



Financial Statements
June 30, 2024

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Idaho State Building Authority (the Authority), a component unit of the State of Idaho, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2024, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements of the Authority, are intended to present the financial position and changes in financial position of the Authority. They do not purport to, and do not present fairly the financial position of the State of Idaho as of June 30, 2024, or the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 and related footnotes listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements and related footnotes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, 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, and 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 of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Boise, Idaho
September 18, 2024

Idaho State Building Authority

The Authority is an independent public body corporate and politic created in 1974 as an independent public body corporate and politic by the Idaho State Building Authority Act, Title 67, Chapter 64, Idaho Code (the “Act”), for the purpose of assisting in the acquisition, construction, operation, financing and refinancing of State governmental facilities and the facilities of community college districts. In accordance with the Building Authority Act, the Authority is authorized to issue its bonds or notes to finance governmental facilities pursuant to agreements entered into with departments, boards, commissions or agencies of the State (“State Bodies” or “State Body”) or with community college districts (together with the State Bodies, collectively, the “Lessees”), subject to prior approval of the legislature of the State (the “State Legislature”) by concurrent resolution. To that end, the Authority has previously issued bonds secured by annual rent payments equal to debt service on such bonds for the applicable fiscal year, plus certain operating and administrative costs of the Authority and any required deposits to reserve or operating funds or accounts for such fiscal year, payable by the State, acting by and through one or more lessees under the terms of the facilities leases relating to the project or projects being financed or refinanced, as applicable, by such bonds.

By amendment to the Act effective July 1, 2024, the Authority was granted the additional power to issue bonds for the state department of education associated with the school modernization facilities fund pursuant to section 33-913, Idaho Code.

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, 2026
James C. Hammond, Vice Chairman	January 1, 2027
Dale McOmber, Commissioner	January 1, 2025
Shelly Enderud, Commissioner	January 1, 2026
Torry McAlvain, Commissioner	January 1, 2029

There are currently two vacancies on the Board of Commissioners.

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 three meetings during the fiscal year ending June 30, 2024. During the fiscal year no new bonds were issued. In addition to the general and ordinary business of the Authority, the Board of Commissioners approved the following:

- Approved a Development Agreement with the Idaho Wheat Commission authorizing the Authority to finance and develop a new office building on the Idaho Wheat Commission property;
- Selected Lombard Conrad Architects as designer and The Russell Corporation as construction manager for the new Idaho Wheat Commission project; and
- Approved and authorized execution of a design agreement with Lombard Conrad Architects and construction management agreement with The Russell Corporation;
- Adopted Resolution No. 2024-001 authorizing the Authority to proceed with preparations for financing of School Facility Modernization grants for Idaho Department of Education and appointing bond counsel, trustee and financial advisor to assist in preparation of bond issues to fund the program.

Authority Facilities

Facilities financed by the Authority for the State of Idaho ("State") or community college districts ("Districts") are financed by separate series of bonds. Each series of bonds is separately secured by annually renewable leases the State or Districts. The State and Districts have continuously renewed each lease until the series of bonds secured by such leases have been paid in full. Under the leases, the State and Districts are responsible for maintenance, repair and operation of each facility and all costs related thereto. Upon final payment of all bonds secured by each lease, such lease terminates and the facilities transfer to the State or District.

Commencing in 1978 with an initial project comprising three office buildings for the State of Idaho, the Authority has successfully financed a total of 31 separate facilities for agencies State, colleges and universities and community colleges in Idaho. Leases of all projects, except the current active leases described below, have been terminated upon full payment of outstanding bonds and notes and the facilities have been transferred to the respective State agency, college, university or community college.

The following describes the current active leases of facilities financed by the Authority:

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.

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 has been completed.

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 2024. The Statement of Revenues, Expenses, and Changes in Net Position reports the Authority’s operations for fiscal year 2024 and the resulting increase or decrease in net position. The Statement of Cash Flows provides information about the Authority’s cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities and the flow of cash during the fiscal year.

The Idaho State Building Authority is a single-purpose governmental entity and is an enterprise fund for financial reporting with revenues and expenses recognized on the accrual basis. Capital assets are capitalized and depreciated over their useful lives. The notes to the financial statements contain, among other information, descriptions of the Authority’s significant accounting policies and are an integral part of the financial statements.

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

Financial Highlights

The regular financial activity for the year involved receipt of annual rentals for the lease of the various projects. Rental receipts are deposited into the respective Revenue Funds of the bonds issued to finance each project and are then transferred to the respective Debt Service Accounts to be applied to principal and interest on the bonds due within the applicable fiscal year and to the Administrative Fund as Additional Rent to pay administrative fees for the fiscal year. During fiscal years 2024 and 2023, there were no unusual or excessive administrative expenses.

The following table summarizes the Authority's assets, deferred outflows, deferred inflows, liabilities and net position as of June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 19,122,183	\$ 17,990,288
Lease and Accrued Interest Receivables	140,442,098	145,955,549
Net Capital Assets	<u>123,130,166</u>	<u>126,943,231</u>
Total Assets	<u>282,694,447</u>	<u>290,889,068</u>
Deferred Outflows	<u>3,627,364</u>	<u>3,913,694</u>
Current Liabilities	10,304,039	10,141,329
Long-Term Liabilities	<u>137,805,134</u>	<u>144,201,033</u>
Total Liabilities	<u>148,109,173</u>	<u>154,342,362</u>
Deferred Inflows	<u>131,986,171</u>	<u>140,174,891</u>
Net Investment in Capital Assets	(1,702,355)	(4,474,471)
Amounts Restricted for		
Debt Service	15,693,053	14,948,991
Administration	228,374	-
Unrestricted	<u>(7,992,605)</u>	<u>(10,189,011)</u>
Total Net Position	<u>\$ 6,226,467</u>	<u>\$ 285,509</u>

Total Assets of the Authority as of June 30, 2024 were \$282,694,447 compared to \$290,889,068, as of June 30, 2023. The decrease in total assets is primarily related to collection of lease receivables and depreciation of capital assets.

Total Deferred Outflows decreased by \$286,330 due to amortization and defeasance of related bonds payable.

Total Liabilities decreased by \$6,233,189 due to principal payments on outstanding bonds. Total liabilities at June 30, 2024 were \$148,109,173 compared to \$154,342,362 as of June 30, 2023.

Total Deferred Inflows decreased by \$8,188,720 due to collection of leases receivable.

Total Net Position as of June 30, 2024 is \$6,226,467 and is comprised of \$(1,702,355) in net investment in capital assets, and \$15,693,053 restricted for payment of debt service, \$228,374 restricted for project administration, and \$(7,992,605) deficit in unrestricted. Restricted net position increased due to more restricted cash and cash equivalents on hand as of June 30, 2024. Total Net Position increased by \$5,940,958.

The following table summarizes the Authority's revenues and expenses and changes in net position for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Lease Rent for Revenue Bonds	\$ 8,150,233	\$ 10,357,628
Additional Rent	330,000	157,798
Lease interest revenue	6,063,967	6,301,422
Investment Income	943,706	1,235,721
Other Income	303,427	-
	<u>15,791,333</u>	<u>18,052,569</u>
Total operating revenue		
Operating and Administrative	405,165	408,589
Depreciation Expense	3,827,940	4,275,523
Interest Expense	5,617,270	6,913,614
	<u>9,850,375</u>	<u>11,597,726</u>
Total operating expenses		
Operating Income	<u>5,940,958</u>	<u>6,454,843</u>
Nonoperating Revenue (Expense)		
Loss on Lease Terminations	-	(4,625,548)
Gain on Defesance of Bonds Payable	-	9,964,647
	<u>5,940,958</u>	<u>11,793,942</u>
Income Before Transfers		
Other Financing Sources (Uses)		
Transfer of Unused State Appropriation to State of Idaho	-	(14,255,850)
Transfers of Capital Assets to State Agencies	-	(226,965,175)
	<u>-</u>	<u>(241,221,025)</u>
Total Other Financing Uses		
Change in Net Position	5,940,958	(229,427,083)
Net Position, Beginning of Year	<u>285,509</u>	<u>229,712,592</u>
Net Position, End of Year	<u>\$ 6,226,467</u>	<u>\$ 285,509</u>

Total Operating Revenues of the Authority for fiscal year 2024 were \$15,791,333 consisting primarily of \$8,150,233 of rental revenue recognized in accordance with GASB 87, \$6,063,967 in lease interest revenues, and \$943,706 of investment income. This compares to total revenues for fiscal year 2023 of \$18,052,569 consisting primarily of \$10,357,628 of rental payments, and \$1,235,721 of investment income.

Total Expenses decreased primarily due the defeasance of bonds payable which reduced interest expense and transfers of capital assets and terminations of lease agreements which reduced depreciation expense. Only three active projects remain (Project 13, 30, and 31). Total expenses for fiscal year 2024 of \$9,850,375 consisted of \$405,165 of administrative expense, \$3,827,940 of depreciation and \$5,617,270 of interest expense. Total expenses decreased by \$1,747,351.

LEASE RECEIVABLES, CAPITAL ASSETS, AND LONG-TERM DEBT

Lease Receivables

At June 30, 2024, the Authority had \$140,442,098 in total receivables that were accrued per GASB 87. This amount is made up of \$5,603,346 of current lease receivable, \$130,574,487 of long-term lease receivable, and \$4,264,265 of lease interest receivable. Additional information regarding the lease receivables and GASB 87 is presented in Note 7 to the financial statements.

Capital Assets

At June 30, 2024, the Authority had \$123,130,166 invested in capital assets that are leased to the State. This represents a net decrease of \$3,813,065 from June 30, 2023. The decrease is a result of depreciation. Additional information regarding capital assets is presented in Notes 2 and 4 to the financial statements.

Long-Term Debt

At June 30, 2024, the Authority had \$142,410,000 in bonds outstanding compared to \$148,465,000 as of June 30, 2023. This was a decrease of \$6,055,000 which consists of principal payments on active bonds. 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, 2024

Assets	
Cash and cash equivalents	
Money market funds	\$ 3,200,756
Money market funds, restricted for capital outlay and debt service	15,921,427
Lease interest receivable	4,264,265
Lease receivables	136,177,833
Depreciable capital assets, net of accumulated depreciation	120,045,451
Non-depreciable capital assets	3,084,715
Total assets	282,694,447
Deferred Outflows	
Deferred amount on refundings	3,627,364
Total deferred outflows	3,627,364
Liabilities	
Accounts payable	33,181
Accrued interest payable	1,765,228
Advanced rent	2,225,630
Long-term liabilities	
Bonds payable - due within one year	6,280,000
Bonds payable - due after one year	137,805,134
Total liabilities	148,109,173
Deferred Inflows	
Lease related	131,986,171
Total deferred outflows	131,986,171
Net Position	
Net investment in capital assets	(1,702,355)
Amounts restricted for	
Debt service	15,693,053
Administration	228,374
Unrestricted	(7,992,605)
Total net position	\$ 6,226,467

Idaho State Building Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

Operating Revenues	
Rent for revenue bonds	\$ 8,150,233
Additional rent	330,000
Lease interest revenue	6,063,967
Investment income	943,706
Other income	303,427
	<hr/>
Total operating revenues	15,791,333
	<hr/>
Operating Expenses	
Operating and administrative	405,165
Depreciation expense	3,827,940
Interest expense	5,617,270
	<hr/>
Total operating expenses	9,850,375
	<hr/>
Operating Income	5,940,958
	<hr/>
Change in Net Position	5,940,958
	<hr/>
Total Net Position, Beginning of Year	285,509
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Total Net Position, End of Year	\$ 6,226,467
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Idaho State Building Authority
Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities	
Lease principal and interest receipts	\$ 12,802,045
Bond interest payments	(5,522,417)
Payments to vendors	(381,285)
Other income	303,427
	7,201,770
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Bond principal payments	(6,055,000)
Additions to construction in progress	(14,875)
	(6,069,875)
Net Cash used for Capital and Related Financing Activities	
Net Change in Cash and Cash Equivalents	
	1,131,895
Cash and Cash Equivalents, Beginning of Year	
	17,990,288
Cash and Cash Equivalents, End of Year	
	\$ 19,122,183
Reconciliation of Operating Income to Net Cash and	
Equivalents from Operating Activities	
Operating income	\$ 5,940,958
Adjustments to reconcile total operating income to net cash	
and equivalents from operating activities	
Depreciation	3,827,940
Accretion of deferred interest, bond premium, gain on refunding	170,431
Change in assets, liabilities, and deferred inflows	
Interest receivable-lease related active projects	150,728
Lease receivable-active projects	5,362,723
Deferred inflows- lease related active projects	(8,188,720)
Accounts payable	23,880
Deferred inflows- lease related	
Accrued interest payable	(75,578)
Advanced rent	(10,592)
	7,201,770
Net Cash from Operating Activities	
	\$ 7,201,770

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, 2024, 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 Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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

Budget

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

Cash and Cash Equivalents

Cash and cash equivalents for the Statement of Cash Flows includes all cash and money market funds with 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.

Lease Receivables

Lease receivables are recorded by the Authority as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Authority charges the lessee.

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.

Deferred Outflows of Resources

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 \$3,627,364 at June 30, 2024. Amortization of the deferred loss on bond refundings was \$286,330 for the year ended June 30, 2024, and is included in “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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows relate to leases where the Authority is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on a straight-line basis over the term of the lease.

Advanced Rent

Advance rent represents lease payments made for facilities in advance of the payment due date.

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 \$1,675,134 at June 30, 2024. Amortization of the bond premiums was \$115,899 for the year ended June 30, 2024, 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 the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the useful lives on capital assets and the collectability of lease receivables. It is at least reasonably possible that the significant estimates used will change within the next year.

Note 2 - Projects

The lease agreements for each project provide that the State or Districts have the option to renew the lease for successive fiscal years, subject to annual appropriation by the State Legislature. Annual rent typically is equal to (1) the annual debt service requirement, net of any monies available to the Authority for payment of such debt service, and (2) the portion of the Authority’s budget for operating and administrative expenses related to each project. See Note 7 for additional disclosures on the effect of GASB 87 on future lease revenue.

A. Expected Future Principal Payments by Project:

The expected principal future lease receipts or application of advanced rent to be used for debt service are as follows:

Project 13	Idaho Water Center Project	\$ 34,252,271
Project 30	Idaho State Board of Education Facilities	68,869,869
Project 31	Idaho Department of Health and Welfare Nursing Facilities	33,055,693
		\$136,177,833

B. Description of the Facilities Leased:

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. 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 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 has been completed.

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 Bancorporation, N.A. As of June 30, 2024, the carrying amount and bank balances of money market funds were \$19,122,183. There were no other investments as of June 30, 2024.

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, 2024, the cost and fair market values of the Authority’s money market funds were as follows:

	Cost	Market	Portfolio %	Maturity	Rating
Morgan Stanley Ins. Liq Govt (MGOXX)	\$ 3,429,140	\$ 3,429,140	17.9%	N/A	AAA
Goldman Financial Treasury Treasury (506 FTIXX)	6,385,722	6,385,722	33.4%	N/A	AAA
Morgan Stanley Ins. Liq Trs Security (MSUXX)	9,307,321	9,307,321	48.7%	N/A	AAA
	<u>\$ 19,122,183</u>	<u>\$ 19,122,183</u>	<u>100%</u>		

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets, not depreciated					
Land	\$ 3,069,840	\$ -	\$ -	\$ -	\$ 3,069,840
Construction in progress	-	14,875	-	-	14,875
Total capital assets, not depreciated	<u>3,069,840</u>	<u>14,875</u>	<u>-</u>	<u>-</u>	<u>3,084,715</u>
Capital assets, depreciated					
Facilities	<u>153,117,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,117,619</u>
Total capital assets	156,187,459	14,875	-	-	156,202,334
Accumulated depreciation Facilities	<u>(29,244,228)</u>	<u>(3,827,940)</u>	<u>-</u>	<u>-</u>	<u>(33,072,168)</u>
Capital assets, net	<u>\$ 126,943,231</u>	<u>\$ (3,813,065)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,130,166</u>

Note 5 - Bonds Payable

Bonds payable as of June 30, 2024:

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.	\$ 3,100,000
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.	35,870,000
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.	70,850,000
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 & September 1, 2028.	<u>32,590,000</u>
Bonds payable	142,410,000
Net unamortized premium and discount on bonds payable	<u>1,675,134</u>
Total bonds payable	<u><u>\$ 144,085,134</u></u>

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

	Principal	Interest
2025	\$ 6,280,000	\$ 5,295,680
2026	6,525,000	5,046,356
2027	6,860,000	4,803,176
2028	7,090,000	4,573,216
2029	7,320,000	4,343,915
2030-2034	41,690,000	17,577,321
2035-2039	43,100,000	9,194,303
2040-2044	13,725,000	3,105,143
2045-2049	9,820,000	1,013,400
Total	<u>\$ 142,410,000</u>	<u>\$ 54,952,510</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, 2023	\$ 150,256,033
Bond principal payments on active projects (Project 13, 30, and 31)	(6,055,000)
Amortization of premiums	(115,899)
	\$ 144,085,134
Balance, June 30, 2024	\$ 144,085,134

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 liabilities were appropriately removed from the financial statements in the year of defeasance. The remaining outstanding debt payable as of June 30, 2024 for the defeased bond totals \$144,395,000.

Arbitrage

Based upon currently available information regarding earnings subject to arbitrage limitations, no arbitrage liability has been determined or recorded as of June 30, 2024.

Note 6 - Related Party Transactions

During the fiscal year ended June 30, 2024, a partner in a law firm, which acts as general counsel for the Authority, served as Executive Director of the Authority. During 2024, the Authority expensed \$197,543 as fees and other reimbursable costs to the law firm of which the Executive Director is a partner. The Authority owed \$22,963 of this amount at June 30, 2024.

Note 7 - Lessor Activities

The Authority leases facilities financed by its bonds to various state government bodies and community college districts which are renewable annually by the leases. The Authority receives annual rent paid in advance under each lease equal to (a) debt service (principal and interest) payable on bonds issued to finance such facilities for the annual lease term, plus (b) additional rent equal to the proportionate share of the Authority's annual operating and administrative expenses during the lease year. The amount of Authority operating, and administrative expense are only calculated for the upcoming year and are not included in the lease calculations. The facilities lease agreements are terminatable at such time all non-defeased outstanding bonds or notes relating to such leases have been paid in full at which time the facilities are conveyed to the lessee without consideration paid, therefore.

The Authority has accrued receivables for three active leases (Projects 13, 30, and 31). The remaining receivable for these leases was \$136,177,833 for the year ended June 30, 2024. Deferred inflows related to these leases were \$131,986,171 as of June 30, 2024. Interest revenue recognized on these leases was \$6,063,9667 for the year ended June 30, 2024. Principal receipts of \$5,362,723 were recognized during the fiscal year. The interest rate on the leases ranged from 4.12%-5.00%. Final receipt is expected through fiscal year 2049.

Variable Payments-The lease agreements call for payments that are variable and therefore were not included in lease receivable or deferred inflow of resources for leases. These variable payments are based on the participant's proportionate share of the Authority's estimated annual operating expenses. A total of \$330,000 was recognized as revenue from these variable payments for the year ended June 30, 2024. The following table shows future minimum lease receivable and interest payments for fiscal year 2025 through fiscal year 2049.

Fiscal Year Ended June 30	Principal	Interest	Total
2025	\$ 5,603,346	\$ 5,972,335	\$ 11,575,681
2026	5,852,446	5,718,910	11,571,356
2027	6,225,407	5,437,768	11,663,175
2028	6,511,388	5,151,828	11,663,216
2029	6,807,698	4,856,217	11,663,915
2030 - 2034	39,711,456	19,555,865	59,267,321
2035 - 2039	42,336,351	9,957,950	52,294,301
2040 - 2044	13,546,031	3,284,110	16,830,141
2045 - 2049	9,583,710	1,249,688	10,833,398
	<u>\$ 136,177,833</u>	<u>\$ 61,184,671</u>	<u>\$ 197,362,504</u>

Note 8 - Subsequent Events

On September 9, 2024 the Board of Commissioners for the Authority approved Resolution 2024-002 authorizing the Authority to issue its Sales Tax Revenue Education Bonds (School Modernization Facilities Fund), Series 2024A in an aggregate principal amount necessary to fund School District Grants in the amount of \$750,000,000.



Other Supplementary Information
June 30, 2024

Idaho State Building Authority

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	Project 13 2003 B 2012 B Revenue Bonds	Project 14 2012 C Revenue Bonds	Project 15 2012 D Revenue Bonds	Project 16 2012 E Revenue Bonds	Project 17 2012 F Revenue Bonds
Assets					
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Money market funds, restricted	62,968				
Lease interest receivable	701,732				
Lease receivable	34,252,271	-	-	-	-
Depreciable capital assets, net of accumulated depreciation	22,020,650	-	-	-	-
Non-depreciable capital assets	2,069,340	-	-	-	-
Total assets	59,106,961	-	-	-	-
Deferred Outflows					
Deferred amount on refundings	3,627,364	-	-	-	-
Total deferred outflows	3,627,364	-	-	-	-
Liabilities					
Accounts payable	-	-	-	-	-
Accrued interest payable	381,339	-	-	-	-
Unavailable rent	-	-	-	-	-
Long-term liabilities					
Bonds payable - due within one year	2,265,000	-	-	-	-
Bonds payable - due after one year	36,705,000	-	-	-	-
Total liabilities	39,351,339	-	-	-	-
Deferred Inflows					
Lease related	32,593,643	-	-	-	-
Total deferred inflows	32,593,643	-	-	-	-
Net Position					
Net investment in capital assets	(11,252,646)	-	-	-	-
Amounts restricted for:					
Debt service	62,968	-	-	-	-
Administration	-	-	-	-	-
Unrestricted (deficit)	1,979,021	-	-	-	-
Total net position	\$ (9,210,657)	\$ -	\$ -	\$ -	\$ -

See Notes to Supplementary Information

Idaho State Building Authority
 Combining Statement of Net Position
 June 30, 2024

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 28 2013A Revenue Bonds	Project 29 2017A&B Revenue Bonds	Project 30 2017A&B Revenue Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		-	339		4,497	9,302,486
			-			2,401,400
			-			68,869,869
			-			67,223,306
			-			1,000,500
			339		4,497	148,797,561
			-			-
			-			-
			-			-
			-			894,462
			-			-
			-			3,315,000
			-			67,535,000
			-			71,744,462
			-			66,983,829
			-			66,983,829
			-			6,676,292
			339		4,497	9,302,486
			-			-
			-			(5,909,508)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ -</u>	<u>\$ 4,497</u>	<u>\$ 10,069,270</u>

Idaho State Building Authority
Combining Statement of Net Position
June 30, 2024

	Project 31 2018B Revenue Bonds	Project 32	Unreserved Funds	Administrative Fund	Totals
Assets					
Money market funds	\$ -	\$ -	\$ 3,078,563	\$ 122,193	\$ 3,200,756
Money market funds, restricted	6,322,763	228,374	-	-	15,921,427
Lease interest receivable	1,161,133	-	-	-	4,264,265
Lease receivable	33,055,693	-	-	-	136,177,833
Depreciable capital assets, net of accumulated depreciation	30,801,495	-	-	-	120,045,451
Non-depreciable capital assets	-	14,875	-	-	3,084,715
Total assets	<u>71,341,084</u>	<u>243,249</u>	<u>3,078,563</u>	<u>122,193</u>	<u>282,694,447</u>
Deferred Outflows					
Deferred amount on refundings	-	-	-	-	3,627,364
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,627,364</u>
Liabilities					
Accounts payable	-	-	-	33,181	33,181
Accrued interest payable	489,427	-	-	-	1,765,228
Unavailable rent	2,225,630	-	-	-	2,225,630
Long-term liabilities					
Bonds payable - due within one year	700,000	-	-	-	6,280,000
Bonds payable - due after one year	33,565,134	-	-	-	137,805,134
Total liabilities	<u>36,980,191</u>	<u>-</u>	<u>-</u>	<u>33,181</u>	<u>148,109,173</u>
Deferred Inflows					
Lease related	32,408,699	-	-	-	131,986,171
Total deferred inflows	<u>32,408,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,986,171</u>
Net Position					
Net investment in capital assets	2,859,124	14,875	-	-	(1,702,355)
Amounts restricted for:					
Debt service	6,322,763	-	-	-	15,693,053
Administration	-	228,374	-	-	228,374
Unrestricted (deficit)	(7,229,693)	-	3,078,563	89,012	(7,992,605)
Total net position	<u>\$ 1,952,194</u>	<u>\$ 243,249</u>	<u>\$ 3,078,563</u>	<u>\$ 89,012</u>	<u>\$ 6,226,467</u>

	Project 13 2003 B 2012 B Revenue Bonds	Project 14 2012 C Revenue Bonds	Project 15 2012 D Revenue Bonds	Project 16 2012 E Revenue Bonds	Project 17 2012 F Revenue Bonds
Operating Revenues					
Rent for revenue bonds	\$ 2,459,898	\$ -	\$ -	\$ -	\$ -
Additional rent	-	-	-	-	-
Lease interest revenue	1,747,583	-	-	-	-
Investment income	45,084	-	-	-	-
Other Income	-	-	-	-	-
Total operating revenues	<u>4,252,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses					
Operating and administrative	2	-	-	-	-
Depreciation expense	1,078,128	-	-	-	-
Interest expense	1,496,556	-	-	-	-
Total operating expenses	<u>2,574,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>1,677,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>1,677,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Operating transfers out	-	(391)	(278)	(373)	(321)
Operating transfers in	-	-	-	-	-
Total Transfers	<u>-</u>	<u>(391)</u>	<u>(278)</u>	<u>(373)</u>	<u>(321)</u>
Change in Net Position	1,677,879	(391)	(278)	(373)	(321)
Net Position, Beginning of Year	<u>(10,888,536)</u>	<u>391</u>	<u>278</u>	<u>373</u>	<u>321</u>
Net Position, End of Year	<u>\$ (9,210,657)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Supplementary Information

Idaho State Building Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

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 28 2013 A Revenue Bonds	Project 29 2017A&B Revenue Bonds	Project 30 2018A Revenue Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,353,894
-	-	-	-	-	-	-
-	-	-	-	-	-	2,912,871
-	-	-	17	-	-	482,453
-	-	-	-	-	570	2,857
-	-	-	17	-	570	7,752,075
-	-	-	-	-	-	-
-	-	-	-	-	-	1,915,460
-	-	-	-	-	-	2,751,040
-	-	-	-	-	-	4,666,500
-	-	-	17	-	570	3,085,575
-	-	-	17	-	570	3,085,575
(353)	(172)	(73)	-	(258)	-	-
-	-	-	-	-	-	-
(353)	(172)	(73)	-	(258)	-	-
(353)	(172)	(73)	17	(258)	570	3,085,575
353	172	73	322	258	3,927	6,983,695
\$ -	\$ -	\$ -	\$ 339	\$ -	\$ 4,497	\$ 10,069,270

Idaho State Building Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

	Project 31 2018B Revenue Bonds	Project 32	Unreserved Funds	Administrative Fund	Totals
Operating Revenues					
Rent for revenue bonds	\$ 1,336,441	\$ -	\$ -	\$ -	\$ 8,150,233
Additional rent	-	-	-	330,000	330,000
Lease interest revenue	1,403,513	-	-	-	6,063,967
Investment income	254,725	1,348	153,338	6,741	943,706
Other Income	-	300,000	-	-	303,427
Total operating revenues	<u>2,994,679</u>	<u>301,348</u>	<u>153,338</u>	<u>336,741</u>	<u>15,791,333</u>
Operating Expenses					
Operating and administrative	-	51,556	34,913	318,694	405,165
Depreciation expense	834,352	-	-	-	3,827,940
Interest expense	1,369,674	-	-	-	5,617,270
Total operating expenses	<u>2,204,026</u>	<u>51,556</u>	<u>34,913</u>	<u>318,694</u>	<u>9,850,375</u>
Operating Income (Loss)	<u>790,653</u>	<u>249,792</u>	<u>118,425</u>	<u>18,047</u>	<u>5,940,958</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>790,653</u>	<u>249,792</u>	<u>118,425</u>	<u>18,047</u>	<u>5,940,958</u>
Other Financing Sources (Uses)					
Operating transfers out	-	(6,543)	-	(894)	(9,656)
Operating transfers in	9,655	-	1	-	9,656
Total Transfers	<u>9,655</u>	<u>(6,543)</u>	<u>1</u>	<u>(894)</u>	<u>-</u>
Change in Net Position	800,308	243,249	118,426	17,153	5,940,958
Net Position, Beginning of Year	<u>1,151,886</u>	<u>-</u>	<u>2,960,137</u>	<u>71,859</u>	<u>285,509</u>
Net Position, End of Year	<u>\$ 1,952,194</u>	<u>\$ 243,249</u>	<u>\$ 3,078,563</u>	<u>\$ 89,012</u>	<u>\$ 6,226,467</u>

Note 1 - Negative Unrestricted Net Position

The following is the analysis of the negative unrestricted net position as of June 30, 2024 as shown on the Combining Statement of Net Position:

	Bond Series	Unrestricted Net Position
Project 30	2018A	\$ (5,909,508)
Project 31	2018B	(7,229,693)

"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 can occur due to various circumstances.

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



Other Information
June 30, 2024

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 the Idaho State Building Authority (the Authority) which comprise the statement of net position and the related statement of revenues, expenses, and changes in net position, and cash flows, as of and for the year ended June 30, 2024, 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 18, 2024.

Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that were not identified.

Report on 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, contracts, and grant agreements, 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 Authority'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 18, 2024