



Financial Statements
September 30, 2021

Ada County Highway District

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Independent Auditor's Report

To the Commissioners
Ada County Highway District
Garden City, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ada County Highway District (ACHD) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the ACHD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ACHD, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement in the beginning Net Position of the fiduciary activities as of October 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACHD's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

our opinion, the schedule of expenditures of federal awards 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 a report dated December 30, 2021, on our consideration of ACHD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACHD'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 ACHD's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
December 30, 2021

As management of the Ada County Highway District (ACHD), we offer this narrative overview and analysis of the financial activities of the Ada County Highway District for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

- Fiscal year 2021 was an uncommon year. The entire nation continued to grapple with the COVID-19 global pandemic that affected the US economy. Although most of ACHD's operations, such as chip sealing and winter operations were performed, some capital projects and equipment purchases were delayed or postponed due to contractor labor scarcity and material supplies shortages.
- On the financial side, the assets and deferred outflow of resources of ACHD exceeded its liabilities and deferred inflow of resources on September 30, 2021 by \$3.3 billion.
- During fiscal year 2021, ACHD's total Net Position increased \$147.3 million as compared to an increase of \$142.3 million in fiscal year 2020.
- ACHD established a goal to expend and/or have under contract 100% of the total budget. Without encumbrances, we expended and/or have under contract 91.3% of the budget. With encumbrances, the amount increased to 94.5% of the budget.
- General Fund balance at September 30, 2021 was \$102.6 million compared to a total at September 30, 2020 of \$80.9 million. Of this amount \$31.3 million is unassigned and available to meet ACHD's on-going obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts - management's discussion and analysis (this section), the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements report information about ACHD as a whole using accounting methods similar to those used by private-sector companies.

The statement of Net Position presents information on all of ACHD's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four reported as net position. Over time, increases or decreases in ACHD's net position may serve as a useful indicator of whether its financial health is improving or deteriorating.

The statement of activities presents information showing how ACHD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements of ACHD are divided into two categories:

- **Governmental Activities** - Most of ACHD's basic services are included here, such as roadway maintenance, traffic control maintenance, drainage, quality control, and infrastructure improvements. Property taxes, highway user funds, development impact fees and Ada County registration fees finance most of these activities.
- **Business-type activities** - ACHD charges fees to customers to help it cover the costs of certain services it provides. ACHD's Vanpool program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about ACHD's most significant funds—not ACHD as a whole. Funds are accounting devices that ACHD uses to keep track of specific sources of funding and spending for particular purposes. Funds may be required by law or may be established by the ACHD Commission.

ACHD has the following funds:

- **Governmental Fund** - Most of ACHD's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance ACHD's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- **Proprietary Fund** - Services for which ACHD charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, ACHD's enterprise fund is the same as its business-type activities, but provides more detail and additional information, such as cash flows.
- **Fiduciary Fund** - ACHD is the trustee, or fiduciary, for its Road Trust funds. ACHD is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of ACHD's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from ACHD's government-wide financial statements because ACHD cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Required Supplementary Information

This section contains information that further explains and supports the information in the financial statements by including a comparison of ACHD's budget data for the year and pension contributions and liability.

FINANCIAL ANALYSIS OF ACHD AS A WHOLE

Net Position. ACHD shows an increase in total net position of \$147.3 million in 2021 or 4.7% increase from fiscal year 2020. (See Table A-1.)

The change in net position was driven by an increase in capital and other noncurrent assets of \$121.6 million or 4%. This year, there was a net increase of \$51.6 million in Roadways and \$44.1 million in Right-of-Way. Another impact to net position includes this year's reclassification of the previously accumulated \$13.5 million PERSI pension liability to a \$460.7 thousand asset, which contributed in a 35.9% reduction in total liabilities. Also, note from the table below an increase of 199.5% in Restricted Net Assets. Due to robust continuous construction growth in Ada County, impact fee revenue outpaced the cost of impact fee related projects, resulting in a positive Impact Fee balance of \$10.0 million.

**Table A-1
Ada County Highway District's Net Position (Condensed)**

	Governmental Activities		Business-type Activities		Total		Total % Change 2020-2021
	2020	2021	2020	2021	2020	2021	
Current assets	\$ 142,081,292	\$ 165,861,043	\$ 1,983,561	\$ 2,324,665	\$ 144,064,853	\$ 168,185,708	16.7%
Capital assets	3,060,717,284	3,182,023,182	1,607,237	1,475,514	3,062,324,521	3,183,498,696	4.0%
Other noncurrent assets	-	451,465	-	9,214	-	460,679	100.0%
Total assets	3,202,798,576	3,348,335,690	3,590,798	3,809,393	3,206,389,374	3,352,145,083	4.5%
Deferred outflows of resources	3,584,740	6,673,402	73,250	136,192	3,657,990	6,809,594	86.2%
Long-term debt outstanding	7,381,158	6,063,386	-	-	7,381,158	6,063,386	(17.9)%
Other liabilities	35,944,313	21,879,630	404,092	91,629	36,348,406	21,971,259	(39.6)%
Total liabilities	43,325,471	27,943,016	404,092	91,629	43,729,564	28,034,645	(35.9)%
Deferred inflows of resources	42,699,486	59,744,564	10,995	296,358	42,710,481	60,040,922	28.9%
Net assets							
Invested in capital assets, net of related debt	3,051,454,812	3,173,960,886	1,607,237	1,475,514	3,053,062,049	3,175,436,400	4.0%
Restricted	3,488,704	9,989,231	-	-	3,488,704	9,989,231	186.3%
Unrestricted	65,414,843	83,371,395	1,641,724	2,082,084	67,056,567	85,453,479	27.4%
Total net position	\$ 3,120,358,359	\$ 3,267,321,512	\$ 3,248,961	\$ 3,557,598	\$ 3,123,607,320	\$ 3,270,879,110	4.7%

Changes in Net Position. ACHD's changes in net position are compared between fiscal year 2020 and 2021. (See Table A-2.) Again, total net position increased \$147.3 million in fiscal year 2021.

The two largest components of revenues for ACHD are Capital Grants and State Highway User revenue, which represented a combined 73.3% of total revenues in fiscal year 2021. ACHD receives every year a significant amount of Developer Contributions that impact the District's net position. This year, ACHD received \$113.1 million in Developer Contributions. As for the State Highway User revenue, this year's legislative session appropriated to Idaho Transportation Department and transferred additional funds from the Idaho State General Fund to the Local Highway Distribution Fund, resulting in \$8.6 million additional revenue for ACHD.

Ada County Highway District
Management's Discussion and Analysis
September 30, 2021

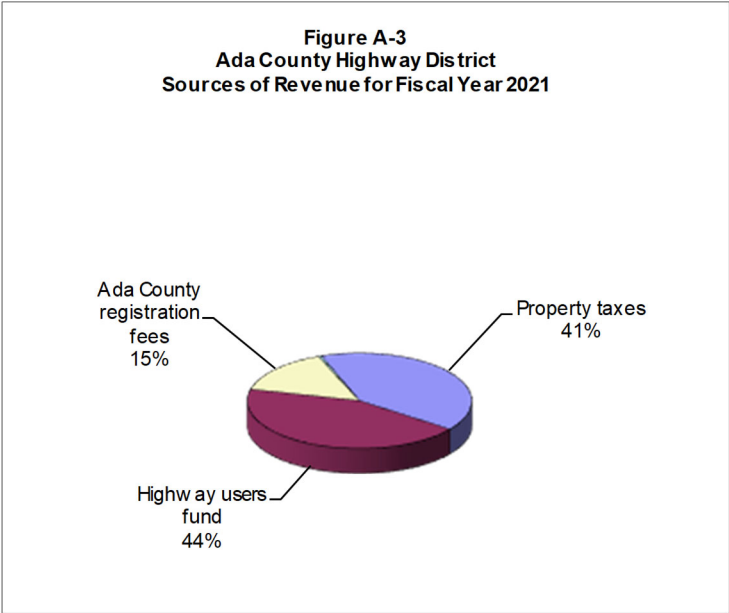
Table A-2
Changes in Ada County Highway District's Net Position

	Governmental		Business-type		Total		Total
	Activities		Activities				%
	2020	2021	2020	2021	2020	2021	Change
							2020-2021
Revenues							
Program revenues							
Charges for services	\$ 7,834,397	\$ 7,034,760	\$ 822,008	\$1,051,679	\$ 8,656,405	\$ 8,086,439	(6.6)%
Operating grants & contributions	-	-	546,200	634,621	546,200	634,621	16.2%
Capital grants & contributions	141,063,563	142,007,558	352,624	343,448	141,416,187	142,351,006	0.7%
General revenues							
Property taxes	42,863,327	42,851,203	-	-	42,863,327	42,851,203	(0.0)%
State highway users fund	34,424,250	45,968,098	-	-	34,424,250	45,968,098	33.5%
Sales tax & other governmental	13,897,085	15,959,040	-	-	13,897,085	15,959,040	14.8%
Investment earnings	960,752	209,819	-	-	960,752	209,819	(78.2)%
Sale of assets	(589,651)	742,463	-	-	(589,651)	742,463	-226%
Miscellaneous	289,589	231,341	-	-	289,589	231,341	(20.1)%
Total revenues	240,743,312	255,004,282	1,720,832	2,029,748	242,464,144	257,034,030	6.0%
Expenses							
Road maintenance	36,371,082	36,771,300	-	-	36,371,082	36,771,300	1.1%
Stormwater	1,327,440	1,166,270	-	-	1,327,440	1,166,270	(12.1)%
Quality control	1,972,433	1,754,316	-	-	1,972,433	1,754,316	(11.1)%
Right-of-way	818,751	849,316	-	-	818,751	849,316	3.7%
Infrastructure improvements	12,543,138	20,251,151	-	-	12,543,138	20,251,151	61.5%
Traffic operations	4,365,542	4,232,340	-	-	4,365,542	4,232,340	(3.1)%
Development & planning	6,434,768	5,987,081	-	-	6,434,768	5,987,081	(7.0)%
Unallocated depreciation expense	31,621,123	34,467,652	-	-	31,621,123	34,467,652	9.0%
Transfer of assets-right of way	2,828,502	2,513,347	-	-	2,828,502	2,513,347	(11.1)%
Interest on long-term debt	53,312	48,355	-	-	53,312	48,355	(9.3)%
Vanpool	-	-	1,837,703	1,721,111	1,837,704	1,721,111	(6.3)%
Total expenses	98,336,090	108,041,128	1,837,703	1,721,111	100,173,794	109,762,239	9.6%
Increase (decrease) in net position	142,407,222	146,963,154	(116,871)	308,637	142,290,350	147,271,791	3.5%
Net position, beginning	2,977,951,138	3,120,358,357	3,365,832	3,248,961	2,981,316,970	3,123,607,318	4.8%
Net position, ending	\$ 3,120,358,358	\$ 3,267,321,511	\$ 3,248,961	\$3,557,598	\$ 3,123,607,319	\$3,270,879,109	4.7%

Governmental Activities

Total revenues for ACHD's governmental activities increased \$14.3 million driven by an increase in the amount of State highway users fund of \$11.5 million or 34% and an increased in Vehicle registration revenue of \$1.6 million or 14%. Whereas total expenses increased \$9.7 million or 9.9%, which was primarily driven by a \$7.7 million or 61% increase in Infrastructure Improvements.

ACHD's major revenue sources (excluding all program revenues such as developer contributions and impact fees) are property taxes (41%), highway users fund (44%), and Ada County registration fees (15%). (See Figure A-3.)



ACHD's expenses (excluding program expenses and unallocated depreciation expense) cover a range of services with road maintenance, traffic operations and infrastructure improvements comprising 87% of the total expenses. (See Figure A-4.)

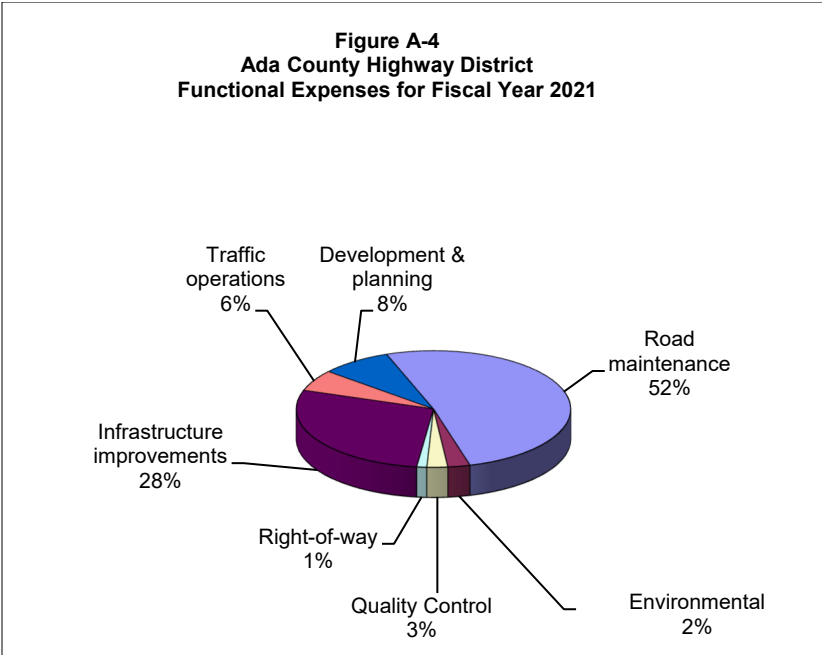


Table A-3 presents the cost of each of ACHD's five largest programs—roadway maintenance, traffic operations, infrastructure improvements, quality control and development and planning—as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on ACHD taxpayers by each of these functions.

The cost of the governmental activities shown in Table A-3, this year was \$105.5 million, an increase of 10.5% over the prior year primarily due to the significant increase in roadway maintenance and unallocated depreciation expense of several infrastructure assets being fully depreciated. However, those directly benefited from the programs or other governments and organizations that subsidized certain programs with grants and contributions shared the amount that our taxpayers paid for these activities. In fiscal year 2021, the net cost of services decreased 18.5% because of higher than expected collection of Impact Fees, which offsets the costs.

Table A-3
Net Cost of Ada County Highway District's Governmental Activities

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2020	2021	2020-2021	2020	2021	2020-2021
Roadway Maintenance	\$ 36,371,082	\$ 36,771,300	1.1%	\$ 36,371,082	\$ 36,771,300	1.1%
Traffic Operations	4,365,542	4,232,340	(3.1)%	4,022,232	3,878,925	(3.6)%
Infrastructure Improvements	12,543,138	20,251,151	61.5%	(131,048,902)	(124,428,929)	(5.1)%
Quality Control	1,972,433	1,754,316	(11.1)%	(577,559)	(1,078,566)	86.7%
Development and planning	6,434,768	5,987,081	(7.0)%	5,959,813	5,331,768	(10.5)%
Other	33,820,626	36,531,593	8.0%	31,882,963	38,524,312	20.8%
Total	\$ 95,507,589	\$ 105,527,781	10.5%	\$ (53,390,371)	\$ (41,001,190)	(23.2)%

Business-Type Activities

The net position of ACHD's business-type activities (Refer back to Table A-1) increased \$308.6 thousand or 9.5% compared to a decrease of \$116.9 thousand or 3.5% in the prior year.

Commuteride revenue increased \$308.9 thousand or 18% from prior year. The increase was due to a significant increase in the Gain on the Sale of Vans of \$221.6 thousand or 294.7%.

This fiscal year, Commuteride sold at auction 16 vans with an average net proceeds price of \$14,612 in comparison to prior year; when only 10 vans were sold, with an average net proceeds price of \$7,108, a difference of 105.6% in the average net proceeds price. The primary reason for the increase in sales prices this year is due to the current economic conditions and supply chain issues. It has become increasingly difficult to purchase a vehicle in this tight supply market and used vehicles are being offered at unusually high prices.

Conversely, Commuteride's operating expenses this fiscal year decreased \$116.6 thousand or 6.3% from prior year, primarily due to a decrease in Payroll and related costs of \$105.4 thousand or 16.1% from two staff positions that remained vacant for several months.

FINANCIAL ANALYSIS OF ACHD'S FUNDS

As noted earlier, ACHD uses fund accounting to keep track of specific sources of funding and spending for particular purposes.

The focus of ACHD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing ACHD's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of ACHD. The General Fund balance increased \$21.9 million or 26.7% from prior year. The contributing factors for this increase was due to higher revenues than prior year including the one time \$8.6 million additional revenue in the State Highway Users Fund.

This fiscal year ACHD received \$11.5 million more in State Highway User revenue, \$1.6 million additional Vehicle Registration Fees and a \$1.2 million combined increase in the Sales Taxes, Federal and State Grants and Cost Share payments received. In addition, this fiscal year ACHD received \$667.5 thousand or 137.3% more from the sale of surplus equipment than prior year.

Approximately 11.6% or \$11.9 million of the total fund balance is committed into fiscal year's 2022 budget as carryover funds.

General Fund Budgetary Highlights

Over the course of the year, ACHD Commission revised the budget several times. The budget committee is comprised of senior management meeting on a monthly basis. This budget committee presents recommended budget adjustments to the Commission twice per year. The budget adjustments fall into three categories:

- Adjustments due to actual revenues coming in higher/lower than originally projected.
- Adjustments due to project timelines changing.
- Adjustments due to actual expenditures coming in higher/lower than originally projected.

With these adjustments, actual expenditures were 91.3% of the final budget amounts compared to 91.6% in the prior fiscal year. When taking encumbrances into consideration the percentage raises to 94.5% of the final budget amounts compared to 96.3% in the prior fiscal year.

CAPITAL ASSET and DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, ACHD had approximately \$3.2 billion in capital assets including bridges, curbs and gutters, drainage ponds, easements, right-of-way, roads, sidewalks, and traffic signals. (See Table A-4.). This amount represents a net increase (including additions and deductions) of \$121 million or 4% driven mostly by an increase of \$62.0 million or 9.6% from prior year in infrastructure assets. Additionally, at the end of fiscal year 2021, ACHD had a \$6.8 million noncurrent asset associated with infrastructure improvements cooperative agreement entered into with St. Luke's Medical Center.

**Table A-4
Ada County Highway District's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total		Total % Change 2020-2021
	2020	2021	2020	2021	2020	2021	
Land	\$2,347,173,710	\$2,412,191,212	\$ -	\$ -	\$ 2,347,173,710	\$2,412,191,212	2.8%
Buildings & improvements	3,738,166	5,876,006	-	-	3,738,166	5,876,006	57.2%
Equipment	17,616,409	17,451,176	1,607,236	1,475,513	19,223,645	18,926,689	(1.5)%
Infrastructure	644,134,600	706,120,215	-	-	644,134,600	706,120,215	9.6%
Developer cooperative agreement	7,330,000	6,819,415	-	-	7,330,000	6,819,415	(7.0)%
Construction in progress	40,724,399	33,565,158	-	-	40,724,399	33,565,158	(17.6)%
Total	\$3,060,717,284	\$3,182,023,182	\$1,607,236	\$1,475,513	\$ 3,062,324,520	\$3,183,498,695	4.0%

This year's major capital asset additions included:

- Maple Grove, Victory Rd / Overland – Widen Maple Grove Rd to 5 lanes with curb, gutter, sidewalk and Level 2/Level 3 bike facility from Amity Rd to Victory Rd as per the 2020 CIP and Bike Master Plan. Includes replacement of bridge #1239.
- Eagle Rd, Amity Rd / Victory Rd – Widen Eagle Rd to 5 lanes with curb, gutter, sidewalk & Level 3 bike facility from Amity Rd to Victory Rd as per the 2020 CIP & Bike Master Plan. Includes enhanced crossing near the Ten Mile Feeder Canal & Eagle Rd/Zaldia Dr roundabout.
- Eagle Rd & Amity Dual Lane Roundabout - Widen existing roundabout to a dual lane roundabout as per the 2020 construction in progress.
- Cassia Street Bikeway - The projects include bike lanes, signalized pedestrian/bicycle crossings, a new pedestrian bridge at Cassia Park, a raised intersection, and more. In addition to the bikeway, sidewalks will be built on Cassia between Shoshone and Latah, and Cassia between Troxel and Franklin Park where they currently don't exist.

At the end of fiscal year 2021 the average Pavement Condition Index (PCI) Rating for ACHD roadways was Very Good (PCI Rating between 70-100). See Note 6 for additional information.

Long-Term Debt

ACHD has an equipment lease program designed to lease larger equipment (backhoes/loaders, excavators, motor graders and sweepers) and to rotate that equipment at least every five (5) years. At year-end, ACHD had \$2.6 million in capital lease obligations, a \$674.3 thousand, or 34.9% increase from prior year, due to the addition of two new lease agreements for an excavator and four sweepers. (See Table A-5).

As of September 30, 2021, ACHD had a \$5.5 million Developer Cooperative Agreement obligation to St Luke's. This obligation is due and payable in four equal payments, with the next payment due on February 28, 2022. See additional information in Note 8 – Debt section.

**Table A-5
Ada County Highway District Outstanding Debt**

	Governmental Activities		Business-type Activities		Total		Total % Change
	2020	2021	2020	2021	2020	2021	2020-2021
Current portion of capital leases	\$ 415,314	\$ 635,027	\$ -	\$ -	\$ 415,314	\$ 635,027	52.9%
Noncurrent portion of capital leases	1,517,158	1,971,737	-	-	1,517,158	1,971,737	30.0%
Current portion of developer cooperative agreements	1,466,000	1,363,883	-	-	1,466,000	1,363,883	(7.0)%
Noncurrent portion of developer cooperative agreements	5,864,000	4,091,649	-	-	5,864,000	4,091,649	(30.2)%
Total capital lease obligations	<u>\$9,262,472</u>	<u>\$8,062,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,262,472</u>	<u>\$8,062,296</u>	<u>(13.0)%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Current Economic Factors

- The U.S. Census Bureau estimate of Ada County population as of April 1, 2020 (latest available data) is 494,967, which is an increase of 2.8% from the prior year.
- Unemployment in Ada County is at 2.5%.
- Building permits in Ada County are up 15.6% year-to-date as of September 2021 compared to the same period last year.
- Fuel prices in the local area have increased 55.4% compared to last year.

These factors were considered in preparing ACHD's budget for the 2021 fiscal year.

Budget and Rates

- The general fund revenue budget for fiscal year 2022 is \$133.8 million, compared to the final 2021 budget of \$133.2 million.
- Property tax revenue is projected at \$45.4 million. This total includes a 3% increase in property taxes and new construction growth, as well as, a one time 1% increase from forgone property tax revenue.
- Development impact fee revenue is budgeted at \$24.4 million in FY22 which is \$2.2 million less than actual revenue collected in the current year. This fiscal year's revenue included unexpected revenue from several major commercial developments.
- Highway Users Fund revenue is budgeted to increase \$2.2 million.
- ACHD's fiscal year 2022 capital budget anticipates spending \$74.9 million for Capital projects and \$13.7 million in Community projects, which includes the following key projects:
 - **Ten Mile Rd, Victory Rd/Overland Rd:** Corridor improvement project which includes widening to five (5) lanes and constructing enhanced pedestrian and bike facilities on both sides of the roadway as per the adopted Bike Master Plan and the 2020 Capital Improvement Plan (CIP).
 - **Ten Mile Rd and Victory Rd:** Intersection improvement project which includes constructing a dual-lane roundabout as per the adopted 2020 Capital Improvement Plan (CIP). Project includes enhanced pedestrian/bike facilities and intersection lighting.
 - **Roosevelt St, Rose Hill St/Emerald St:** Community improvement project which includes constructing pedestrian facilities on the west side of the roadway per the Central Bench Neighborhood Plan. Project includes roadway rehabilitation and bike facilities.
 - **Downtown Boise Implementation Plan:** Community improvement project to improve select streets in downtown Boise as per the adopted Downtown Boise Implementation Plan and in concert with the Capital City Development Corporation (CCDC). Project includes road surface rehabilitation and an enhanced crossings across State St at 14th St and across State St at 12th St. Project funded through House Bill 312.
 - **Kootenai St Traffic Calming:** Corridor improvement project which includes constructing components of the Kootenai St Traffic Calming Study as per the adopted Central Bench Neighborhood Plan.
 - **Community Projects:** Approximately \$13.7 Million of the capital budget, over 18 percent of the entire Capital Projects Budget, is set aside for projects providing safe routes to schools, bike lane additions and neighborhood enhancements. These are the kinds of projects voters approved with the Vehicle Registration Fee in 2008, and the District continues to deliver on this important commitment.

Ada County Highway District
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash, cash equivalents and investments	\$ 97,827,541	\$ 2,367,274	\$ 100,194,815
Restricted cash and cash equivalents	15,251,907	-	15,251,907
Receivables			
Property taxes from Ada County	45,536,946	-	45,536,946
Due from other governmental units	876,727	8,016	884,743
Other	742,261	3,114	745,375
Inventory			
Equipment parts and fuel	80,364	-	80,364
Materials	5,491,558	-	5,491,558
Internal balances	53,739	(53,739)	-
Total current assets	<u>165,861,043</u>	<u>2,324,665</u>	<u>168,185,708</u>
Noncurrent Assets			
Net pension asset	451,465	9,214	460,679
Capital assets			
Land, infrastructure, developer's cooperative agreements, and other assets not depreciated	2,452,575,784	-	2,452,575,784
Buildings, improvements, equipment, and infrastructure, net of depreciation	729,447,398	1,475,514	730,922,912
Total noncurrent assets	<u>3,182,474,647</u>	<u>1,484,728</u>	<u>3,183,959,375</u>
Total assets	<u>3,348,335,690</u>	<u>3,809,393</u>	<u>3,352,145,083</u>
Deferred Outflows of Resources			
Net pension asset	6,673,402	136,192	6,809,594
Total assets and deferred outflows of resources	<u>\$ 3,355,009,092</u>	<u>\$ 3,945,585</u>	<u>\$ 3,358,954,677</u>

Ada County Highway District
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Vouchers payable	\$ 10,826,031	\$ 91,629	\$ 10,917,660
Accrued payroll	1,307,085	-	1,307,085
Impact fee contingency	34,500	-	34,500
Interest payable	9,630	-	9,630
Advanced revenue	458,500	-	458,500
Current portion of developer's cooperative agreements	1,363,883	-	1,363,883
Current portion of capital lease obligations	635,027	-	635,027
Total current liabilities	<u>14,634,656</u>	<u>91,629</u>	<u>14,726,285</u>
Noncurrent Liabilities			
Compensated absences	2,121,098	-	2,121,098
Developer's cooperative agreements	4,091,649	-	4,091,649
Capital lease obligations	1,971,737	-	1,971,737
Refundable performance deposits	5,123,876	-	5,123,876
Total liabilities	<u>27,943,016</u>	<u>91,629</u>	<u>28,034,645</u>
Deferred Inflows of Resources			
Net pension asset	14,521,564	296,358	14,817,922
Unavailable - property tax	45,223,000	-	45,223,000
Total deferred inflows of resources	<u>59,744,564</u>	<u>296,358</u>	<u>60,040,922</u>
Net Position			
Net investment in capital assets	3,173,960,886	1,475,514	3,175,436,400
Restricted	9,989,231	-	9,989,231
Unrestricted	83,371,395	2,082,084	85,453,479
Total net position	<u>3,267,321,512</u>	<u>3,557,598</u>	<u>3,270,879,110</u>
Total liabilities, deferred inflows and net position	<u>\$ 3,355,009,092</u>	<u>\$ 3,945,585</u>	<u>\$ 3,358,954,677</u>

Ada County Highway District
Statement of Activities
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Road and highway construction and maintenance	\$ (36,771,300)	\$ -	\$ -	\$ -	\$ (36,771,300)
Stormwater	(1,166,270)	-	-	-	(1,166,270)
Quality control	(1,754,316)	2,832,882	-	-	1,078,566
Right-of-way	(3,362,663)	520,628	-	-	(2,842,035)
Infrastructure improvements	(20,251,151)	2,672,522	-	142,007,558	124,428,929
Traffic operations	(4,232,340)	353,415	-	-	(3,878,925)
Development and planning	(5,987,081)	655,313	-	-	(5,331,768)
Unallocated depreciation expense	(34,467,652)	-	-	-	(34,467,652)
Interest on long-term debt	(48,355)	-	-	-	(48,355)
Total Governmental Activities	(108,041,128)	7,034,760	-	142,007,558	41,001,190
Business-Type Activities					
Vanpool	(1,721,111)	1,051,679	634,621	343,448	308,637
Total Business-Type Activities	(1,721,111)	1,051,679	634,621	343,448	308,637
Total Primary Government	\$ (109,762,239)	\$ 8,086,439	\$ 634,621	\$ 142,351,006	\$ 41,309,827

Ada County Highway District
Statement of Activities
Year Ended September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net (Expenses) Revenue	\$ 41,001,190	\$ 308,637	\$ 41,309,827
General revenues			
Shared revenues			
Property taxes, levied for general purposes	42,851,203	-	42,851,203
State highway users fund	45,968,098	-	45,968,098
Sales tax and other governmental	15,959,040	-	15,959,040
Unrestricted investment earnings	209,819	-	209,819
Gain on sale of assets	742,463	-	742,463
Miscellaneous	231,341	-	231,341
Total General Revenues and Transfers	<u>105,961,964</u>	<u>-</u>	<u>105,961,964</u>
Change in Net Position	146,963,154	308,637	147,271,791
Net Position, Beginning of Year	<u>3,120,358,359</u>	<u>3,248,961</u>	<u>3,123,607,320</u>
Net Position, End of Year	<u><u>\$ 3,267,321,512</u></u>	<u><u>\$ 3,557,598</u></u>	<u><u>\$ 3,270,879,110</u></u>

Ada County Highway District

Balance Sheet – Government Funds

September 30, 2021

	Governmental Funds <u>General</u>
Assets	
Cash and cash equivalents	\$ 97,827,541
Restricted cash and cash equivalents	15,251,907
Receivables	
Property taxes from Ada County	45,536,946
Due from other governmental units	876,727
Internal balances	53,739
Other	742,261
Inventories	
Equipment parts and fuel	80,364
Materials	5,491,558
Total assets	\$ 165,861,043
Liabilities, Deferred Inflows and Fund Balances	
Liabilities	
Vouchers payable	\$ 10,826,031
Accrued payroll	1,307,082
Advanced revenue	458,500
Impact fee contingency	34,500
Refundable performance deposits	5,123,876
Total Liabilities	17,749,989
Deferred Inflows of Resources	
Unavailable - property tax	45,536,946
Total deferred inflows	45,536,946
Fund Balances	
Nonspendable	
Inventory	5,571,922
Restricted	
Impact fees	9,989,231
Committed	
Carryover funds	11,909,100
Assigned	
Encumbrances	4,324,600
Self-Insurance	2,000,000
Cooperative Development Agreement	5,455,532
Right-of-way acquisitions	2,000,000
Priority corridor	30,000,000
Unassigned	31,323,723
Total fund balances	102,574,108
Total liabilities, deferred inflows of resources and fund balances	\$ 165,861,043

Ada County Highway District
 Reconciliation of the Balance Sheet of Government Funds to Statement of Net Position
 September 30, 2021

Fund balance - total governmental funds		\$ 102,574,108
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and infrastructure used in governmental activities are not financial resources and therefore are not reported in the funds.		3,182,023,182
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.		313,946
Net pension asset is not a financial resource and therefore is not reported in the funds.		451,465
Long-term debt is not due and payable in the current period and therefore is not reported in the funds.		
Developers Cooperative Agreements	(5,455,532)	
Leases	<u>(2,606,764)</u>	(8,062,296)
Accrued compensated absences are not due and payable in the current period and therefore, are not reported in the funds.		(2,121,101)
Interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.		(9,630)
Deferred outflows of resources related to pension obligations		6,673,402
Deferred inflows of resources related to pension obligations		<u>(14,521,564)</u>
Net position of governmental activities		<u><u>\$ 3,267,321,512</u></u>

Ada County Highway District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2021

	Governmental Funds General
Revenues	
Property taxes	\$ 42,948,189
State highway users fund	45,968,098
State sales tax distribution	2,923,815
Federal and state grants	2,333,174
Cost-sharing payments	2,672,522
Fees and services	4,362,238
Ada County vehicle registration fees	13,035,225
Development impact fees	26,575,355
Interest	209,819
Other	231,341
	141,259,776
Expenditures	
Commissioners	195,823
Director	720,130
Legal	1,239,382
Human resource	1,055,455
Communications	705,685
Planning and projects	4,240,103
Operations	28,286,068
Technical	14,872,823
Infrastructure improvements	58,635,752
Capital outlay	11,096,324
Debt service - principal	684,318
Debt service - interest	50,533
	121,782,396
Excess of Revenues over Expenditures	19,477,380
Other Financing Sources	
Proceeds from sales of assets	1,153,557
Issuance of capital leases	1,358,609
	21,989,546
Net Change in Fund Balances	21,989,546
Fund Balance, Beginning of Year	80,933,591
Decrease in Reserve for Inventories	(349,029)
Fund Balance, End of Year	\$ 102,574,108

Ada County Highway District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental
Funds to the Statement of Activities
Year Ended September 30, 2021

Net change in fund balances - total governmental funds \$ 21,989,546

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$10,300,540) exceeded depreciation expense (\$5,061,083) in the current period. 5,239,459

Governmental funds report infrastructure as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which infrastructure additions (40,870,089) exceeded depreciation expense (\$34,467,652) in the current period. 6,402,437

Contributions from developers are not recorded in the governmental funds because they are not a source of financial resources. However, in the statement of activities, these contributions are recorded as a non-operating revenue. 113,099,029

In the statement of activities, only the gain or loss on disposal of assets is reported, whereas in the governmental funds, the entire proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of. (2,924,441)

The purchase of inventory requires the use of financial resources and therefore is reported as expenditures in the governmental funds, whereas in the statement of activities, inventory is expensed as used. (349,029)

Some property tax revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (96,986)

Long-term debt, such as the developer's cooperative agreement and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces the debt in the statement of net assets. This is the amount by which proceeds (\$1,358,309) exceeded repayments (\$2,047,901) and returns (\$0). 689,592

The change related to the long-term portion of accrued vacation does not require the use of current financial resources and therefore are not reported in the governmental funds. 77,633

Expenditures (revenues) related to the net pension asset that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 2,833,736

Interest expense accrued but not paid reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 2,178

Total \$ 146,963,154

Ada County Highway District
Statement of Net Position – Proprietary Funds
Year Ended September 30, 2021

	Enterprise Fund Van Pool
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,367,274
Receivables	
Due from other governmental units	8,016
Accounts receivable	3,114
	2,378,404
Total current assets	2,378,404
Noncurrent Assets	
Capital assets	
Net pension asset	9,214
Machinery and equipment	4,432,420
Less accumulated depreciation	(2,956,906)
	1,484,728
Total noncurrent assets	1,484,728
Deferred Outflow of Resources	
Net pension asset	136,192
	136,192
Total Assets and Deferred Outflow of Resources	\$ 3,999,324
Liabilities and Net Position	
Current Liabilities	
Vouchers payable	\$ 91,629
Internal balances	53,739
	145,368
Total Liabilities	145,368
Deferred Inflow of Resources	
Net pension asset	296,358
	296,358
Net Position	
Invested in capital assets	1,475,514
Unrestricted	2,082,084
	3,557,598
Total net position	3,557,598
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 3,999,324

Ada County Highway District
Statement of Activities – Proprietary Funds
Year Ended September 30, 2021

	Enterprise Fund Van Pool
Operating Revenues	
User charges	\$ 785,479
Operational contribution from federal grants	427,621
Operational contribution from the general fund	207,000
Other	266,200
Total operating revenues	1,686,300
Operating Expenses	
Payroll and related costs	548,550
Insurance	28,592
Fuel	247,055
Licenses and operating costs	121,731
Advertising	22,912
Office and other	189,637
Depreciation	561,034
Leases and rentals	1,600
Total operating expenses	1,721,111
Operating Loss	(34,811)
Capital contributions	343,448
Changes in Net Position	308,637
Net Position, Beginning of Year	3,248,961
Net Position, End of Year	\$ 3,557,598

Ada County Highway District
Statement of Cash Flow– Proprietary Funds
Year Ended September 30, 2021

	Enterprise Fund Van Pool
Operating Activities	
Received from user charges	\$ 785,487
Received from federal grant subsidies	520,145
Received from general fund subsidies	216,080
Received from mobility grant	35,000
Received from other	9,640
Payments to employees for services	(606,305)
Payments to suppliers for goods and services	(640,404)
	319,643
Net Cash from for Operating Activities	319,643
Capital and Related Financing Activities	
Proceeds from federal grants	343,448
Proceeds from sale of capital assets	221,562
Payments for capital acquisitions	(429,311)
	135,699
Net Cash from Capital and Related Financing Activities	135,699
Net Change in Cash and Cash Equivalents	455,342
Cash and Cash Equivalents, Beginning of Year	1,911,932
Cash and Cash Equivalents, End of Year	\$ 2,367,274
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (34,811)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	561,034
Gain on sale of capital assets	(221,560)
Pension expense	(57,755)
Changes in assets and liabilities	
Accounts receivable	12,634
Advanced Revenue	(12,626)
Due from government units	92,524
Vouchers payable	(28,877)
Due to other funds	9,080
	319,643
Net Cash from Operating Activities	\$ 319,643

Ada County Highway District
Statement of Fiduciary Net Position
September 30, 2021

	<u>Custodial Funds Road Trust</u>
Assets	
Cash and cash equivalents	<u>\$ 3,883,556</u>
Total assets	<u>3,883,556</u>
Liabilities	
Accounts payable	<u>3,548</u>
Net Position	
Refundable performance bond deposits	<u>3,880,008</u>
Total liabilities and net position	<u><u>\$ 3,883,556</u></u>

Ada County Highway District
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2021

	<u>Custodial Funds Road Trust</u>
Addition	
Contributions from developers	\$ 1,058,050
Interest income	342
Total additions	<u>1,058,392</u>
Deductions	
Refunded deposits to developers	<u>98,889</u>
Total deductions	<u>98,889</u>
Net increase in fiduciary net position	959,503
Net position, beginning of year, as restated	<u>2,920,505</u>
Net position, end of year	<u><u>\$ 3,880,008</u></u>

Note 1 - Summary of Significant Accounting Policies

Ada County Highway District (ACHD or the District) was established by referendum on May 25, 1971. ACHD began operating as an independent governmental entity on January 1, 1972 and became a separate taxing authority at that time. ACHD is responsible for the construction and maintenance of all roads, streets, bridges, and related public rights-of-way in Ada County except for designated state and federal highway systems.

The accounting and reporting policies of ACHD relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable).

Financial Reporting Entity

For financial reporting purposes, in conformity with GASB Statement Nos. 14 and 39, the financial statements for ACHD include all organizations for which ACHD is financially accountable, and other organizations for which the nature and significance of their relationships with ACHD are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

ACHD has a 457 Retirement Plan that is held in a trust account with a national financial firm. The funds held in the trust account are totally employee funds and are not included in the financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

In addition to property taxes, ACHD receives other sources of revenues such as federal grants and state share revenue funds.

The other state revenue share funds ACHD currently receives are Sales Taxes, Registration Fees and Highway User Funds, which are recognized as revenue when they become measurable and available when cash is received by the District.

The federal grants received are expenditure-driven grants and are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

ACHD receives also other revenue from user fees. The most important user fee revenues the District receives are Impact Fees. Impact fees are assessed on building developers to cover for the future road maintenance required due to increased traffic and road use that resulted from the new construction. The impact fee assessments are determined by engineering studies conducted by the district's Development Technical services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include:

- charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is ACHD's policy to use restricted resources first, then unrestricted resources as they are needed.

ACHD reports the following major Governmental Funds:

General Fund—The General Fund is the general operating fund of ACHD. It is used to account for all financial resources except those required to be accounted for in another fund.

ACHD reports the following major Proprietary Fund:

Enterprise Fund—The Enterprise Fund is used to account for operations financed and operated in a manner similar to private business enterprises - (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Fund consists of the Rideshare and Vanpool programs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of ACHD's enterprise fund are user charges to customers. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, ACHD reports the following fund type:

Custodial Fund—The Custodial Fund is used to account for assets held by ACHD as an agent for individuals, private organizations, other governments, and/or other funds. The Custodial Fund consists of the Road Trust deposits.

Fund Balance Reporting

GASB Statement No. 54 establishes accounting and financial reporting standards for all governments that report governmental funds. The Statement requires fund balance to be displayed in the following classifications depicting the relative strength of the spending constraints on the purposes for which resources can be used:

Non-spendable—Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted—Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed—Amounts constrained to specific purposes determined by a formal action of ACHD Commissioners (the district's highest level of decision-making authority). These committed amounts cannot be used for any other purpose unless ACHD Commissioners remove or change the constraint.

Assigned—Amounts that are constrained by ACHD's *intent* to be used for specific purposes but are neither restricted nor committed. The Chief of Staff/Treasurer is authorized by ACHD Commissioners to assign amounts for specific purposes.

Unassigned—This is the residual classification for ACHD’s general fund and includes all spendable amounts not contained in the other classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18). ACHD uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, ACHD considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless ACHD Commissioners have provided otherwise in its commitment or assignment actions.

ACHD does not have a formal minimum fund balance policy.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. These encumbrances lapse at the end of the year and become part of the following year’s budgetary amounts. Encumbrances outstanding at year-end are included in assigned fund balance within the Governmental Fund financial statements and consist principally of design and construction commitments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, ACHD considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash are funds separately maintained and assigned. Restricted cash are funds that are externally restricted by ordinance or other external body.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market. Inventories in the General Fund consist of expendable supplies and materials held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Within the Governmental Fund financial statements, reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Property Taxes Receivable

Within the Governmental Fund financial statements, property taxes are recognized as revenue when the amount of taxes levied is measurable, and tax proceeds are available to finance current period expenditures. Available tax proceeds include those property tax receivables expected to be collected within sixty days after year-end. Property taxes attach as liens on properties on January 1 and are levied in September of each year.

Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one-half of their tax liability on or before December 20, and if one-half of the amount is paid, may pay the remaining balance by the following June 20. Since ACHD is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as deferred inflow of resources at ACHD's year end and are recognized as revenues as the property taxes are collected in the following fiscal year.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost 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. Donated capital assets are valued at their estimated acquisition value on the date donated.

Public domain ("infrastructure") capital assets consisting of roads, ponds, bridges, curbs and gutters, streets, sidewalks, drainage systems, and signal systems are also reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost.

Depreciation of all exhaustible capital assets used by ACHD is charged as an expense against their operations in the applicable governmental or business-type activities column in the government-wide financial statements.

Accumulated depreciation is reported on the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method and includes amortization of assets acquired under capital leases.

The estimated useful lives of capital assets are as follows:

Transportation equipment	6-10 years
Office equipment	3 years
Buildings	30 years
Public Domain Infrastructure	20-50 years

Accumulated Compensated Absences and Other Benefit Amounts

Accumulated compensated absences are accrued as earned, subject to a maximum accrual determined by the employee's length of service. Compensated absences include paid time off. Other employee benefits, which do not carry over to the employee upon termination, are not accrued.

Deferred Outflows/Inflows of Resources

The statement of financial position includes a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. ACHD's deferred outflow of resources consists of the pension asset. The pension asset results from the difference between the projected and actual investment

earnings, difference between expected and actual experience, the changes in assumptions, the change in the proportionate share of the net pension asset, and the contributions subsequent to the measurement date of ACHD's net pension asset.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to future periods, so will not be recognized as an inflow of resources (revenue) until that time. ACHD has two items that qualify for reporting in this category: the deferred net pension and unavailable revenue. The employer deferred net pension results from the difference between the expected and actual experience of the pension plan and the net difference between projected and actual investment earnings on the pension plan investments and changes in proportionate share. The unavailable revenue is reported on in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Implementation of GASB Statement No. 84

As of October 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District has reclassified its Road Trust agency funds to a custodial fund. The effect of the implementation of this standard has resulted in the restatement of the beginning Fiduciary Net Position of \$2,920,505, which was previously \$0.

Note 2 - Cash and Investments

	<u>Amount</u>
Cash	\$ 2,725,328
Cash equivalents	
Cash management account	17,109,697
Certificates of deposit	17,679
Money market savings	<u>10,344,085</u>
Total cash equivalents	<u>27,471,461</u>
Total cash and cash equivalents	<u>30,196,789</u>
Investments at fair value	<u>89,133,489</u>
	<u>\$ 119,330,278</u>

Cash and Cash Equivalents

At year-end, the carrying amount of ACHD's deposits was \$115,446,722, and the bank balance was \$115,650,199. Of the bank balance held by ACHD, \$537,806 was covered by federal depository insurance, \$17,288,591 was collateralized by securities held in the entity's name, and \$97,823,802 was uninsured and uncollateralized. The fair market value of the securities used as collateral was \$17,634,363. In addition, ACHD held deposits of \$3,883,556 with a bank balance of \$3,883,556 in a custodial capacity for the Road Trust Agency Fund. Of the bank balance for these trust funds, \$250,000 was covered by federal depository insurance and \$3,633,556 was uninsured and uncollateralized. All cash is held in national financial institutions.

Investments

Idaho statutes authorize highway districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, 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 Local Government Investment Pool (LGIP). ACHD has adopted an investment policy that complies with State statutes.

As of September 30, 2021, ACHD's investments consisted of \$89,133,489 in the LGIP.

The LGIP is invested in accordance with Section 67-1210 and Section 67-1210A Idaho Code. The State Treasurer is a custodian of the LGIP and no other regulatory oversight for the pool is established. The District's monies placed with the LGIP for participation in the State's investment pool represent an interest in the pool rather than ownership of specific securities and are recorded at fair value.

Interest Rate Risk. ACHD has an investment policy that limits the maturities on individual investments to no more than one year. Approval is required by ACHD Board of Commissioners prior to any investment exceeding one year. ACHD investment policy limits investments to areas prescribed by Idaho Code 67-1210 and 67-1210A. The maturity term of ACHD's LGIP investments as of September 30, 2021 is 0.36.

Credit Risk. The investments of ACHD are not rated and ACHD does not have a policy regarding rated investments except for those expressly stated in Idaho Code 67-1210A. ACHD has currently participated in the state's LGIP – Local Government Investment Pool.

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. ACHD has no policy limiting the amount it may invest in any one issuer. Idaho Code 67-2739 does limit the total deposits of a state depository.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, ACHD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. ACHD does not have a policy regarding custodial credit risk except for those expressly stated in Idaho Code 67-1210A. ACHD's \$17,109,697 investment in the Cash Management Account was held by the counterparty that was acting as ACHD's agent in the securities transactions. This amount represents 14% of ACHD's cash and investments.

Note 3 - Pension Plan

Pensions

Plan Description

ACHD contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees. As of June 30, 2021, it was 7.16% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94%. ACHD's contributions were \$2,664,615 for the year ended September 30, 2021.

Pension Asset, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On September 30, 2021, ACHD reported a \$460,679 asset for its proportionate share of the net pension assets. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. ACHD's proportion of the net pension asset was based on ACHD's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers.

On June 30, 2021, ACHD's proportion was 0.0058330018, a decrease from the 2020 proportion of .0058343140.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 678,746	\$ 267,778
Changes in assumptions or other inputs	5,287,995	-
Net difference between projected and actual earnings on pension plan investments		14,469,555
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2018	25,466	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2019	5,451	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2020		78,626
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2021		1,963
ACHD contributions subsequent to the measurement date	811,936	
Total	\$ 6,809,594	\$ 14,817,922

ACHD reported \$811,936 as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020 the beginning of the measurement period ended June 30, 2020 is 4.8, and 4.6 for the measurement period June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year-Ended September 30:	
2022	\$ (2,063,269)
2023	(1,885,511)
2024	(1,647,832)
2025	(3,223,652)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year’s earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

- General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
- General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
- Teachers - Males Pub-2010 Teacher Tables, increased 12%.
- Teachers - Females Pub-2010 Teacher Tables, increased 21%.
- Fire & Police - Males Pub-2010 Safety Tables, increased 21%.
- Fire & Police - Females Pub-2010 Safety Tables, increased 26%.
- Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
- Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Asset as of June 30, 2021 is based on the results of an actuarial valuation date July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions.

Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021:

Capital Market Assumptions from Callan 2021

<u>Asset Class</u>	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Core Fixed Income	30.00%	1.80%	(0.20%)
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return	
Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return	
Net of Investment Expenses	4.05%
Assumed Inflation*	2.03%

Long-Term Expected Geometric Rate of Return	
Net of Investment Expenses	6.35%

Discount Rate

The discount rate used to measure the total pension asset was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension asset to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension asset calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$16,014,164	(\$460,679)	\$(13,965,437)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

On September 30, 2021, ACHD had no reported payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 4 - Inter-fund Receivables and Payables

	<u>Receivables</u>	<u>Payables</u>	<u>Total</u>
General Fund	\$ 53,739	\$ -	\$ 53,739
Enterprise Fund	-	(53,739)	(53,739)
	<u>\$ 53,739</u>	<u>\$ (53,739)</u>	<u>\$ -</u>

The receivable in the General Fund from the Enterprise Fund is for reimbursement of payroll paid to the Enterprise Fund employees by the General Fund.

Note 5 - Due from Other Governmental Units

Amounts due from other agencies and units of government are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
State of Idaho	\$ 712,192	\$ -	\$ 712,192
Other Local Agencies	164,535	8,016	172,551
	<u>\$ 876,727</u>	<u>\$ 8,016</u>	<u>\$ 884,743</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that were raised for the subsequent fiscal year.

	<u>Unavailable</u>	<u>Advanced Revenue</u>
Property Tax Levy (General Fund)	\$45,223,000	\$ -
State Funding (General Fund)	-	458,500
	<u>\$45,223,000</u>	<u>\$ 458,500</u>

Ada County Highway District

Notes to Financials Statements

September 30, 2021

Note 6 - Capital Assets

	Balance October 1, 2020	Additions	Deletions	Transfers from CIP	Balance September 30, 2021
Governmental activities					
Capital assets, not depreciated					
Land	\$ 7,934,024	\$ 5,644,978	\$ -	\$ 1,454,461	\$ 15,033,463
Ponds	16,025,146	76,461	-	-	16,101,607
Right-of-way	2,217,497,577	46,623,295	(2,513,347)	-	2,261,607,525
Easements	105,716,963	13,731,654	-	-	119,448,617
Construction in progress and developer cooperative agreements	48,054,399	40,843,786	(510,585)	(48,003,028)	40,384,572
Total capital assets, not	2,395,228,109	106,920,174	(3,023,932)	(46,548,567)	2,452,575,784
Capital assets, depreciated					
Buildings	9,647,282	202,982	-	2,394,910	12,245,174
Machinery and equipment	50,207,816	4,452,580	(1,954,217)	-	52,706,179
Furniture	5,642	-	-	-	5,642
Roadways	2,015,008,143	38,000,050	(6,812,900)	20,444,138	2,066,639,431
Curbs and gutters	170,195,983	5,935,822	(291,216)	5,414,231	181,254,820
Sidewalks	193,381,284	6,764,322	(426,424)	6,697,113	206,416,295
Bridges	124,531,080	1,347,822	(49,307)	2,704,785	128,534,380
Signals	65,948,097	645,906	(78,316)	8,893,390	75,409,077
Total capital assets,	2,628,925,327	57,349,484	(9,612,380)	46,548,567	2,723,210,998
Less accumulated depreciation for					
Buildings	(5,909,116)	(460,050)	-	-	(6,369,166)
Machinery and equipment	(32,591,407)	(4,601,032)	1,937,434	-	(35,255,005)
Furniture	(5,642)	-	-	-	(5,642)
Roadways	(1,540,787,432)	(20,317,340)	6,442,571	-	(1,554,662,201)
Curbs and gutters	(130,124,811)	(3,735,593)	290,282	-	(133,570,122)
Sidewalks	(147,258,534)	(4,248,026)	419,348	-	(151,087,212)
Bridges	(67,662,094)	(2,995,301)	49,307	-	(70,608,088)
Signals	(39,097,116)	(3,171,391)	62,343	-	(42,206,164)
Total accumulated	(1,963,436,152)	(39,528,733)	9,201,285	-	(1,993,763,600)
Total net capital assets,	665,489,175	17,820,751	(411,095)	46,548,567	729,447,398
Governmental activities capital assets, net	\$ 3,060,717,284	\$ 124,740,925	\$ (3,435,027)	\$ -	\$ 3,182,023,182

Ada County Highway District

Notes to Financials Statements

September 30, 2021

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Business type activities				
Capital assets, depreciated				
Buildings	\$ 3,712	\$ -	\$ -	\$ 3,712
Equipment	4,564,022	429,311	(564,624)	4,428,709
Total capital assets, depreciated	4,567,734	429,311	(564,624)	4,432,421
Less accumulated depreciation for				
Buildings	(3,712)	-	-	(3,712)
Equipment	(2,956,785)	(561,034)	564,624	(2,953,195)
Total accumulated depreciation	(2,960,497)	(561,034)	564,624	(2,956,907)
Total net capital assets, depreciated	1,607,237	(131,723)	-	1,475,514
Business type activities capital assets, net	<u>\$ 1,607,237</u>	<u>\$ (131,723)</u>	<u>\$ -</u>	<u>\$ 1,475,514</u>
Governmental activities				
Road & highway construction & maintenance				\$ 5,061,082
Unallocated depreciation				<u>34,467,651</u>
Total depreciation expense - governmental activities				<u>\$ 39,528,733</u>
Business-type activities				
Vanpool				<u>\$ 561,034</u>

Note 7 - Leases

On January 14, 2019, ACHD entered into a facility operating lease at 1301 N. Orchard Street, Suite 200 in Boise Idaho, in a complex commonly known as Orchard Place. The lease agreement's term was for 60 months, with an option to extend for an additional three-year period. The facility base rent amount will vary per stipulated periods.

This operating lease is governed by ACHD's budget adopted in accordance with applicable provisions of law. ACHD is a political entity and its ability to remit rents and payments is dependent on the availability of funds budgeted to maintain the lease. The decision to budget funds for each fiscal year is within the discretion of ACHD's governing body.

ACHD leases various items of equipment under capital lease agreements. Amortization expense for capital assets is included in depreciation expense. Information for capital leased asset cost and related accumulated depreciation by fund is as follows on September 30, 2021:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
General fund	\$ 4,042,056	\$ 1,028,409

Note 8 - Long-Term Debt

Capital Leases

Long-term debt on September 30, 2021 includes:

Capital lease for 4 410L Backhoe Loaders and 1 85G Excavator, 3.25% interest, payable in annual payments of \$73,023 through September 2022, and one balloon payment of \$266,950 due August 2023, secured by the backhoe loaders and excavator.	\$ 321,541
Capital lease for 1 644K Hybrid Loader, 2.83% interest, payable in annual payments of \$29,151 through June 2023, and one balloon payment of \$130,000 due June 2024, secured by the hybrid loader.	175,464
Capital lease for 4 Waterless Mechanical Sweepers, 2.62% interest, payable in annual payments of \$274,185 through June 2023, and one balloon payment of \$60,000 due June 2024, secured by the waterless mechanical sweepers.	583,048
Capital lease for 2 Front-End Loaders, 1.99% interest, payable in annual payments of \$39,489 through September 2024, and one balloon payment of \$350,000 due September 2025, secured by the front-end loaders.	437,105
Capital lease for 1 Excavator, 1.99% interest, payable in annual payments of \$15,654 through August 2025, and one balloon payment of \$49,000 due October 2026, secured by the excavator.	103,957
Capital lease for 4 Whirlwing Sweepers, 1.072% interest, payable in annual payments of \$253,050 through December 2025, secured by the sweepers.	<u>985,649</u>
Total lease obligations	<u><u>\$ 2,606,764</u></u>

Debt service requirements to maturity for capital leases obligations are:

	2022		\$ 684,551
	2023		878,479
	2024		498,193
	2025		618,704
	2026		<u>49,000</u>
			2,728,927
	Less interest		<u>(122,163)</u>
	Principal		<u><u>\$ 2,606,764</u></u>

Cooperative Development Agreements

In 2016, St Luke’s, ACHD and the City of Boise signed a “three-party development agreement’ for the development of a 20-year master plan for St Luke’s Boise facility.

The Master Plan provides St. Luke's, ACHD and City of Boise with 20 years of predictable Development in connection with St. Luke's Boise facility.

The agreement calls for ACHD to pay St. Luke's its share of Reimbursable Project Costs as project Segments are completed. The agreement outlines that ACHD’s responsibility to pay its share of completed Segment cost shall be paid in five equal payments beginning in ACHD's fiscal year 2021. The date of the payment in each fiscal year shall be made no later than February 28th, beginning February 28, 2021. It also states that no Interest shall accrue on the Reimbursable Project Costs.

Per the cooperative agreement, this amount is to be paid to St Luke’s in five equal payments between February 2021 and February 2025. The first payment of \$1,363,883 was issued on February 2021.

As of September 30, 2021, ACHD’s total revised share of the costs for completed projects on the St Luke’s Master Plan – Roadway Improvements Phase 1 and Phase 2 was \$5,455,532 with four remaining annual payments.

The Debt service requirement to maturity for ACHD payments to St Luke’s for their share of responsibility for the Roadways Improvement Phase 1 and Phase 2 obligations are:

	2022		\$ 1,363,883
	2023		1,363,883
	2024		1,363,883
	2025		<u>1,363,883</u>
			<u><u>\$ 5,455,532</u></u>

	Balance Oct 1, 2020	Additions	Returns and Retirements	Balance Sept 30, 2021	Due within one year
Governmental activities					
Compensated absences	\$ 2,198,732	\$ 1,773,642	\$ (1,851,276)	\$ 2,121,098	\$ -
Capital leases	1,932,472	1,358,610	(684,318)	2,606,764	635,027
Cooperative Development Agreements	7,330,000	-	(1,874,468)	5,455,532	1,363,883
	<u>\$ 11,461,204</u>	<u>\$ 3,132,252</u>	<u>\$ (4,410,062)</u>	<u>\$ 10,183,394</u>	<u>\$ 1,998,910</u>

Note 9 - Contingencies

ACHD is involved in various litigations resulting from operations in the ordinary course of business, 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 statements of ACHD.

Under the terms of federal and state grants, periodic audits are required, and certain expenditures may not be allowed under the terms of the grant. Any disallowed claims, including amounts already collected, would be reimbursed to the grantor. Management believes disallowances, if any, will not be material.

Note 10 - Risk Management

ACHD purchases liability, medical and disability insurance through a commercial insurance carrier. Workers compensation insurance is maintained through the State Insurance Fund.

ACHD became self-insured with respect to general auto liability in fiscal year 2017. Both governmental and proprietary funds participate in the self-insurance program. There were possibly \$1,000 in claims liability outstanding at September 30, 2021, and there were no claims paid subsequent to year-end. The requirements of GASB Statement Nos. 10 and 30, require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities also include specific, incremental claim adjustment expenses. In addition, estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Expenses and liabilities are estimated through a case-by-case review of all claims and the application of historical experience for outstanding claims.

Per Idaho State tort code 6-296, ACHD and its employees combined, aggregate liability for damages, costs and attorney's fees, on account of bodily or personal injury, death or property damage, or other loss as the result of any one (1) occurrence or accident regardless of the number of persons injured or the number of claimants, shall not exceed and is limited to five hundred thousand dollars (\$500,000).



Required Supplementary Information
September 30, 2021

Ada County Highway District

Ada County Highway District
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 42,474,000	\$ 42,474,000	\$ 42,948,189	\$ 474,189
State highway users fund	36,800,000	36,800,000	45,968,098	9,168,098
State sales tax distribution	2,540,000	2,540,000	2,923,815	383,815
Federal and state grants	1,981,000	3,060,400	2,333,174	(727,226)
Cost-sharing payments	2,066,000	4,116,000	2,672,522	(1,443,478)
Fees and services	3,663,000	4,206,000	4,362,238	156,238
Ada County vehicle registration fees	12,100,000	12,100,000	13,035,225	935,225
Development impact fees	22,461,000	25,711,000	26,575,355	864,355
Interest	750,000	750,000	209,819	(540,181)
Other	1,858,000	1,478,000	231,341	(1,246,659)
	126,693,000	133,235,400	141,259,776	8,024,376
EXPENDITURES				
Commissioners	236,500	204,900	195,823	9,077
Director	708,600	707,300	720,130	(12,830)
Legal	1,158,700	1,151,400	1,239,382	(87,982)
Human resource	1,104,900	1,090,100	1,055,455	34,645
Communications	764,000	805,800	705,685	100,115
Planning and projects	3,996,400	4,254,400	4,240,103	14,297
Operations	32,861,100	29,497,000	28,286,068	1,210,932
Technical	16,433,600	16,102,800	14,872,823	1,229,977
Infrastructure improvements	70,383,000	67,127,200	58,635,752	8,491,448
Capital outlay	5,322,200	12,434,800	11,096,324	1,338,476
Debt service - principal	-	-	684,318	(684,318)
Debt service - interest	-	-	50,533	(50,533)
	132,969,000	133,375,700	121,782,396	11,593,304
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,276,000)	(140,300)	19,477,380	19,617,680
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	1,153,557	1,153,557
Capital lease proceeds	-	-	1,358,609	1,358,609
	-	-	2,512,166	2,512,166
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ (6,276,000)	\$ (140,300)	\$ 21,989,546	\$ 22,129,846

The District follows these procedures in establishing the budget for the General Fund:

1. The District, prior to certifying a tax levy to the Board of County Commissioners, adopts a proposed budget.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is completed and finalized no later than the Tuesday following the first Monday in September for the ensuing fiscal year.
4. Budgets are amended quarterly after regularly scheduled meetings and Commission approval to reflect changes in revenue and expenditure estimates. The budget presented in the report has been amended.
5. The District's Director is authorized to transfer budgeted amounts between departments within any fund.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Ada County Highway District
Schedule of Employer's Share of Net Pension Asset and Employer's Contributions
September 30, 2021

Schedule of Employer's Share of Net Pension Liability/(Asset)
PERSI – Base Plan
Last 10- Fiscal Years *
Data reported is measured as of June 30

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's portion of net pension liability/asset	0.5833002%	0.5834314%	0.5924456%	0.5914716%	0.5816820%	0.5774546%	0.5847315%	0.5619833%
Employer's proportionate share of the net pension liability/(asset)	\$ (460,679)	\$ 13,548,049	\$ 6,762,601	\$ 8,724,309	\$ 9,143,042	\$ 11,705,892	\$ 7,699,963	\$ 4,137,077
Employer's covered payroll	21,789,973	21,186,605	20,458,495	19,592,282	18,396,970	17,318,922	16,645,383	15,851,781
Employer's proportional share of the net pension liability/(asset) as a percentage of its covered payroll	-2.11%	63.95%	33.06%	44.53%	49.70%	67.59%	46.26%	26.10%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%	94.95%

*GASB Statement No. 68 requires ten years of information to be presented in this table.
However, until a full 10-year trend is compiled, ACHD will present information for those years
for which information is available.

Schedule of Employer Contributions
PERSI – Base Plan
Last 10- Fiscal Years *
Data reported is measured as of September 30

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,601,723	\$ 2,529,681	\$ 2,315,902	\$ 2,217,846	\$ 2,082,537	\$ 1,960,502	\$ 1,884,257	\$ 1,794,422
Contributions in relation to the statutorily required contribution	2,664,615	2,528,908	2,339,395	2,200,659	2,072,137	1,952,460	1,869,445	1,775,957
Contribution (deficiency) excess	62,892	(773)	23,493	(17,187)	(10,400)	(8,042)	(14,812)	(18,465)
Employer's covered payroll	21,789,973	21,186,605	20,458,495	19,592,282	18,396,970	17,318,922	16,645,383	15,851,781
Contributions as a percentage of covered payroll	12.23%	11.94%	11.43%	11.23%	11.26%	11.27%	11.23%	11.20%

*GASB Statement No. 68 requires ten years of information to be presented in this table.
However, until a full 10-year trend is compiled, ACHD will present information for those years
for which information is available.



Single Audit Information

September 30, 2021

Ada County Highway District

Ada County Highway District
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor Pass-through Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Highway Planning and Construction Cluster Passed through Idaho Transportation			
Highway Planning and Construction	20.205	Not Available	\$ 2,256,688
Total Highway Planning and Construction Cluster			<u>2,256,688</u>
Federal Transit Cluster Passed through Valley Regional Transit			
Federal Transit - Formula Grants	20.526	ID-2016-003	<u>343,447</u>
Total Federal Transit Cluster			<u>343,447</u>
Total U.S. Department of Transportation			<u>2,600,135</u>
US Department of the Treasury Passed through Ada County			
COVID 19 - CARES Act 5307 LU/SU	21.019	Not Available	108,121
COVID 19 - Coronavirus Relief Fund - SLFR Funds	21.019	Not Available	<u>395,987</u>
Total US Department of the Treasury			<u>504,108</u>
Total Federal Financial Assistance			<u>\$ 3,104,243</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Ada County Highway District (ACHD) under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of operations of ACHD, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of ACHD.

Note 2 – Significant Accounting Policies

Governmental fund types account for a majority of ACHD's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis - when they become a demand on current available financial resources. For the grant activity accounted for under the business-type funds, the expenditures in the schedule of expenditures of federal awards are recognized on the full accrual basis – when they become a demand on current available financial resources. ACHD's summary of significant accounting policies is presented in Note 1 in ACHD's basic financial statements. ACHD received federal awards indirectly through pass-through entities.

Note 3 – Indirect Cost Rate

ACHD has not elected to use the 10% de minimis cost rate.



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
Ada County Highway District
Garden City, 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 governmental activities, the business-type activities, each major fund, and the remaining fund information of Ada County Highway District (ACHD) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise ACHD’s basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACHD’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 ACHD’s internal control. Accordingly, we do not express an opinion on the effectiveness of ACHD’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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ada County Highway District'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
December 30, 2021



Independent Auditor's Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Commissioners
Ada County Highway District
Garden City, Idaho

Report on Compliance for the Major Federal Program

We have audited Ada County Highway District's (ACHD) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on ACHD's major federal program for the year ended September 30, 2021. ACHD's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for ACHD's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ACHD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal programs. However, our audit does not provide a legal determination of ACHD's compliance.

Opinion on Each Major Federal Programs

In our opinion, ACHD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of ACHD is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered ACHD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ACHD's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in dark ink and is positioned above the printed name and date.

Boise, Idaho
December 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Department of Transportation	
Federal Transit Cluster	
Federal Transit – Formula Grants	20.526
Department of the Treasury	
COVID 19 – CARES Act 5307 LU/SU	21.019
COVID 19 – Coronavirus Relief Fund – SLFR	21.019

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.