maturing annually on September 1 through 2023. The Series 2012 E Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	5,795,000

Project 17 - State Building Refunding Revenue Bonds, 2012 Series F, interest from 3% to 5% maturing annually on September 1 through 2023. The Series 2012 F Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	4,970,000
Project 18 - State Building Refunding Revenue Bonds, 2012 Series G, interest from 3% to 5% maturing annually on September 1 through 2023. The Series 2012 G Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	5,495,000
Project 19 - State Building Refunding Revenue Bonds, 2012 Series H, interest from 3% to 5% maturing annually on September 1 through 2023. The Series 2012 H Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	2,680,000
Project 20 - State Building Refunding Revenue Bonds, 2012 Series I, interest from 3% to 5% maturing annually on September 1 through 2023. The Series 2012 I Bonds are subject to mandatory redemption and retirement prior to maturity on or after September 1, 2019 to 2023, at 100% of the principal amount, plus any accrued interest.	1,140,000
Project 21 - State Building Refunding Revenue Bonds, 2013 Series B, interest from 2.4% to 4%, maturing annually on September 1, 2016 through 2026. The Authority has the option to redeem the bonds on September 1, 2024 or September 1, 2026 at par value.	6,905,000
Project 23 - State Building Revenue Note, Series 2008 bears interest of 5.52% for the first five years, to be reset every five years, maturing in 15 years. The rate was reset to 3.45% on October 1, 2013.	457,290
Project 27 - State Building Refunding Revenue Bonds, 2012 Series J, interest from .50% to 2.70% maturing annually on September 1, 2013 to September 1, 2021.	2,640,000
Project 28 - State Building refunding Revenue Bonds, 2013 Series A, interest from 2% to 4.5%. Principal payments due September 1, 2014 through September 1, 2033. The Authority has the option to call the bonds on September 1, 2023.	8,380,000
	137,262,290
Net unamortized premium and discount on bonds payable	4,723,810
Total bonds/notes payable	$ 141,986,100

Maturities of bonds/notes payable is as follows for the years ended June 30:

	Principal	Interest
2017	$ 8,614,374	$ 4,530,120
2018	8,959,527	4,324,953
2019	9,313,389	4,057,571
2020	9,590,000	3,764,218
2021	10,355,000	3,425,565
2022-2026	50,865,000	11,912,585
2027-2031	8,975,000	7,775,937
2032-2036	15,305,000	5,044,225
2037-2041	15,285,000	1,781,725
Total	$ 137,262,290	$ 46,616,899

All bonds referred to above are direct obligations of the Authority payable from and secured by a pledge of lease revenues and other funds and reserves held under the bond resolutions. Except for the 2008A Series bonds for which the Authority has a funded debt service reserve, there are no debt service reserve requirements for all other outstanding bonds. No claims or demands upon these surety bonds were outstanding at June 30, 2016.

Changes to long-term debt are as follows:

Balance, June 30, 2015	$ 150,976,847
Bond/note principal payments	(8,259,552)
Amortization of premiums and discounts	(731,195)
Balance, June 30, 2016	$ 141,986,100

Defeasance of Debt

The Authority defeased certain other bonds by placing funds into an irrevocable trust that are sufficient to provide for all future debt payments on these bonds. Consequently, the related liability was appropriately removed from the financial statements in the year of defeasance.

The remaining outstanding debt payable as of June 30, 2016 for each defeased bond issue follows:

Bond Issue	Amount Defeased	Remaining Liability
2003 Series B 2027-2030	$ 4,765,000	$ 4,765,000
2003 Series D	$ 7,640,000	$ 7,015,000
2003 Series E	$ 5,430,000	$ 4,985,000
2003 Series F	$ 7,350,000	$ 6,745,000
2003 Series G	$ 6,280,000	$ 5,765,000
2003 Series H	$ 6,900,000	$ 6,335,000
2003 Series I	$ 3,385,000	$ 3,105,000
2003 Series J	$ 1,435,000	$ 1,315,000
2001 Series C	$ 3,815,000	$ 3,470,000

Arbitrage

Based upon currently available information regarding earnings subject to arbitrage limitations, no arbitrage liability has been determined or recorded as of June 30, 2016.

Hedging Derivative Instrument Payments and Hedged Debt (As Restated)

Per the June 27, 2008 schedule, estimated debt service of the Authority's 2008A Bonds and estimated net receipts (payments) on the associated interest rate contract for the remaining years are as follows:

Fiscal Year Ending June 30	Estimated Principal Repayment Schedule (1)	Interest (2)	Ongoing Expenses(3)	Total Annual Cost	Earnings on Debt Service Funds(4)	Net Annual Cost
2017	$ 2,575,000	$ 1,471,726	$ 104,229	$ 4,150,955	$ (247,741)	$ 3,903,214
2018	2,695,000	1,361,484	97,525	4,154,009	(249,357)	3,904,652
2019	2,815,000	1,252,179	90,510	4,157,689	(250,989)	3,906,700
2020	2,960,000	1,119,301	83,179	4,162,480	(252,947)	3,909,533
2021	3,090,000	998,570	75,476	4,164,046	(254,674)	3,909,372
2022	3,230,000	866,686	67,432	4,164,118	(256,500)	3,907,618
2023	3,380,000	728,725	59,023	4,167,748	(258,517)	3,909,231
2024	3,535,000	587,100	50,224	4,172,324	(260,618)	3,911,706
2025	3,695,000	431,895	41,022	4,167,917	(262,624)	3,905,293
2026	8,145,000	68,546	15,621	8,229,167	(4,317,584)	3,911,583
	$36,120,000	$ 8,886,212	$ 684,241	$45,690,453	$(6,611,551)	$39,078,902

(1) The Authority retains the option to amortize more or less principal in a given year in response to interest rate levels and other factors.

(2) Assumed rates of 4.30% (for the $43.36 million of Series 2008A Bonds subject to the 2003 Interest Rate Contract) and 2.61% (for the remaining unhedged Series 2008A Bonds), the latter of which is based on a historical average and not current rates. Assumes principal payments on June 1 of the Fiscal Years shown, except for Fiscal Year 2026, which assumes principal payment on September 1, 2025.

(3) Includes estimated fees related to the Standby Bond Purchase Agreement, the Remarketing Agreement and ongoing rating agency fees.

(4) Assumes an annual earnings rate of 3.60% and the use of reserve funds.

Note 6 - Derivative Instruments

Derivative Instruments

The Authority follows GASB Statement No. 64, and GASB Statement No. 53 and has determined the interest rate contract to be an effective hedge related to the outstanding bond. The interest rate contract is characterized as a derivative and is carried on the Statement of Net Position in Deferred Outflows and in Liabilities at fair value. The Authority holds no other derivative instruments.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statements are as follows:

	Classification	Increase in Liability	Classification	June 30, 2016 Liability	Notional
Cash flow hedges					
Pay-fixed interest rate contract	Deferred Outflow	$ 165,003	Debt	$ 5,633,365	$ 31,315,000

The fair value of the interest rate contract was estimated using a proprietary pricing system of Barclays Capital.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Authority's hedging derivative instruments outstanding at June 30, 2016, along with the credit rating of the associated counterparty.

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	$ 31,315,000	12/1/2008	9/1/2025	Pay 4.3%; Receive 67% of 1-month LIBOR rate	A-2/A-

Risks

Credit Risk – the Authority is exposed to credit risk on the interest rate contract that could potentially be in an asset position. The counterparty credit rating is provided by Standard & Poor's.

Interest Rate Risk – the Authority is exposed to interest rate risk on its interest rate contract. As the one-month LIBOR rate decreases, the Authority's net payment on the interest rate contract increases.

Basis Risk – the Authority is exposed to basis risk on its interest rate contract because the variable-rate payments received by the Authority on this hedging instrument is based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2016, the interest rate on the Authority's hedged variable-rate debt was 0.415%, while 67% of 1-month LIBOR was 0.303%.

Termination Risk – the Authority or its counterparty may terminate the interest rate contract if the other party fails to perform under the terms of the contract. In addition, the Authority may terminate at any time. If at the time of termination the interest rate contract is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability.

Note 7 - Related Party Transactions

During the fiscal year ended June 30, 2016, a partner in a law firm, which acts as general counsel for the, Authority, served as Executive Director of the Authority. During 2016, the Authority expensed or capitalized $118,998 as fees and other reimbursable costs to the law firm of which the Executive Director is a partner. The Authority owed $9,630 of this amount at June 30, 2016.

Other Supplementary Information
June 30, 2016

Idaho State Building Authority

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	Project 8 2008 A Revenue Bonds	Project 11 2012 A Revenue Bonds	Project 13 2003 B 2012 B Revenue Bonds	Project 14 2012 C Revenue Bonds	Project 15 2012 D Revenue Bonds
Assets					
Money market funds	$ -	$ -	$ -	$ -	$ -
Money market funds, restricted	3,129,690	82	600	104	154
Interest receivable	16,792	-	-	-	-
Investments, unrestricted	-	-	-	-	-
Investments, restricted	1,524,415	-	-	-	-
Prepaid interest	349,798	-	248,058	-	-
Depreciable capital assets, net of accumulated depreciation	38,997,652	6,174,879	30,645,683	13,534,934	7,120,035
Non-depreciable capital assets	40,050	-	2,069,340	-	-
Total assets	44,058,397	6,174,961	32,963,681	13,535,038	7,120,189
Deferred Outflows					
Accumulated decrease in fair value of hedging activities	5,633,365	-	-	-	-
Deferred amount on refundings	-	161,598	3,650,632	-	-
Total deferred outflows	5,633,365	161,598	3,650,632	-	-
Liabilities					
Accounts payable	5,756	-	-	-	-
Accrued interest payable	10,220	71,545	755,865	88,900	62,417
Advanced rent	-	-	343,038	1,339,072	239,941
Other liabilities	5,633,365	-	-	-	-
Long-term liabilities					
Bonds/notes payable - due within one year	2,575,000	425,000	840,000	650,000	460,000
Bonds/notes payable - due after one year	33,545,000	4,513,584	48,437,683	5,800,108	4,126,721
Total liabilities	41,769,341	5,010,129	50,376,586	7,878,080	4,889,079
Net Position					
Net investment in capital assets	2,917,702	1,397,893	(12,912,028)	7,084,826	2,533,314
Amounts restricted for:					
Debt service	4,654,105	82	600	104	154
Project construction	-	-	-	-	-
Unrestricted (deficit)	350,614	(71,545)	(850,845)	(1,427,972)	(302,358)
Total net position	$ 7,922,421	$ 1,326,430	$ (13,762,273)	$ 5,656,958	$ 2,231,110

See Notes to Supplementary Information

Project 16 2012 E Revenue Bonds	Project 17 2012 F Revenue Bonds	Project 18 2012 G Revenue Bonds	Project 19 2012 H Revenue Bonds	Project 20 2012 I Revenue Bonds	Project 21 2005 A 2013 B Revenue Bonds	Project 23 Note Payable	Project 26 State Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
91	74	83	40	19	1,214	1	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,209,407	10,416,418	8,741,815	6,272,640	1,584,819	8,374,172	1,263,782	-
-	-	-	-	-	-	-	78,219
9,209,498	10,416,492	8,741,898	6,272,680	1,584,838	8,375,386	1,263,783	78,219
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,292	73,833	78,450	38,733	16,733	85,264	15,613	-
295,852	468,930	332,401	238,833	34,839	-	109,323	-
-	-	-	-	-	-	-	-
615,000	525,000	590,000	290,000	120,000	550,000	149,374	-
5,577,025	4,774,899	5,239,050	2,559,967	1,093,165	6,768,672	307,916	-
6,575,169	5,842,662	6,239,901	3,127,533	1,264,737	7,403,936	582,226	-
3,017,382	5,116,519	2,912,765	3,422,673	371,654	1,055,500	806,492	78,219
91	74	83	40	19	1,214	1	-
-	-	-	-	-	-	-	-
(383,144)	(542,763)	(410,851)	(277,566)	(51,572)	(85,264)	(124,936)	-
$ 2,634,329	$4,573,830	$2,501,997	$3,145,147	$ 320,101	$ 971,450	$ 681,557	$ 78,219

	Project 27 2012J Refunding Bonds	Project 28 2013A Revenue Bonds	Unreserved Funds	Administrative Fund	Totals
Assets					
Money market funds	$ -	$ -	$ 2,443,465	$ 101,219	$ 2,544,684
Money market funds, restricted	28	4,203	-	-	3,136,383
Interest receivable	-	-	521	-	17,313
Investments, unrestricted	-	-	307,641	-	307,641
Investments, restricted	-	-	-	-	1,524,415
Prepaid interest	-	-	-	-	597,856
Depreciable capital assets, net of accumulated depreciation	-	9,078,169	-	-	151,414,405
Non-depreciable capital assets	-	-	-	-	2,187,609
Total assets	28	9,082,372	2,751,627	101,219	161,730,306
Deferred Outflows					
Accumulated decrease in fair value of hedging activities	-	-	-	-	5,633,365
Deferred amount on refundings	49,874	-	-	-	3,862,104
Total deferred outflows	49,874	-	-	-	9,495,469
Liabilities					
Accounts payable	-	-	-	9,630	15,386
Accrued interest payable	16,837	95,135	-	-	1,496,837
Advanced rent	-	-	-	-	3,402,229
Other liabilities	-	-	-	-	5,633,365
Long-term liabilities					
Bonds/notes payable - due within one year	480,000	345,000	-	-	8,614,374
Bonds/notes payable - due after one year	2,155,879	8,472,057	-	-	133,371,726
Total liabilities	2,652,716	8,912,192	-	9,630	152,533,917
Net Position					
Net investment in capital assets	-	261,112	-	-	18,064,023
Amounts restricted for:					
Debt service	28	-	-	-	4,656,595
Project construction	-	4,203	-	-	4,203
Unrestricted (deficit)	(2,602,842)	(95,135)	2,751,627	91,589	(4,032,963)
Total net position	$ (2,602,814)	$ 170,180	$ 2,751,627	$ 91,589	$ 18,691,858

	Project 8 2008 A Revenue Bonds	Project 11 2012 A Revenue Bonds	Project 13 2003 B 2012 B Revenue Bonds	Project 14 2012 C Revenue Bonds	Project 15 2012 D Revenue Bonds
Operating Revenues					
Rent for revenue bonds	$ 4,279,605	$ 652,812	$ 3,203,717	$ 1,099,917	$ 698,028
Investment income	72,166	37	370	53	37
Net increase (decrease) in the fair value of investments	(151,885)	-	-	-	-
Total operating revenues	4,199,886	652,849	3,204,087	1,099,970	698,065
Operating Expenses					
Operating and administrative	5,705	-	-	-	-
Depreciation expense	1,568,177	244,848	1,078,128	429,766	251,049
Interest expense	1,389,780	169,250	2,398,019	190,847	135,223
Other financing expenses	164,901	-	-	-	-
Total operating expenses	3,128,563	414,098	3,476,147	620,613	386,272
Operating Income (Loss)	1,071,323	238,751	(272,060)	479,357	311,793
Transfers					
Operating transfers out	(86,105)	(13,612)	(79,887)	(18,583)	(13,401)
Operating transfers in	-	-	-	-	-
Total transfers	(86,105)	(13,612)	(79,887)	(18,583)	(13,401)
Change in Net Position	985,218	225,139	(351,947)	460,774	298,392
Net Position, Beginning of Year	6,937,203	1,101,291	(13,410,326)	5,196,184	1,932,718
Net Position, End of Year	$ 7,922,421	$ 1,326,430	$ (13,762,273)	$ 5,656,958	$ 2,231,110

Project 16 2012 E Revenue Bonds	Project 17 2012 F Revenue Bonds	Project 18 2012 G Revenue Bonds	Project 19 2012 H Revenue Bonds	Project 20 2012 I Revenue Bonds	Project 21 2005 A 2013 B Revenue Bonds	Project 23 Note Payable
$ 938,425	$ 829,600	$ 892,339	$ 450,084	$ 177,817	$ 764,551	$ 181,059
51	44	46	23	10	42	2
-	-	-	-	-	-	-
938,476	829,644	892,385	450,107	177,827	764,593	181,061
-	-	-	-	-	7,100	-
322,455	353,023	301,436	212,951	55,731	265,446	38,881
183,599	157,729	171,441	84,134	36,107	316,959	20,455
-	-	-	-	-	-	-
506,054	510,752	472,877	297,085	91,838	589,505	59,336
432,422	318,892	419,508	153,022	85,989	175,088	121,725
(18,160)	(15,510)	(17,028)	(8,365)	(3,540)	(15,751)	(2,407)
-	-	-	-	-	-	-
(18,160)	(15,510)	(17,028)	(8,365)	(3,540)	(15,751)	(2,407)
414,262	303,382	402,480	144,657	82,449	159,337	119,318
2,220,067	4,270,448	2,099,517	3,000,490	237,652	812,113	562,239
$ 2,634,329	$ 4,573,830	$ 2,501,997	$ 3,145,147	$ 320,101	$ 971,450	$ 681,557

	Project 26 State Funds	Project 27 2012 J Refunding Bonds	Project 28 2013 A Revenue Bonds	Unreserved Funds	Administrative Fund	Totals
Operating Revenues						
Rent for revenue bonds	$ -	$ 537,505	$ 642,111	$ -	$ -	$ 15,347,570
Investment income	-	10	45	9,303	20	82,259
Net increase (decrease) in the fair value of investments	-	-	-	(7,437)	-	(159,322)
Total operating revenues	-	537,515	642,156	1,866	20	15,270,507
Operating Expenses						
Operating and administrative	-	-		-	308,881	321,686
Depreciation expense	-	-	235,287	-	-	5,357,178
Interest expense	-	65,416	246,862	-	-	5,565,821
Other financing expenses	-	-	-	-	-	164,901
Total operating expenses	-	65,416	482,149	-	308,881	11,409,586
Operating Income (Loss)	-	472,099	160,007	1,866	(308,861)	3,860,921
Transfers						
Operating transfers out	-	(5,897)	(13,204)	-	-	(311,450)
Operating transfers in	-	-	-	-	311,450	311,450
Total transfers	-	(5,897)	(13,204)	-	311,450	-
Change in Net Position	-	466,202	146,803	1,866	2,589	3,860,921
Net Position, Beginning of Year	78,219	(3,069,016)	23,377	2,749,761	89,000	14,830,937
Net Position, End of Year	$ 78,219	$ (2,602,814)	$ 170,180	$2,751,627	$ 91,589	$ 18,691,858

Note 1 - Negative Unrestricted Net Position

The following is the analysis of the negative net unrestricted asset as of June 30, 2016 as shown on the Combining Statement of Net Position:

	Bond Series		Unrestricted Net Assets
Project 11	2012A	$	(71,545)
Project 13	2012B	$	(850,845)
Project 14	2003D, 2012C	$	(1,427,972)
Project 15	2003E, 2012D	$	(302,358)
Project 16	2003F, 2012E	$	(383,144)
Project 17	2003G, 2012F	$	(542,763)
Project 18	2003H, 2012G	$	(410,851)
Project 19	2003I, 2012H	$	(277,566)
Project 20	2003J, 2012I	$	(51,572)
Project 21	2005A, 2013B	$	(85,264)
Project 23	2008 Note	$	(124,936)
Project 27	2012J	$	(2,602,842)
Project 28	2013A	$	(95,135)

"Net Position, End of Year" (from the Combining Statement of Revenues, Expenses and Changes in Net Position), less "Net Investment in Capital Assets" (on the Combining Statement of Net Position), less "Restricted" Net Position (on the Combining Statement of Net Position).

Negative unrestricted net position occurs in several circumstances:

Advanced rent is a factor for Projects 13 through 20 and Project 23. Advanced rent, net of amortization, represents rent received by the Authority for facilities prior to occupancy and is recorded as advanced rent (a liability) rather than rent income, thus decreasing net position. Upon occupancy, advanced rents are amortized over the remaining life of the projects' bonds, i.e. advanced rent is reduced and rent income in increased.

Interest-only bonds relating to Project 13 cause a negative unrestricted net position. Annual debt service of the 2003AB bonds was interest-only through fiscal year 2010. Thereafter, annual debt service is a combination of principal and interest. Interest-only debt causes the depreciation expense to reduce the net position balance without a corresponding decrease in debt. Net position declines each year by the noncash depreciation expense.

Projects 11, 21 and 28 have a negative unrestricted net position due accrued interest as of June 30, 2016.

Project 27 has a negative unrestricted net position due to deferred amounts on bond refundings which occurred during 2013. The bond refunding was done as a result of the Idaho Department of Parks and Recreation (IDPR) entering into an agreement with the Authority to pay all bonds issued for Project 12 by substituting existing property held by IDPR to support the bond refunding. The property for Project 12 was deeded to the State in previous years so there are no fixed assets to offset the related debt.

Note 2 - Other Financing Expenses

Other financing expenses are costs related to the 2008A bonds. The on-going monitoring and financial advisor expenses are paid from Project No. 8's debt service account.

Other Information
June 30, 2016

Idaho State Building 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 the Commissioners of the
Idaho State Building Authority
Boise, Idaho

We have audited the accompanying financial statements of Idaho State Building Authority (the Authority) as of and for the year ended June 30, 2016, and have issued our report thereon dated September 26, 2016. 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
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 Authority'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.

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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 results 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.

Eide Bailly LLP

Boise, Idaho
September 26, 2016