

Introduction

History

Ada County Idaho's street and road maintenance was initially the responsibility of each town's city council or, in the unincorporated parts of the county, the Board of County Commissioners. As the public roads adapted to the requirements of the automobile, new bridges across the Boise River were built and with the inception of the State Highway System, the citizens were faced with dealing with different entities for support. Ada County voters decided to consolidate all of the county's individual street and road departments into one administrative and governmental district, the Ada County Highway District.

Ada County Highway District (ACHD), Ada County, Idaho was established by referendum on May 25, 1971, and commenced operations on January 1, 1972. It is a separate and independent unit of local government responsible for the planning, construction, maintenance, operations, rehabilitation, and improvements of all rural roads, urban streets, bridges and public rights-of-way within Ada County, except for those designated as part of the State or Federal Highway System. It is currently the only countywide highway district in the State of Idaho and operates pursuant to Chapter 14, Title 40 of Idaho Code.

Profile of Ada County Highway District

Ada County Highway District is located within Ada County, Idaho, which is in the southwestern portion of the State. Ada County includes the cities of Boise, Eagle, Garden City, Kuna, Meridian, Star and the unincorporated areas of Ada County.

Facts

Ada County, Idaho
Population: 404,000 (estimate)
Ada County Square Miles: 1,055 miles
Average Age of Residents: 34 years
Median Household Income: \$46,140
Average commute time to work:
19 minutes

Under ACHD jurisdiction
Roads & Streets: 2,186 miles
Bridges: 713 bridges
Signals: 440 signals

Did you know that Ada County was created in 1865, and originally included all of Canyon County and parts of Washington and Elmore counties?



ACHD maintains and operates over 2,100 miles of roads and streets in Ada County, Idaho, with an estimated value of approximately \$2 billion. Elements of ACHD’s infrastructure include multi-lane arterial, collector and local roadways, farm-to-market roadways, along with a state of the art computerized signal system to improve traffic flow. The District maintains over 700 bridges and 440 signals under its jurisdiction. In addition, the District purchases rights-of-way necessary for future infrastructure improvements.

ACHD, Ada County, and the six cities work together monitoring growth and ensuring infrastructure and transportation improvements meet the needs of the county.

Ada County Highway District Commission

A five-member Commission governs the Ada County Highway District. Each Commissioner is elected to office and represents a sub-district as equal in population as practical. The term of office for each Commissioner is four years and based on a rotation schedule designated by Idaho Code 40-1404. The Board of Commissioners meets in formal session weekly. The authority and responsibilities of the Commissioners are established by Idaho Code and confirmed by Ada County voters.

ACHD Commissioners have authority and responsibility for all local roads, bridges, streets, and alleys in Ada County. The law provides the Commissioners with the authority to manage and conduct the business affairs of ACHD. They make and execute all necessary contracts; employ such agents, officers, attorneys and employees as necessary; stipulate employee duties; and manage employee compensation.

The current Commissioners are:

- | | |
|----------------|-------------------|
| President | Sherry R. Huber |
| Vice President | Rebecca W. Arnold |
| Commissioner | John S. Franden |
| Commissioner | Carol A. McKee |
| Commissioner | Sara M. Baker |

Did you know that initially ACHD was governed by 3 commissioners, which increased to 5 in 1999 to accommodate Ada County’s population growth?

Ms. McKee, Ms. Arnold and Ms. Baker are serving four-year terms which began in January 2009. Ms. Huber and Mr. Franden are serving four-year terms which began in January 2007.



Commissioner Huber



Commissioner Arnold



Commissioner Franden



Commissioner McKee



Commissioner Baker

Strategic Planning

The District has developed a strategic plan that includes three main components; a mission statement, a set of eight Guiding Principles for the future, and a series of objectives for each goal to ensure they are achieved. This plan should be viewed as a plan that builds on existing success and addresses shortcomings. The plan focuses attention on the needs of our growing population while balancing growth with an ever-increasing need to maintain the existing roadway system. These growing needs necessitate carefully planned short and long-range strategies to most effectively allocate the funding provided by the taxpayers of Ada County.

The current strategic plan includes the development of Division missions and service standards. In this manner each level of the organization, from management to all employees, develops individual accountabilities that demonstrate a linkage between the work they perform and the achievement of the District's mission.

Ada County Highway District Mission

Provide the best public highway system for the safe and efficient movement of people and goods throughout Ada County.

Guiding Principles

- Progressively maintain, improve, design and build a high quality highway system through systematic and innovative practices.
 - *2010 Status:* Analyzed overlay and chip seal projects for restriping or narrower travel lanes on appropriate road segments to achieve bike lanes or wider shoulders. A pilot project is underway to install 'way finding' bike signage at key locations throughout the county.
 - *2011 Objective:* Begin work on the 2012 Capital Improvement Plan. Use scenario analysis and develop a prioritization process that incorporates sustainability principles, which could include multimodal components and air quality reduction strategies.

- Lead in all areas of safety associated with our activities.
 - *2010 Status:* The District began to inventory all signs in 2010 for the purpose of replacing signs as their reflectivity drops below acceptable levels. Sign installers set up a test bed for monitoring the degradation of reflectivity of signs in the field to trigger systematic replacement.
 - *2011 Objective:* Complete the inventory of all currently installed signs and begin monitoring the test signs for systematic replacement based on the reflectivity dropping below accepted levels. This is based on a Federal Highway Administration mandate and supports a consistent level of safety across the country and protects the district's potential to receive federal funds in the future.

- Optimize the use of fiscal resources.
 - *2010 Objective:* Take advantage of federal aid and apply for grants whenever the opportunity arises.
 - *2010 Status:* ACHD Commuteride secured federal no-match funding to purchase seven mini-vans to test small vanpools in suburban areas.



- Proactively plan, layout and preserve corridors for future highway needs.
 - *2010 Status:* ACHD adopted the Master Street Map which documents the joint plans of ACHD and the land use jurisdictions for typology and right of way preservation needs for arterials and collectors in Ada County.
 - *2011 Objective:* Document major changes to planned road typologies and right of way on the Master Street Map. The Master Street Map is the District's primary tool to coordinate long range transportation planning with our partnering agencies land use plans and ensures that decisions related to projects and development are consistent with adopted plans and policies.

- Be one of the most responsive and informative public service organizations in the Treasure Valley.
 - *2010 Status:* The District started airing Commission meetings live via the web site in the spring, supplementing the after-the-fact video segments that first appeared in late 2008. The move expanded the potential viewing audience beyond those who could receive the cable television broadcast, a minority of households in the Boise market.
 - *2011 Objective:* Expanded use of new media (Twitter, Facebook) and the web site to allow ACHD to reach out to the public in traditional and non-traditional methods.

- Respect the environment in all our activities.
 - *2010 Status:* ACHD Commuteride finished implementing a new carpool match database and established five new Vanpool routes.
 - *2011 Objective:* In many areas of the Ada County, stormwater runoff entering the ACHD storm drain system may eventually discharge to the Boise River as well as other waterways. To help protect these valuable resources, ACHD collects stormwater runoff samples during rain events to characterize and quantify pollutants that wash off impervious surfaces into the storm drain system.

- Pursue beneficial relationships with public and private entities.
 - *2010 Status:* Provided equipment and inspection to ITD in the construction of freeway off ramp signals as part of the GARVEE program.
 - *2011 Objective:* Where ACHD has the expertise and knowledge, assist the cities, county, ITD, and others in efforts that benefit the public.

- Make ACHD an exciting, rewarding and value-centered workplace.
 - *2010 Status:* ACHD employees participated in a number of fundraising events including the United Way, a food drive for the Idaho Foodbank and charity golf tournament that raised \$4500 for the Women's and Children's Alliance. The focus on safety and our community continued with ACHD employees partnering with various Homeowners Associations, the YMCA and local schools to provide free blinking reflectors, make safety presentations and participate in local Bike Rodeos.
 - *2011 Objective:* Continue to maintain options for our employees to participate in events benefiting our community and our employees.

Performance Measurement

The Director has established the following performance goals for the Division Deputies and Department Managers.

- Expend 85-90% of the Capital Projects Budget excluding encumbrances. This is to ensure that we continually monitor individual projects and identify funds for reprogramming if applicable. In FY 2009, 89% of the Capital Budget was expended.
- Each department will be held accountable for expending 95-100% of their Operational Budget excluding encumbrances. Resources should be reallocated to services needing funding versus not expending the funds. In FY 2009, four out of eight divisions/departments met the expenditure goal (Commission, Director, Legal, and Communications).
- Carryover Funds will be less than 10% of the total budget. Keeping excessive funds on hand for future projects results in a higher cash balance at year end. The carryover funds from FY 2009 into FY 2010's budget were 2.4% of the total budget.

Budget Purpose

A detailed budget is important to ACHD because it serves multiple functions. It is a policy document, a financial process, an operations guide, and a communications device. As a ***policy document***, the budget serves to inform the public about the mission, priorities, goals and objectives of the District. This budget document details the services the District will provide during this budget year and provides a look ahead at projects and programs planned in the future.

As a ***financial process***, the budget details the consideration of revenue projections and expenditures associated with completing the policy goals. This requires gathering financial information, discussions of expenditure plans and revenue alternatives, prioritization of program needs, and decision on the future direction of the District.

After the budget is adopted, it becomes an ***operations guide*** for the departments. As actual events occur, such as revenue collection, regular expenditures, and even the occasional emergency, the actual history can be compared with what was expected at the time the overall plan was adopted. Each division budget section includes a description of the division's function, its goals/objectives, performance indicators, authorized positions, and performance measurements.

Finally, the budget is a ***communication device***, as the Commission uses it to explain to citizens, other government entities and the general public how the mission and goals of the District are being realized. In addition it provides summary information to aid in interpreting the data.

Budget Policies

ACHD establishes a budget pursuant to Idaho Code 31-1602 and provides the Commissioners and public with a clear picture of the services the District provides and the costs associated with those services. It also provides District management with a financial and operating plan. The District is in compliance with the budget policies.

The following are the budget policies:

- *Fiscal Year:* ACHD's budget is prepared on a fiscal year cycle which begins on October 1 of each year and ends on September 30 of the next year. (Idaho Code 40-1330)
- *Balanced Budget:* The budget is established by balancing planned revenues and expenditures in a fiscally responsible manner, thereby assuring the District's long-term financial health and accomplishing our mission in the county.
- *Public Hearing:* The Commissioners, Director and staff prepare an annual budget document. Once completed, ACHD makes the proposed budget available for public inspection and provides public notice of a budget hearing according to Idaho Code 40-1326. After public comment, the Commission certifies the ad valorem (property) tax levy and adopt a budget for the ensuing fiscal year. (Idaho Code 40-1325)
- *Monitor:* The budget will be monitored on a quarterly basis to ensure expenditure levels are within anticipated revenues based on the Commission policies. Commission action is required to authorize the approval of adjustments increasing/decreasing the total authorized annual spending level.

Financial Policies

ACHD has an important responsibility to its citizens to carefully account for the public funds, manage finances wisely and plan adequate funding for services, facilities and infrastructure necessary to meet the county's present and future needs. The financial policies are intended to serve as a blueprint to achieve the fiscal stability required to accomplish the District's policy goals and objectives.

Accounting

- ACHD's accounting system shall be operated and maintained in accordance with GAAP and standards as promulgated by GASB.
- The District utilizes the *modified accrual basis* for accounting purposes, and *cash basis* for budgeting purposes. For modified accrual, revenues are recognized in the fiscal year in which they are earned and expenses are recognized in the fiscal year in which they are incurred. For cash basis budgeting, revenues are recognized when cash is expected to be received and expenditures and encumbrances are recognized in the fiscal year in which they are expected to be paid.
- It is ACHD's policy to use restricted resources first, then unrestricted resources as needed.
- The District distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements.
- An annual audit will be performed by an independent public accounting firm, which will issue an official opinion on the annual financial statements with a management letter detailing areas that need improvement if required (Idaho Code 40-1317). Full disclosure will be provided in the annual financial statements. The final audit report shall be submitted to

the Commission for approval. A copy will be forwarded to the Idaho Legislative Auditor's Office and to the Federal Single Audit Clearinghouse. A statement of the District's financial condition shall be filed in the office and published according to Idaho Code.

- A Highway District Finance Report shall be completed each year, approved by the District Commission, and submitted to the State Auditor's Office and published.
- The District follows cost accounting methodology. Costs are attributed to a project or process and recorded on employee time sheets, material use forms, and purchase orders.

Revenue

- The District will estimate its annual revenues by an objective and analytical process. A conservative projection is provided to help ensure that adequate resources will always be available to meet budgeted obligations.
- Established user charges and fees will be at a level related to the cost of providing the services. Changes to fee structures are subject to District guidelines and will be reviewed annually.
- One-time revenues will be used for one-time expenditures thereby avoiding the use of temporary revenues to fund mainstream services.

Investment

- Idaho Statute authorizes the Highway District to invest in obligations of the US Treasury, agencies and instrumentalities of the US, repurchase agreements, interest-bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in State depositories, accounts in financial institutions, and the State of Idaho's General Fund Investment Pool.
- The Treasurer will ensure that all surplus cash (greater than three month's working capital) is prudently invested in accordance with the investment policy adopted by the Commission to protect ACHD funds and realize a reasonable rate of return.

Debt

- It shall be the District's philosophy to incur no debt unless otherwise needed.
- Projects financed through the issuance of debt shall not be financed for a period that exceeds the expected useful life of the project. It shall conform to the Idaho Statutes.
- Capital improvements, equipment and facility projects shall be classified into "pay-as-you-go" and "debt financing" classifications. Pay-as-you-go capital items will be \$5,000 or less with short lives (less than four years) or replacement of existing equipment where depreciation has been paid to a sinking fund. Debt financing will be used for major, non-recurring items with a minimum of four years useful life.
- The total amount of bonds the District has issued and outstanding at any time shall not exceed two percent (2%) of the market value for assessment purposes of all the taxable property in the District
- The District will confine long-term borrowing to capital projects that cannot be financed from current revenues.

Reserve

- Reserves are funds that have been segregated to meet legal requirements and/or have been segregated at the discretion of the Commission, such as Impact Fees.

- The District currently designates funds for impact fee projects and right-of-way acquisitions for future construction projects on roadways and bridges.
- The District shall establish and maintain an operating fund balance reserve (10% of the General Fund Budget) to provide for unanticipated expenditures of a non-recurring nature or to meet unexpected increases in service costs.

Capital Assets

- Capital assets, which include property, plant, and equipment, are assets with an initial, individual cost or estimate of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, and depreciated accordingly. Donated fixed assets are valued at their estimated fair market value on the date donated, and depreciated accordingly.
- Infrastructure Capital assets consisting of roads, ponds, bridges, curbs and gutters, sidewalks, drainage systems, and signal systems are valued at historical costs.
- Capital assets are systematically identified and periodically audited. Parts inventory is audited on an annual basis.

Risk Management

- The District will maintain a risk management program to provide protection against loss and a reduction in exposure to liability.
- The District shall regularly perform a cash flow analysis to ensure optimum cash availability.
- The District is involved in various litigations from the ordinary course of business operations, the outcome of which cannot be presently determined. The opinion of management is that all outstanding litigation and claims will be resolved without materially affecting the financial status of the District.
- The District purchases liability, medical and disability insurance through a commercial insurance carrier. Workers compensation insurance is maintained through the State Insurance Fund.

ACHD Fund Structure

The District uses a fund structure accounting system in order to keep track of specific sources of funding and spending for particular purposes. Some of the funds are required by State law and by bond covenants. The District also establishes other funds to control and manage money for a particular purpose. The District has three kinds of funds and all use the accrual basis of accounting.

- *Governmental funds* - The main operating fund for the District, the General Fund, is a major fund of the District and is used to finance the Highway District's programs, such as traffic control maintenance, roadway maintenance and infrastructure improvements. Property taxes, highway user's funds, development impact fees and Ada County Registration fees finance most of these activities.
- *Proprietary funds* - The District's Commuteride section is reported in this major fund to account for operations financed and operated in a manner similar to private business enterprises. The principle operating revenues are user charges to customers to cover the Vanpool services provided.

- *Fiduciary funds* - The District is the trustee, or fiduciary, for its Road Trust Fund deposits. They are responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District does not budget for Road Trust funds separately. The Road Trust Fund reimburses the General Fund after expenses are incurred.

The figure below illustrates ACHD’s fund structure organization.

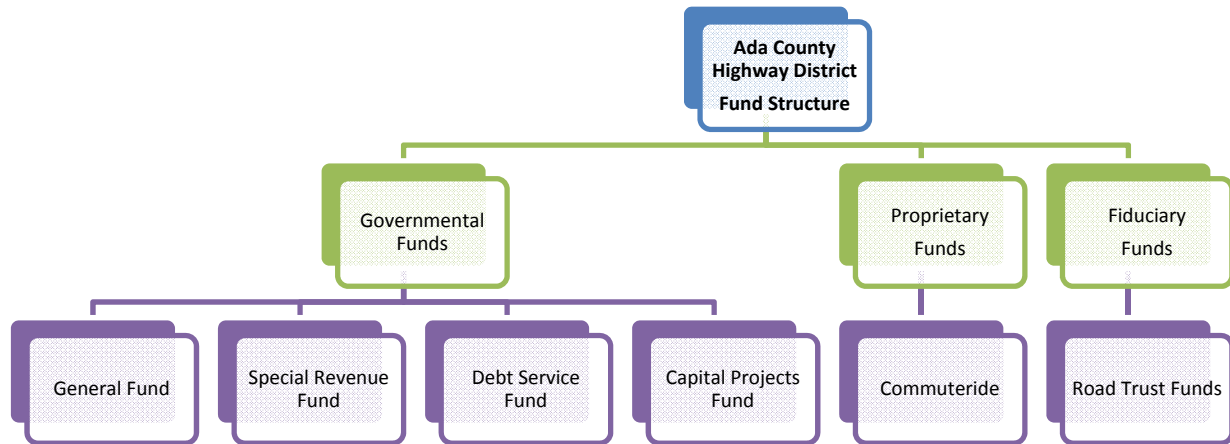


Figure 2

Summary Fund Balance

ACHD is trying to maintain the undesignated fund balance at 10% (approximately \$8 million) of the total budget. Prior to 2005, the District did not maintain a significant fund balance, which could have resulted in insufficient cash to pay for obligations. The District then programmed reduced budgets in order to build up the reserves. In FY 2007, ACHD had a significant fund balance and we intentionally spent down the funds on our roadway system. Since 2007, the District has maintained the fund balance at the acceptable level.

Current economic conditions have resulted in fewer revenues than anticipated. This is cause for concern on the status of our fund balance. We expect our balance will be reduced to less than the ideal amount to maintain the needs and services of the District. The District will have to reevaluate the fund balance level to ensure it is appropriate to adequately meet the needs of the District. The chart and graph below illustrate the combined fund balance for the District.

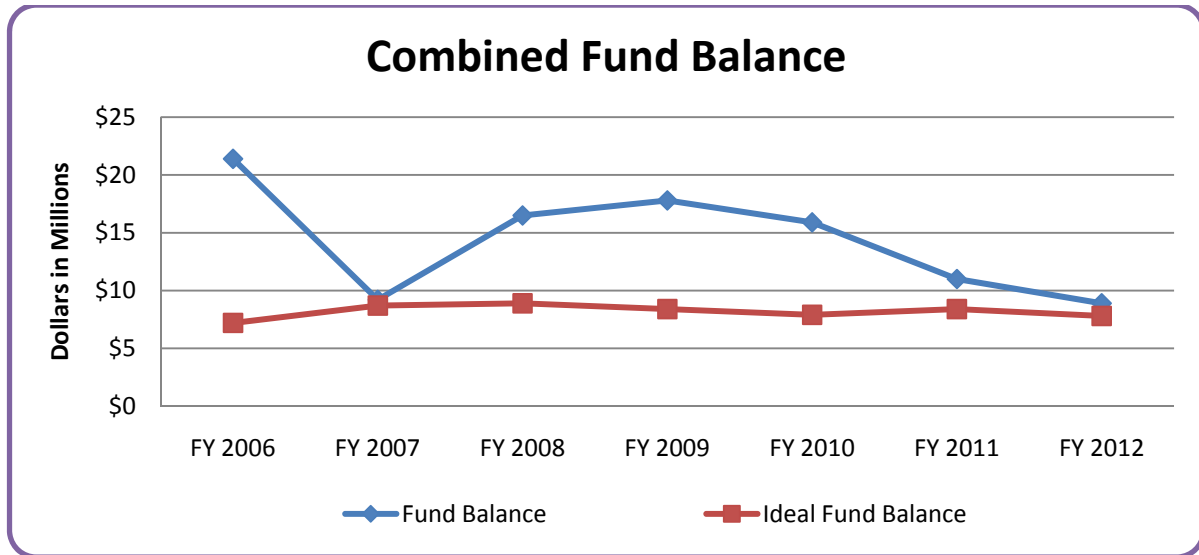


Chart 3

Ada County Highway District Combined Fund Statement	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2011 Budget	FY 2012 Projected
Beginning Fund Balance	\$ 9,247,750	\$ 16,448,708	\$ 17,791,034	\$ 15,871,034	\$ 10,971,034
Revenues					
Taxes	56,496,451	59,421,025	61,370,000	61,370,000	61,650,000
Fees and Services	1,452,011	878,267	1,090,000	950,000	1,200,000
Dev Impact Fees	12,793,176	3,268,485	6,000,000	7,050,000	8,050,000
Other	8,019,080	3,183,357	6,020,000	7,250,500	3,248,000
Commuteride	1,967,653	2,384,109	2,300,000	2,479,500	1,750,000
Total	80,728,371	69,135,243	76,780,000	79,100,000	75,898,000
Expenditures					
Overhead Depts	2,667,903	2,347,911	2,520,200	2,671,050	2,796,350
Planning & Program	2,538,746	2,185,376	1,902,300	1,987,275	1,933,050
Operations	24,110,433	21,958,823	27,495,200	28,700,650	26,566,600
Technical	10,146,798	8,986,927	9,382,300	9,820,425	10,222,100
Capital Projects	35,018,342	33,158,287	37,400,000	40,820,600	36,479,900
Total	74,482,222	68,637,324	78,700,000	84,000,000	77,998,000
Net Increase / (Decrease)	6,246,149	497,919	(1,920,000)	(4,900,000)	(2,100,000)
Other Adjustments					
Capital Leases	588,216	774,230			
Changes in Inventory	366,593	70,177			
Total	954,809	844,407	0	0	0
Ending Fund Balance	\$ 16,448,708	\$ 17,791,034	\$ 15,871,034	\$ 10,971,034	\$ 8,871,034

Table 3

Budget Planning

The District's planning process consists of a short-range plan outlined in our Five-Year Work Plan and a long-range plan as reflected in our Capital Improvements Plan, Pedestrian & Bicycle Transition Plan, Blueprint for Good Growth, and Communities in Motion Plan. The FYWP evolves year-round and is updated annually to reflect the dynamics of the Highway District.

The budget office begins planning by preparing a six-year forecast of anticipated revenues and expenditures and makes recommendations to the Commission and Director regarding the funds that will be available for the next year's operational and maintenance expenditures. When forecasting and recommending, the budget office keeps in mind that the district tries to maintain a capital budget of approximately 50% of the total budget, and plans accordingly to maintain this desired balance. At the same time, projections of capital expenditures and new capital project requests are identified by the requesting Divisions/Departments. These capital project expenditures are reviewed to ensure that identified priorities are followed and financial and budgeting goals are achieved. The budget is then analyzed and the proposed budget is developed for presentation to the Commission for adoption.

Budget Process

The District's budget process is ongoing and includes the phases of development, proposal, adoption, and monitoring. Various levels of the organization are included in the budget process during budget meetings, committee meetings, and budget work sessions throughout the year. The District uses a combination of line-item budgeting for the operational budget and program budgeting for capital projects.

The budget development process starts in April with a capital budget review. In May, initial budgets are submitted from each department. The process concludes in August with a public hearing, and adoption of the final fiscal year budget. Departments request their budgets based on planned services and capital projects. All department budget requests are compiled into a proposed budget document. This document is reviewed by the Budget Committee, Executive Team, and then the Commission. The Commission relays directions and instructions in order to achieve a final draft ready for public inspection.

Did you know that ACHD partnered with the Ada County Sheriff's Office in 1998 to create the Sheriff Inmate Labor Detail (SILD) program? The program uses inmate labor to help with weed, debris, and sidewalk snow removal in ACHD's rights-of-way, and saves Ada County tax payers approximately \$60,000 a year in saved wages alone.

Budget Process Flowchart

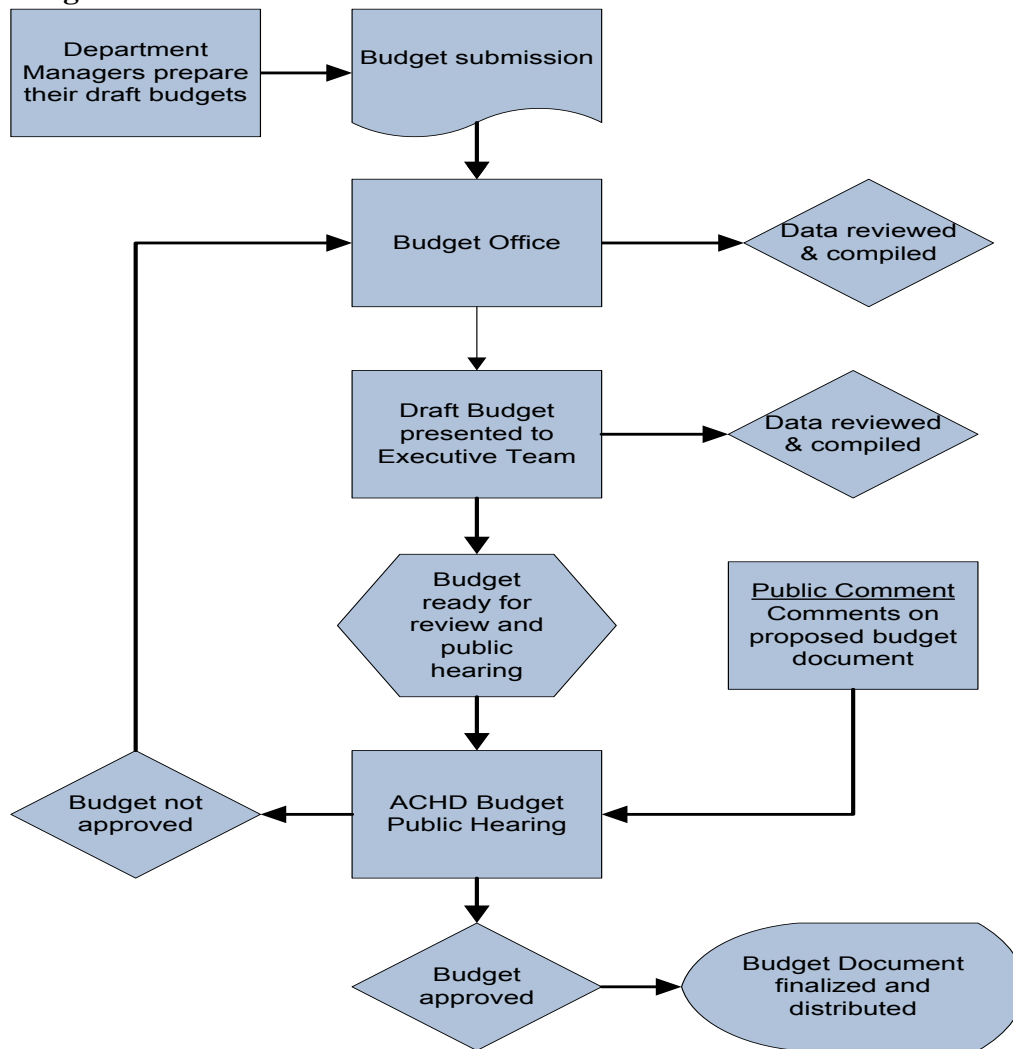


Figure 3

The proposed budget is then advertised in early August in accordance with Idaho Statutes and is available for public inspection. The public has an opportunity to comment and provide testimony prior to and during the public hearing. Afterwards, a final budget document is approved, prepared and published by October 1st for the ensuing year. In addition, the property tax levy certification is completed during the public hearing and submitted to Ada County Assessor for certification.

Once the budget is adopted, it is reviewed and amended quarterly to meet the needs of the District and ensure adequate funding of programs and services. Managers review and submit budget adjustments monthly to the Budget Analyst. The requests are compiled quarterly and reviewed by the Managers and Executive Team prior to proposing to the Commission. The Commissioners review the adjustments and adopt them based on current policies and procedures. These adjustments are updated in the current accounting systems for reporting and trend analysis.

Budget Process Timeline

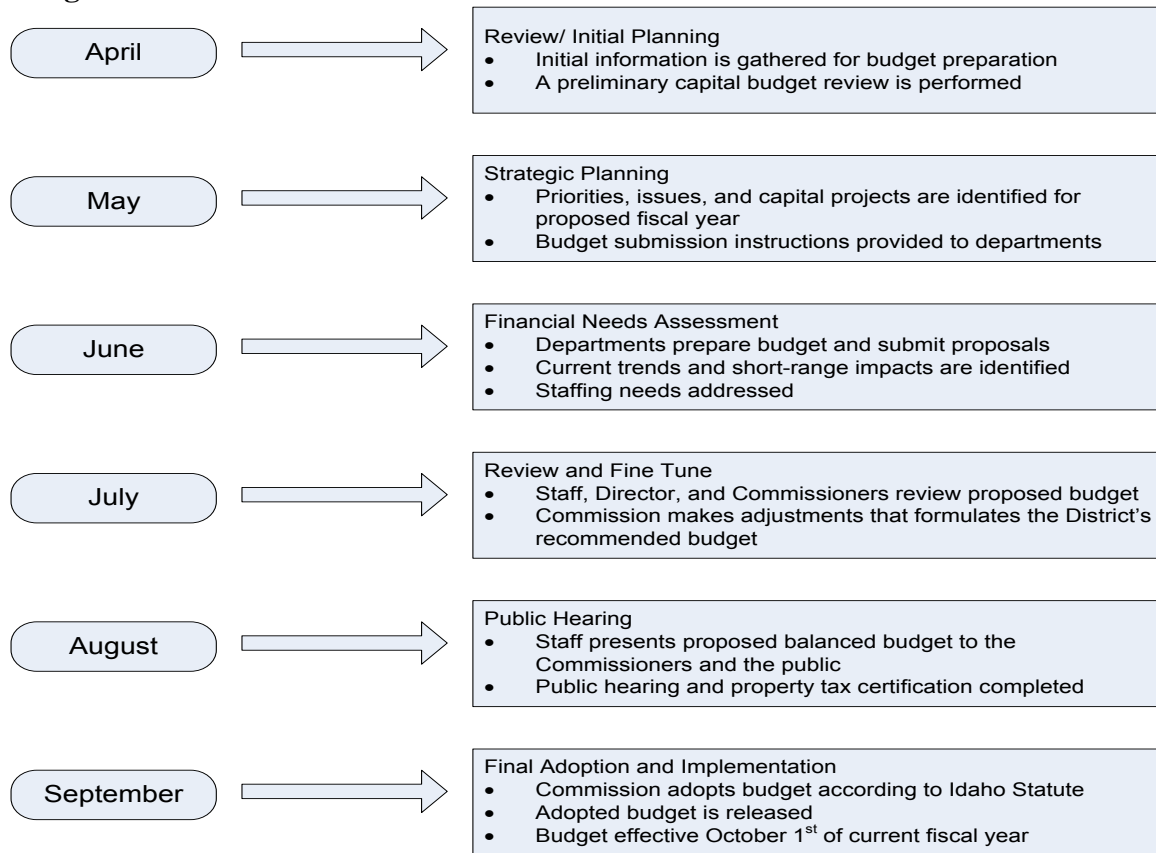


Figure 4

Economic Trend

The U.S. economy appears to be stabilizing and even beginning a slow recovery after the recent recession. Idaho was affected in a similar manner as the rest of the country and our recovery has not been any better. General fund revenues in 2011 are at approximately the same levels as FY 2010. The projection is that ACHD will see no increase in tax related revenues and only a slight increase in development oriented revenues as the economy continues to recover.

This current economic condition has prompted ACHD to take a hard look at its budget. In FY 2010, we evaluated current trends and determined that our budget would need to continue the reduced FY 2009 budget level. Revenues are programmed to remain at reduced levels for property & fuel taxes, and slowly increase for development related sources. The Commissioners felt it was prudent to not increase the tax burden to property holders during these tough times.

There are several key notes in preparing this budget. It does not include any new programs or enhancements to existing service levels, and personnel positions were held at the previously reduced level. Expenditures were budgeted at the bare minimum in order to maintain funding for infrastructure improvements. As usual, ACHD also struggles with funding capital projects at 50% of our total budget. The reduction in new development directly impacts the capital projects funding. In 2011, capital projects are programmed below the ideal level as material and equipment costs have escalated.

Budget Highlights

ACHD's FY 2011 budget is \$84M, a 6 % increase compared to FY 2010's budget and includes:

- The operating budget at \$43.2M, an increase of 4.6% from last year. The labor portion of the budget increased 6.3%, due mostly to increased insurance costs. The operational portion increased 3.0%. Most of the operational increase is for equipment that was deferred in prior years and the need to maintain our current facilities.
- The capital projects budget is \$40.8M, an increase of 9% (\$3.4M). This increase is almost entirely due to projects that were rescheduled from FY 2010 (the funds for these expenditures followed from FY 2010). The Commission's directive to expend 5% of the capital budget on Community Projects resulted in \$2.2M of programmed projects plus \$2.2M of Vehicle Registration Fees directed toward safe routes to school projects. Both of these programs contain projects that were rescheduled from FY 2010.

