



Financial Statements  
June 30, 2021

# Idaho State Building Authority

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## 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 and the statement of fiduciary net position-custodial fund as of June 30, 2021, and the related statement of revenues, expenses and changes in net position, statement of changes in fiduciary net position-custodial fund, and the statement of cash flows the for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### 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 the Idaho State Building Authority as of June 30, 2021, 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.

## **Emphasis of Matter**

As discussed in Notes 1 and 7 to the financial statements, the Authority has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the fiduciary net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

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

### **Other 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 are 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2021 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 solely 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 effectiveness on the Authority's 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
September 24, 2021

**Commission Members and Administrative Officers**

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

<u>Commissioner</u>	<u>Term Expiration</u>
V. L. “Bud” Tracy, Chairman	January 1, 2021
James C. Hammond, Vice Chairman	January 1, 2022
Dale McComber, Commissioner	January 1, 2024
Timothy Anderson, Commissioner	January 1, 2023
Shelly Enderud, Commissioner	January 1, 2026
Mark Ciavarella	January 1, 2022
Anthony Vahsholtz	January 1, 2024

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. Reappointment of Shelly Enderud is subject to confirmation of the Senate at the next regular legislative session.

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, 2021 to conduct the general and ordinary business of the Authority. No new financings were undertaken in fiscal year 2021.

**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. Upon refunding, the Billingsley Creek properties were deeded to the State of Idaho. See Project No. 27 regarding the substituted lease for the IDPR headquarters building.

*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. In December 2019, the Authority issued State Building Refunding Revenue Bonds, Series 2019A (Water Center Project) (Federally Taxable) to refund the outstanding State Building Revenue Bonds, Series 2012B to achieve debt service savings.



*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 – College of Eastern Idaho (formerly 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. In 2018, with consent of the Authority, the State subleased the facilities to Eastern Idaho College, a newly formed community college district in Idaho Falls, Idaho. The State also transferred the remaining portion of the EITC campus and improvements to Eastern Idaho College which assumed full responsibility for operation of the campus and education programs.

*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. The Revenue Note was paid in full in August 2018 and the Improvements were transferred to the Foundation.

*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. The project was terminated by the University of Idaho and the predesign work was transferred to the University.

*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. 2013-1 of the Authority adopted on February 12, 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.

*Project No. 29 – State Office Campus Project:* State Concurrent Resolution No. 29 as adopted by the First Regular Session of the Sixty-Fourth Idaho Legislature, authorized Idaho Department of Administration (IDOA) to enter into agreements with the Authority to acquire office buildings and related facilities known as the HP Campus for the State. The Authority issued its State Building Revenue Bonds, Series 2017A in the amount of \$46,025,000 and Series 2017B in the amount of \$98,525,000 in December 2017 and purchased the property. The Authority has leased all land and facilities to the State. Additionally, the sum of \$29,350,000 was deposited into a construction fund of the Authority to pay costs incurred by the State for improvements to be constructed to accommodate relocation of state agencies to the new state office complex. Construction of improvements by the State was completed in fiscal year 2021.

*Project No. 30 – Idaho State Board of Education Project:* House Concurrent Resolution No. 105, as adopted by the First Regular Session of the Sixty-Fourth Idaho Legislature, authorized Idaho State Board of Education (SBOE) to enter into agreements with the Authority to provide two buildings on SBOE-owned property adjacent to the Idaho National Laboratory campus at Idaho Falls, Idaho. The new facilities are to be used for research and related uses by Idaho National Laboratory in collaboration with Idaho universities and colleges, and other parties. In April 2018, the Authority issued its State Building Revenue Bonds, Series 2018A in the amount of \$83,165,000 to fund costs of design and construction of the new facilities. In addition, Idaho National Laboratory acting through its Operating Contractor, contributed the sum of \$24,510,913 to pay for certain special improvements to be constructed as part of the facilities. Construction was substantially completed on both buildings as of August 31, 2019 and both have been placed in service. The unexpended balance in the Construction Fund totaling approximately \$3,890,000 was disbursed as directed by State Board of Education to reimburse design costs paid by Battelle Energy Alliance, LLC, Idaho National Laboratory's Operating Contractor, prior to construction of the project.

*Project No. 31 – Idaho Department of Health and Welfare Project:* Senate Concurrent Resolution No. 140, adopted in 2018 by the State Legislature during the Second Regular Session of the Sixty-Fourth Legislature, authorized the Department of Health and Welfare (IDHW) to enter into agreements with the Authority to finance, design and construct a new skilled nursing facility on the campus of Idaho's State Hospital South in Blackfoot, Idaho. Pursuant to the agreements with IDHW, the Authority issued its State Building Revenue Bonds, Series 2018B, in the sum of \$35,120,000 dated October 30, 2018 to finance the project and entered into agreements for the design and construction of the project. Construction began in June 2019 and the primary nursing facility was substantially completed in August 2020 and has been in service and fully occupied since September 2020. The additional construction work to demolish the old nursing building and related landscaping was completed in fiscal year 2021.

## **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 2021. The Statement of Revenues, Expenses, and Changes in Net Position reports the Authority's operations for fiscal year 2021 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.

Custodial Fund-funds are used to account for resources held for the benefit of parties outside of the Authority and are not reflected in the government-wide statement because the resources of that fund is not available to support the Authority's own programs. The accounting for the custodial fund is much like that used for the Authority. The custodial fund financial statements can be found on page 18-19 of this report.

**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 2021 and 2020, 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, 2021 and 2020.

	<b>2021</b>	<b>2020</b>
Other Assets	\$ 18,592,651	\$ 34,293,564
Net Capital Assets	369,244,929	367,049,942
Total Assets	387,837,580	401,343,506
Deferred Outflows	4,759,072	5,118,943
Current Liabilities	25,690,510	36,175,150
Long-Term Liabilities	328,883,324	347,346,867
Total Liabilities	354,573,834	383,522,017
Net Investment in Capital Assets	42,798,364	32,198,960
Amounts Restricted for		
Debt Service	9,177,110	371,096
Unrestricted	(13,952,656)	(9,629,624)
Total Net Position	\$ 38,022,818	\$ 22,940,432

**Total Assets** of the Authority as of June 30, 2021 were \$387,837,580 compared to \$401,343,506, as of June 30, 2020. The decrease in total assets is comprised of all active projects being completed and excess funds being applied to debt payments.

**Total Deferred Outflows** decreased by \$359,871 due to amortization.

**Total Liabilities** decreased by \$28,948,183. This was mostly due to repayment of long-term debt. This was offset by amortization of advanced rent and bond premiums. Total liabilities at June 30, 2021 were \$354,573,834 compared to \$383,522,017 as of June 30, 2020. Total bonds/notes payable as of June 30, 2021 was \$346,358,324 as compared to \$364,561,867 as of June 30, 2020.

**Total Net Position** as of June 30, 2021 is \$38,022,818, and is comprised of \$42,798,364 in net investment in capital assets, \$9,177,110 restricted for payment of debt service, and \$13,952,656 deficit in unrestricted. Restricted net position increased due to an increase of restricted cash on hand at June 30, 2021 in order to make debt service payments required by the bond agreements for projects 29, 30, and 31. This compares to a balance as of June 30, 2020 of \$22,940,432. Total Net Position increased by \$15,082,386.

The following table summarizes the Authority's revenues and expenses and changes in net position for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Rent for Revenue Bonds	\$ 36,670,735	\$ 22,483,579
Additional Rent	455,000	479,999
Investment Income	291,073	1,420,291
<b>Total Revenue</b>	<u>37,416,808</u>	<u>24,383,869</u>
Operating and Administrative	473,285	437,573
Bond Issuance Costs	-	191,608
Depreciation Expense	9,856,258	9,164,599
Interest Expense	12,004,879	12,237,277
<b>Total Expenses</b>	<u>22,334,422</u>	<u>22,031,057</u>
<b>Change in Net Position</b>	15,082,386	2,352,812
Net Position, Beginning of Year	22,940,432	20,587,620
<b>Net Position, End of Year</b>	<u>\$ 38,022,818</u>	<u>\$ 22,940,432</u>

**Total Revenues** of the Authority for fiscal year 2021 were \$37,416,808, consisting of \$37,125,735 of rental payments from the State and, \$291,073 of investment income. This compares to total revenues for fiscal year 2020 of \$24,383,869 consisting of \$22,963,578 of rental payments, \$1,420,291 of investment income. Total rent for revenue bonds increased due to additional rental income received and recognized during fiscal year 2021 from projects 30 and 31.

**Total Expenses** increased primarily due an increase in interest expense as the Authority made the first full year interest payments on debt related to project 30 and 31. Total expenses for fiscal year 2021 of \$22,334,422 consisted of \$473,285 of administrative expense, \$9,856,258 of depreciation and \$12,004,879 of interest expense.

The total **Change in Net Position** for fiscal year 2021 was an increase of \$15,082,386.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

At June 30, 2021, the Authority had \$369,244,929 invested in capital assets that are leased to the State. This represents a net increase (including additions and deletions) of \$2,194,987 from June 30, 2020. The increase is mostly a result of new acquisitions offset by depreciation. Projects 29 and 31 were completed during fiscal year 2021. Additional information regarding capital assets is presented in Notes 2 and 4 to the financial statements.

### **Long-Term Debt**

At June 30, 2021, the Authority had \$341,150,000 in bonds and notes outstanding compared to \$358,365,000 as of June 30, 2020. This was a decrease of \$17,215,000 which consist entirely of principal. 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.



Idaho State Building Authority  
Statement of Net Position  
June 30, 2021

Assets	
Cash and cash equivalents	
Money market funds	\$ 2,995,627
Money market funds, restricted for capital outlay and debt service	15,597,024
Depreciable capital assets, net of accumulated depreciation	340,656,739
Non-depreciable capital assets	<u>28,588,190</u>
Total assets	<u>387,837,580</u>
Deferred Outflows	
Deferred amount on refundings	<u>4,759,072</u>
Total deferred outflows	<u>4,759,072</u>
Liabilities	
Accounts payable	10,069
Accounts payable - construction costs	574,976
Accrued interest payable	4,223,037
Advanced rent	3,407,428
Long-term liabilities	
Bonds/notes payable - due within one year	17,475,000
Bonds/notes payable (net)- due after one year	<u>328,883,324</u>
Total liabilities	<u>354,573,834</u>
Net Position	
Net investment in capital assets	42,798,364
Amounts restricted for	
Debt service	9,177,110
Unrestricted	<u>(13,952,656)</u>
Total net position	<u>\$ 38,022,818</u>

Idaho State Building Authority  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2021

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Revenues	
Rent for revenue bonds	\$ 36,670,735
Additional rent	455,000
Investment income	<u>291,073</u>
Total operating revenues	<u>37,416,808</u>
Expenditures	
Operating and administrative	473,285
Depreciation expense	9,856,258
Interest expense	<u>12,004,879</u>
Total operating expenses	<u>22,334,422</u>
Operating Income	<u>15,082,386</u>
Change in Net Position	15,082,386
Total Net Position, Beginning of Year	<u>22,940,432</u>
Total Net Position, End of Year	<u><u>\$ 38,022,818</u></u>

Idaho State Building Authority  
Statement of Cash Flows  
Year Ended June 30, 2021

Operating Activities	
Rent receipts	\$ 33,032,063
Interest received	291,073
Bond/note interest payments	(12,854,934)
Payments to vendors	<u>(472,202)</u>
Net Cash from Operating Activities	<u>19,996,000</u>
Capital and Related Financing Activities	
Payments on capital assets prior year construction accounts payable	(7,005,644)
Bond/note principal and refunding payments	(17,215,000)
Acquisition of capital assets and capitalized interest	<u>(11,476,269)</u>
Net Cash used for Capital and Related Financing Activities	<u>(35,696,913)</u>
Net Change in Cash and Cash Equivalents	(15,700,913)
Cash and Cash Equivalents, Beginning of Year	<u>34,293,564</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 18,592,651</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 15,082,386
Adjustments to reconcile total operating income to net cash from operating activities	
Depreciation	9,856,258
Accretion of deferred interest, bond discounts, gain on refunding	(628,672)
Change in assets and liabilities	
Accounts payable	1,083
Accrued interest payable	(221,383)
Advanced rent	<u>(4,093,672)</u>
Net Cash from Operating Activities	<u><u>\$ 19,996,000</u></u>
Supplemental schedule of noncash investing and financing activities	
Acquisition of capital assets included in accounts payable	\$ 574,976

Idaho State Building Authority  
Statement of Fiduciary Net Position – Custodial Fund  
June 30, 2021

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	<u>Special Funding Account</u>
Assets	
Cash and cash equivalents	<u>\$ -</u>
Total assets	<u><u>\$ -</u></u>
Net Position	
Unrestricted	<u>\$ -</u>
Total net position	<u><u>\$ -</u></u>

Idaho State Building Authority  
Statement of Change in Fiduciary Net Position – Custodial Fund  
For the Year Ended June 30, 2021

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	<u>Special Funding Account</u>
Additions	
Project reimbursements	\$ -
Deductions	
Construction expenses paid for project beneficiary	<u>(146,423)</u>
Net decrease in fiduciary net position	(146,423)
Net position, beginning of year, previously stated	-
Restatement - GASB 84 Implementation (See Note 7)	146,423
Net position, beginning of year, restated	<u>146,423</u>
Net position, end of year	<u><u>\$ -</u></u>

## **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, 2021, 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.

A Fiduciary fund is used to account for assets held by the Authority on behalf of a project beneficiary under a deposit agreement. The Authority accounts for assets held in an agency fund entirely funded by Battelle Energy Alliance, LLC on behalf of Idaho National Laboratory to pay for special improvements (above commercial grade), furniture, and high-tech features in the two buildings comprise Project 30.

### **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 an original maturity of three months or less.

### **Investments**

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 payment of bonds related to leased facilities developed on Authority-owned land, 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. Upon full payment of bonds related to leased facilities developed on State or District owned land, the leases automatically terminate and the improvements revert to the State or District. Currently, all assets of the Authority are leased to the State, agencies of the State or Districts. The final maturity of bonds issued to finance acquisition and construction of facilities is generally shorter than the asset life of facilities funded by such bond and, based on the 40-year depreciable life of the asset, it is likely there will be remaining asset cost at the time such bonds are paid in full. Given this, it is possible that the Authority will incur a loss upon disposition of 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 2021 was \$413,219. During the year the Authority capitalized interest costs totaling \$760,000 incurred during the construction period relating to Project 29 and 31.

### **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.

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 \$4,759,072 at June 30, 2021. Amortization of the deferred loss on bond refundings was \$359,871 for the year ended June 30, 2021, 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**

Advance rent represents lease payments made for facilities in advance of the lease term for which such rent payments apply. Advanced rent is amortized over the life of the lease as rental revenue or recognized in the period in which the occupancy relates to. 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 \$5,208,324 at June 30, 2021. Amortization of the bond premiums and discounts was a net of \$988,542 for the year ended June 30, 2021, 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. It is at least reasonably possible that the significant estimates used will change within the next year.

### **Implementation of GASB Statement No. 84**

As of July 1, 2020, the Authority adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The effect of the implementation of this standard on beginning net position is disclosed in Note 7.



**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 or application of advanced rent to be used for debt service are as follows:

		<u>2021</u>
Project 8	State Prison Facility Project	\$ 18,984,250
Project 11	State School and Hospital Project	2,475,000
Project 13	Idaho Water Center Project	57,442,588
Project 14	Idaho State University Classroom and Portion of Residence Building Project	2,740,125
Project 15	College of Western Idaho Academic Building	1,954,125
Project 16	University of Idaho Teaching and Learning Center Project	2,627,000
Project 17	Lewis-Clark State College Campus Classroom and Activity Center Project	2,250,250
Project 18	North Idaho College Allied Health, Nursing & Life Sciences Building Project	2,481,625
Project 19	College of Southern Idaho Fine Arts Addition Project	1,211,375
Project 20	Idaho State Police POST Training Facility Project	522,125
Project 21	Eastern Idaho Technical College, Health Education Building Project	4,442,825
Project 27	Idaho Parks and Recreation Office Building Project	136,823
Project 28	Capitol Mall Parking Project	8,133,509
Project 29	State Office Campus	223,759,269
Project 30	Idaho State Board of Education Facilities	113,954,315
Project 31	Idaho Department of Health and Welfare Nursing Facilities	<u>60,690,159</u>
		<u>\$ 503,805,363</u>

B. Description of the Facilities Leased:

**Project No. 8 - 1998 State Prison Facility Project (Series 2018C 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. 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. In October 2018, the State Building Refunding Bonds, Series 2018C, were issued to fully refund the 2008A Series Bonds.

**Project No. 11 - State School and Hospital Project (Series 2012A 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 (Series 2003B Bonds and Series 2019A 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. In December 2019, the State Building Refunding Bonds, Series 2019A, were issued to fully refund the 2012B Series Bonds.

**Project No. 14 - Idaho State University Project (Series 2012C 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]: (Series 2012D 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 (Series 2012E 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 (Series 2012F 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 (Series 2012G 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 (Series 2012H 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 (Series 2012I 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 - College of Eastern Idaho (formerly Eastern Idaho Technical College Project (Series 2013B 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. 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. 27 – Office Building, Idaho Department of Parks and Recreation (Series 2012J Bonds)**

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 (Series 2013A Bonds)**

Under a “Development Agreement” and an annually renewable “Site and Facilities Lease” with the State, the Authority used 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.

**Project No. 29 – State Office Campus Project (Series 2017A and 2017B Bonds)**

State Concurrent Resolution No. 29 as adopted by the First Regular Session of the Sixty-Fourth Idaho Legislature, authorized Idaho Department of Administration (IDOA) to enter into agreements with the Authority to acquire office buildings and related facilities known as the HP Campus for the State. The Authority issued its State Building Revenue Bonds, Series 2017A in the amount of \$46,025,000 and Series 2017B in the amount of \$98,525,000 in December 2017 and purchased the property. The Authority has leased all of the land and facilities to the State. Additionally, the sum of \$29,350,000 was deposited into a construction fund of the Authority to pay costs incurred by the State for improvements to be constructed to accommodate relocation of state agencies to the new state office complex. Construction of improvements by the State was completed in fiscal year 2021.

**Project No. 30 – Idaho State Board of Education Project (Series 2018A Bonds)**

House Concurrent Resolution No. 105, as adopted by the First Regular Session of the Sixty-Fourth Idaho Legislature, authorized Idaho State Board of Education (SBOE) to enter into agreements with the Authority to provide two buildings on SBOE-owned property adjacent to the Idaho National Laboratory campus at Idaho Falls, Idaho. The new facilities are to be used for research and related uses by Idaho National Laboratory in collaboration with Idaho universities and colleges, and other parties. In April 2018, the Authority issued its State Building Revenue Bonds, Series 2018A in the amount of \$83,165,000 to fund costs of design and construction of the new facilities. In addition, Idaho National Laboratory acting through its Operating Contractor, contributed the sum of \$24,510,913 to pay for certain special improvements to be constructed as part of the facilities. Construction was substantially completed on both buildings as of August 31, 2019 and both are placed in service. The unexpended balance in the Construction Fund totaling approximately \$3,870,000 was disbursed as directed by State Board of Education to reimburse design costs paid by Battelle Energy Alliance, LLC, Idaho National Laboratory’s Operating Contractor during fiscal year 2021.

**Project No. 31 – Idaho State Board of Education Project (Series 2018B Bonds)**

Senate Concurrent Resolution No. 140, adopted in 2018 by the State Legislature during the Second Regular Session of the Sixty-Fourth Legislature, authorized the Department of Health and Welfare (IDHW) to enter into agreements with the Authority to finance, design and construct a new skilled nursing facility on the campus of Idaho’s State Hospital South in Blackfoot, Idaho. Pursuant to the agreements with IDHW, the Authority issued its State Building Revenue Bonds, Series 2018B, in the sum of \$35,120,000 dated October 30, 2018 to finance the project and entered into agreements for the design and construction of the project. The primary nursing facility was substantially completed in August 2020 and has been in service and fully occupied since September 2020. The additional construction work to demolish the old nursing building and related landscaping was completed in fiscal year 2021.

**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. As of June 30, 2021, the carrying amount and bank balances of money market funds were \$18,592,651. There were no other investments as of June 30, 2021.

**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 in current investments 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 in current investments 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 in current investments 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.

**Investments**

As of June 30, 2021, the cost and fair market values of the Authority's money market funds were as follows:

	<u>Cost</u>	<u>Market</u>	<u>Portfolio %</u>	<u>Maturity</u>	<u>Rating</u>
Morgan Stanley Ins. Liq Govt (MGOXX)	\$ 2,995,627	\$ 2,995,627	16.1%	N/A	AAA
Goldman Financial Treasury Treasury (506 FTIXX)	6,512,546	6,512,546	35.0%	N/A	AAA
Morgan Stanley Ins. Liq Trs Security (MSUXX)	9,084,478	9,084,478	48.9%	N/A	AAA
	<u>\$ 18,592,651</u>	<u>\$ 18,592,651</u>	<u>100%</u>		

**Note 4 - Capital Assets**

Capital assets activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not depreciated					
Land	\$ 28,588,190	\$ -	\$ -	\$ -	\$ 28,588,190
Construction in progress	56,516,621	11,291,245	-	(67,807,866)	-
Total capital assets, not depreciated	<u>85,104,811</u>	<u>11,291,245</u>	<u>-</u>	<u>(67,807,866)</u>	<u>28,588,190</u>
Capital assets, depreciated					
Facilities	373,872,031	760,000	-	67,807,866	442,439,897
Total capital assets	458,976,842	12,051,245	-	-	471,028,087
Accumulated depreciation					
Facilities	(91,926,900)	(9,856,258)	-	-	(101,783,158)
Capital assets, net	<u>\$367,049,942</u>	<u>\$ 2,194,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,244,929</u>



**Note 5 - Bonds Payable and Other Long-Term Debt**

Bonds payable as of June 30, 2021:

Project 8 - State Building Refunding Revenue Bonds, 2018 Series C, interest from 4% to 5%. Principal payments due September 1, 2019 through September 1, 2025.	\$ 16,800,000
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.	2,250,000
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.	6,795,000
Project 13 - State Building Refunding Revenue Bonds, 2019 Series A, interest from 1.7% to 3.2% maturing annually on September 1, 2020 through 2037. The Bonds maturing on and after September 1, 2030, are subject to optional redemption on September 1, 2029, and on any date thereafter in whole or part (with maturities to be selected by the Authority) at the principal amount thereof, plus interest accrued to the date of redemption. The Bonds maturing on September 1, 2037 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest.	38,395,000
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.	2,545,000
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.	1,815,000
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.	2,440,000
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.	2,090,000

<p>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.</p>	2,305,000
<p>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.</p>	1,125,000
<p>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.</p>	485,000
<p>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.</p>	4,000,000
<p>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.</p>	135,000
<p>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.</p>	6,555,000
<p>Project 29 - State Building Revenue Bonds, 2017 Series A. Interest from 3% to 4% and principal payments of \$9,805,000 and \$36,220,000 due September 1, 2043 and September 1, 2048 for 2017 Series A. The Series 2017 A Bonds maturing on September 1, 2027 are subject to optional redemption at that date and on any date thereafter in whole or part at the principal amount, plus any accrued interest. The Series 2017 A Bonds maturing on September 1, 2042, and 2043 are subject to mandatory sinking fund redemption and retirement, by lot, prior to maturity on or after September 1, 2023 to 2040, at 100% of the principal amount, plus any accrued interest. The Series 2017 A Bonds maturing on September 1, 2048 are subject to mandatory sinking fund redemption and retirement, by lot, prior to maturity on or after September 1, 2044 to 2048, at 100% of the principal amount, plus any accrued interest.</p>	46,025,000

<p>Project 29 - State Building Revenue Bonds, 2017 Series B. Interest from 2.79% to 3.87% and principal payments due September 1, 2019 through September 1, 2043 for 2017 Series B. The Series 2017 B Bonds maturing on or after September 1, 2028 are subject to optional redemption at that date and on any date thereafter in whole or part (with bonds selected for redemption based on a "pro rata pass-through distribution of principal" basis) at the principal amount, plus any accrued interest. In addition, the Series 2017 B bonds are subject to optional redemption in whole or in part on any date with the maturities and interest rates selected by the Authority, at a make-whole redemption price. The Series 2017 B Bonds maturing on September 1, 2037 are subject to mandatory sinking fund redemption based on a "pro rata pass-through distribution of principal" basis) prior to maturity on or after September 1, 2033 to 2037, at 100% of the principal amount, plus any accrued interest. The Series 2017 B Bonds maturing on September 1, 2043 are subject to mandatory sinking fund redemption based on a "pro rata pass-through distribution of principal" basis) prior to maturity on or after September 1, 2038 to 2043, at 100% of the principal amount, plus any accrued interest.</p>	92,645,000
<p>Project 30 - State Building Refunding Revenue Bonds, 2018 Series A, interest from 2.582% to 4.124%. Principal payments due September 1, 2021 through September 1, 2040.</p>	80,215,000
<p>Project 31 - State Building Refunding Revenue Bonds, 2018 Series B, interest from 2.5% to 5%. Principal payments due September 1, 2020 through September 1, 2048. The Authority has the option to call the bonds on September 1, 2025 and September 1, 2028.</p>	<u>34,530,000</u>
Bonds/notes payable	341,150,000
<p>Net unamortized premium and discount on bonds payable</p>	<u>5,208,324</u>
Total bonds/notes payable	<u><u>\$ 346,358,324</u></u>

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

	Principal	Interest
2022	\$ 17,475,000	\$ 12,669,110
2023	18,065,000	11,950,058
2024	18,805,000	11,198,201
2025	14,805,000	10,522,901
2026	14,820,000	9,940,642
2027-2031	58,825,000	43,468,898
2032-2036	68,905,000	32,231,992
2037-2041	59,765,000	19,095,405
2042-2046	40,965,000	9,824,156
2047-2049	28,720,000	1,754,000
Total	<u><u>\$ 341,150,000</u></u>	<u><u>\$ 162,655,363</u></u>

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. There is no debt service reserve requirements for any of the outstanding bonds.

Changes to long-term debt are as follows:

Balance, June 30, 2020	\$ 364,561,867
Bond/note principal payments	(17,215,000)
Amortization of premiums and discounts	<u>(988,543)</u>
Balance, June 30, 2021	<u><u>\$ 346,358,324</u></u>

**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, 2021 for the defeased bond issue follows:

Bond Issue	Amount Defeased	Remaining Liability
2003 Series B 2027-2030	\$ 4,765,000	\$ 4,765,000
2012 Series B 2020-2040	<u>36,175,000</u>	<u>35,905,000</u>
	<u><u>\$ 40,940,000</u></u>	<u><u>\$ 40,670,000</u></u>

**Arbitrage**

Based upon currently available information regarding earnings subject to arbitrage limitations, no arbitrage liability has been determined or recorded as of June 30, 2021.

**Note 6 - Related Party Transactions**

During the fiscal year ended June 30, 2021, a partner in a law firm, which acts as general counsel for the Authority, served as Executive Director of the Authority. During 2021, the Authority expensed or capitalized \$178,023 as fees and other reimbursable costs to the law firm of which the Executive Director is a partner. The Authority owed \$10,069 of this amount at June 30, 2021.

**Note 7 - Adoption of New Standard -Custodial Fund**

The Authority and Battelle Energy Alliance, LLC (Battelle) executed a deposit agreement with US Bank effective March 8, 2018 wherein Battelle is the depositing party and the Authority is the withdrawing party. The funds in the account are used for certain special improvements for Project No. 30. Funds were deposited into this account and disbursed from this account in fiscal year 2021. The account was closed in fiscal year 2021 and all funds have been expensed or disbursed.

As of July 1, 2020, the Authority adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). Amounts previously reported as a liability for deposits held for project beneficiary have been reclassified as beginning fiduciary net position for the custodial fund:

The following table describes the effects of implementation of GASB 84 on beginning net position:

Fiduciary Net Position at Beginning of Year, as previously reported	\$ -
Reclassification of agency fund to custodial fund	146,423
Fiduciary Net Position at Beginning of Year, restated	\$ 146,423



Other Supplementary Information  
June 30, 2021

# Idaho State Building Authority

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	Project 8 2018 C 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
<b>Assets</b>					
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Money market funds, restricted	578	36	377	50	35
Depreciable capital assets, net of accumulated depreciation	31,156,762	4,950,640	25,255,036	11,386,097	5,864,799
Non-depreciable capital assets	40,050	-	2,069,340	-	-
<b>Total assets</b>	<b>31,197,390</b>	<b>4,950,676</b>	<b>27,324,753</b>	<b>11,386,147</b>	<b>5,864,834</b>
<b>Deferred Outflows</b>					
Deferred amount on refundings	200,188	69,553	4,486,353	-	-
<b>Total deferred outflows</b>	<b>200,188</b>	<b>69,553</b>	<b>4,486,353</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Accounts payable	-	-	-	-	-
Accounts payable - construction costs	-	-	-	-	-
Accrued interest payable	254,750	32,958	474,825	35,708	25,458
Advanced rent	-	-	279,513	502,158	68,556
<b>Long-term liabilities</b>					
Bonds/notes payable - due within one year	3,030,000	545,000	1,985,000	805,000	575,000
Bonds/notes payable - due after one year	14,767,775	1,777,154	43,205,000	1,801,236	1,283,425
<b>Total liabilities</b>	<b>18,052,525</b>	<b>2,355,112</b>	<b>45,944,338</b>	<b>3,144,102</b>	<b>1,952,439</b>
<b>Net Position</b>					
Net investment in capital assets	13,599,225	2,698,039	(13,379,271)	8,779,861	4,006,374
<b>Amounts restricted for:</b>					
Debt service	578	36	377	50	35
Unrestricted (deficit)	(254,750)	(32,958)	(754,338)	(537,866)	(94,014)
<b>Total net position</b>	<b>\$ 13,345,053</b>	<b>\$ 2,665,117</b>	<b>\$ (14,133,232)</b>	<b>\$ 8,242,045</b>	<b>\$ 3,912,395</b>

See Notes to Supplementary Information



Idaho State Building Authority  
Combining Statement of Net Position  
June 30, 2021

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 27 2012J Refunding Bonds	Project 28 2013A Revenue Bonds
\$ - 48	\$ - 49	\$ - 46	\$ - 22	\$ - 9	\$ - 27	\$ - 25	\$ - 33
7,597,136	8,651,302	7,234,621	5,207,883	1,306,164	7,046,941	-	7,901,735
-	-	-	-	-	-	-	-
<u>7,597,184</u>	<u>8,651,351</u>	<u>7,234,667</u>	<u>5,207,905</u>	<u>1,306,173</u>	<u>7,046,968</u>	<u>25</u>	<u>7,901,768</u>
-	-	-	-	-	-	2,978	-
-	-	-	-	-	-	2,978	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,208	29,333	32,333	15,792	6,792	46,883	608	77,194
84,527	133,980	94,971	68,238	9,954	-	-	-
775,000	660,000	730,000	355,000	155,000	645,000	135,000	395,000
<u>1,726,034</u>	<u>1,481,305</u>	<u>1,627,785</u>	<u>796,847</u>	<u>341,504</u>	<u>3,480,396</u>	<u>(48)</u>	<u>6,397,326</u>
<u>2,619,769</u>	<u>2,304,618</u>	<u>2,485,089</u>	<u>1,235,877</u>	<u>513,250</u>	<u>4,172,279</u>	<u>135,560</u>	<u>6,869,520</u>
5,096,102	6,509,997	4,876,836	4,056,036	809,660	2,921,545	-	1,109,409
48	49	46	22	9	27	25	33
<u>(118,735)</u>	<u>(163,313)</u>	<u>(127,304)</u>	<u>(84,030)</u>	<u>(16,746)</u>	<u>(46,883)</u>	<u>(132,582)</u>	<u>(77,194)</u>
<u>\$ 4,977,415</u>	<u>\$6,346,733</u>	<u>\$4,749,578</u>	<u>\$3,972,028</u>	<u>\$ 792,923</u>	<u>\$ 2,874,689</u>	<u>\$ (132,557)</u>	<u>\$ 1,032,248</u>

Idaho State Building Authority  
Combining Statement of Net Position  
June 30, 2021

	Project 29 2017A&B Revenue Bonds	Project 30 2017A&B Revenue Bonds	Project 31 2018B Revenue Bonds	Unreserved Funds	Administrative Fund	Totals
<b>Assets</b>						
Money market funds	\$ -	\$ -	\$ -	\$ 2,865,323	\$ 130,304	\$ 2,995,627
Money market funds, restricted	600,313	8,484,105	6,511,271	-	-	15,597,024
Depreciable capital assets, net of accumulated depreciation	110,823,388	72,969,686	33,304,549	-	-	340,656,739
Non-depreciable capital assets	25,478,300	1,000,500	-	-	-	28,588,190
<b>Total assets</b>	<b>136,902,001</b>	<b>82,454,291</b>	<b>39,815,820</b>	<b>2,865,323</b>	<b>130,304</b>	<b>387,837,580</b>
<b>Deferred Outflows</b>						
Deferred amount on refundings	-	-	-	-	-	4,759,072
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,759,072</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	10,069	10,069
Accounts payable - construction	-	-	574,976	-	-	574,976
Accrued interest payable	1,650,426	988,925	516,844	-	-	4,223,037
Advanced rent	-	-	2,165,531	-	-	3,407,428
<b>Long-term liabilities</b>						
Bonds/notes payable - due within one year	3,040,000	3,030,000	615,000	-	-	17,475,000
Bonds/notes payable - due after one year	137,068,471	77,185,000	35,944,114	-	-	328,883,324
<b>Total liabilities</b>	<b>141,758,897</b>	<b>81,203,925</b>	<b>39,816,465</b>	<b>-</b>	<b>10,069</b>	<b>354,573,834</b>
<b>Net Position</b>						
Net investment in capital assets	(3,206,470)	2,239,291	2,681,730	-	-	42,798,364
<b>Amounts restricted for:</b>						
Debt service	600,313	6,409,717	2,165,745	-	-	9,177,110
Unrestricted (deficit)	(2,250,739)	(7,398,642)	(4,848,120)	2,865,323	120,235	(13,952,656)
<b>Total net position</b>	<b>\$ (4,856,896)</b>	<b>\$ 1,250,366</b>	<b>\$ (645)</b>	<b>\$ 2,865,323</b>	<b>\$ 120,235</b>	<b>\$ 38,022,818</b>

	Project 8 2018 C 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	\$ 3,589,554	\$ 634,524	\$ 3,323,706	\$ 1,075,823	\$ 677,840
Additional rent	56,555	8,941	52,470	12,206	8,802
Investment income	171	26	285,168	36	26
Total Operating Revenues	<u>3,646,280</u>	<u>643,491</u>	<u>3,661,344</u>	<u>1,088,065</u>	<u>686,668</u>
Operating Expenses					
Operating and administrative	-	-	-	-	-
Depreciation expense	1,568,178	244,848	1,078,129	429,767	251,048
Interest expense	488,959	94,744	2,050,493	87,396	62,463
Total Operating Expenses	<u>2,057,137</u>	<u>339,592</u>	<u>3,128,622</u>	<u>517,163</u>	<u>313,511</u>
Operating Income (Loss)	<u>1,589,143</u>	<u>303,899</u>	<u>532,722</u>	<u>570,902</u>	<u>373,157</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>1,589,143</u>	<u>303,899</u>	<u>532,722</u>	<u>570,902</u>	<u>373,157</u>
Transfers					
Operating transfers out	(56,555)	(8,939)	(52,471)	(12,206)	(8,799)
Operating transfers in	-	-	-	-	-
Total Transfers	<u>(56,555)</u>	<u>(8,939)</u>	<u>(52,471)</u>	<u>(12,206)</u>	<u>(8,799)</u>
Change in Net Position	1,532,588	294,960	480,251	558,696	364,358
Net Position, Beginning of Year	<u>11,812,465</u>	<u>2,370,157</u>	<u>(14,613,483)</u>	<u>7,683,349</u>	<u>3,548,037</u>
Net Position, End of Year	<u>\$ 13,345,053</u>	<u>\$ 2,665,117</u>	<u>\$ (14,133,232)</u>	<u>\$ 8,242,045</u>	<u>\$ 3,912,395</u>

See Notes to Supplementary Information

Idaho State Building Authority  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2021

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 27 2012 J Refunding Bonds	Project 28 2013 A Revenue Bonds
\$ 915,022	\$ 810,628	\$ 867,855	\$ 435,408	\$ 171,215	\$ 776,200	\$ 531,827	\$ 620,157
11,928	10,187	11,184	5,494	2,325	10,345	3,874	8,672
35	30	33	16	7	16	20	16
<u>926,985</u>	<u>820,845</u>	<u>879,072</u>	<u>440,918</u>	<u>173,547</u>	<u>786,561</u>	<u>535,721</u>	<u>628,845</u>
-	-	-	-	-	-	-	-
322,456	353,023	301,438	212,951	55,731	265,446	-	235,287
82,019	71,004	81,114	38,832	16,693	107,635	16,964	203,791
<u>404,475</u>	<u>424,027</u>	<u>382,552</u>	<u>251,783</u>	<u>72,424</u>	<u>373,081</u>	<u>16,964</u>	<u>439,078</u>
<u>522,510</u>	<u>396,818</u>	<u>496,520</u>	<u>189,135</u>	<u>101,123</u>	<u>413,480</u>	<u>518,757</u>	<u>189,767</u>
<u>522,510</u>	<u>396,818</u>	<u>496,520</u>	<u>189,135</u>	<u>101,123</u>	<u>413,480</u>	<u>518,757</u>	<u>189,767</u>
(11,928)	(10,188)	(11,184)	(5,494)	(2,326)	(10,347)	(3,872)	(8,672)
-	-	-	-	-	-	-	-
<u>(11,928)</u>	<u>(10,188)</u>	<u>(11,184)</u>	<u>(5,494)</u>	<u>(2,326)</u>	<u>(10,347)</u>	<u>(3,872)</u>	<u>(8,672)</u>
510,582	386,630	485,336	183,641	98,797	403,133	514,885	181,095
4,466,833	5,960,103	4,264,242	3,788,387	694,126	2,471,556	(647,442)	851,153
<u>\$ 4,977,415</u>	<u>\$ 6,346,733</u>	<u>\$ 4,749,578</u>	<u>\$ 3,972,028</u>	<u>\$ 792,923</u>	<u>\$ 2,874,689</u>	<u>\$ (132,557)</u>	<u>\$ 1,032,248</u>

Idaho State Building Authority  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2021

	Project 29 2017A&B Revenue Bonds	Project 30 2018A Revenue Bonds	Project 31 2018B Revenue Bonds	Unreserved Funds	Administrative Fund	Totals
Operating Revenues						
Rent for revenue bonds	\$ 7,866,877	\$ 12,208,155	\$ 2,129,956	\$ -	\$ 35,988	\$ 36,670,735
Additional rent	138,595	79,739	33,683	-	-	455,000
Investment income	809	1,775	2,213	635	41	291,073
<b>Total Operating Revenues</b>	<b>8,006,281</b>	<b>12,289,669</b>	<b>2,165,852</b>	<b>635</b>	<b>36,029</b>	<b>37,416,808</b>
Operating Expenses						
Operating and administrative	-	-	-	-	473,285	473,285
Depreciation expense	2,552,966	1,915,460	69,530	-	-	9,856,258
Interest expense	4,736,480	3,020,020	846,272	-	-	12,004,879
<b>Total Operating Expenses</b>	<b>7,289,446</b>	<b>4,935,480</b>	<b>915,802</b>	<b>-</b>	<b>473,285</b>	<b>22,334,422</b>
<b>Operating Income (Loss)</b>	<b>716,835</b>	<b>7,354,189</b>	<b>1,250,050</b>	<b>635</b>	<b>(437,256)</b>	<b>15,082,386</b>
Excess (Deficiency) of Revenues over (Under) Expenditures	716,835	7,354,189	1,250,050	635	(437,256)	15,082,386
Transfers						
Operating transfers out	(138,595)	(83,686)	(33,686)	-	-	(458,948)
Operating transfers in	-	-	-	2,628	456,320	458,948
<b>Total Transfers</b>	<b>(138,595)</b>	<b>(83,686)</b>	<b>(33,686)</b>	<b>2,628</b>	<b>456,320</b>	<b>-</b>
<b>Change in Net Position</b>	<b>578,240</b>	<b>7,270,503</b>	<b>1,216,364</b>	<b>3,263</b>	<b>19,064</b>	<b>15,082,386</b>
<b>Net Position, Beginning of Year</b>	<b>(5,435,136)</b>	<b>(6,020,137)</b>	<b>(1,217,009)</b>	<b>2,862,060</b>	<b>101,171</b>	<b>22,940,432</b>
<b>Net Assets, End of Year</b>	<b>\$ (4,856,896)</b>	<b>\$ 1,250,366</b>	<b>\$ (645)</b>	<b>\$ 2,865,323</b>	<b>\$ 120,235</b>	<b>\$ 38,022,818</b>

**Note 1 - Negative Unrestricted Net Position**

The following is the analysis of the negative unrestricted net position as of June 30, 2021 as shown on the Combining Statement of Net Position:

	Bond Series	Unrestricted Net Position
Project 8	2018C	\$ (254,750)
Project 11	2012A	(32,958)
Project 13	2012B	(754,338)
Project 14	2012C	(537,866)
Project 15	2012D	(94,014)
Project 16	2012E	(118,735)
Project 17	2012F	(163,313)
Project 18	2012G	(127,304)
Project 19	2012H	(84,030)
Project 20	2012I	(16,746)
Project 21	2013B	(46,883)
Project 27	2012J	(132,582)
Project 28	2013A	(77,194)
Project 29	2017A&B	(2,250,739)
Project 30	2018A	(7,398,642)
Project 31	2018B	(4,848,120)

"Unrestricted" Net Position on the Combining Statement of Net Position is calculated as follows: "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 31. 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 is 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 8, 11, 21, 28 and 29 have a negative unrestricted net position due to accrued interest as of June 30, 2021.

Project 27 has a negative unrestricted net position due to a bond refunding that 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.

Project 29, 30, and 31 and have negative unrestricted net position due to large restricted debt service payments.



Other Information  
June 30, 2021

# 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 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Idaho State Building Authority (the Authority) which comprise the statement of net position and the statement of fiduciary net position-custodial fund as of June 30, 2021, and the related statement of revenues, expenses and changes in net position, statement of changes in fiduciary net position-custodial fund, and cash flows for the year ended, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated September 24, 2021.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

**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 financial statements. 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
September 24, 2021