



Financial Statements
September 30, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise 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, 2020, 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.

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 liability and employer 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is 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 January 6, 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 cursive script that reads "Eide Bailly LLP".

Boise, Idaho
January 6, 2021

As management of the Ada County Highway District (ACHD or District), we offer this narrative overview and analysis of the financial activities of the Ada County Highway District for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- Fiscal year 2020 was an unusual year. The entire nation grappled with the COVID-19 global pandemic that affected the US economy and interrupted a few of ACHD activities. Although most capital projects continued and most services were provided, this pandemic resulted in the deferment of some regularly planned operations, such as chip sealing, which normally represents a significant expenditure to the District.
- Additionally, as the Center for Disease Control and Prevention (CDC) encouraged individuals to isolate and recommended travel restrictions, a reduction in the employee PTO compensation was noted as a number of employees abstained from taking vacations.
- On the financial side, the assets and deferred outflows of ACHD exceeded its liabilities and deferred inflows on September 30, 2020 by \$3.1 billion.
- During fiscal year 2020, ACHD's total Net Position increased \$142.3 million as compared to an increase of \$122.6 million in fiscal year 2019.
- 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 91.6% of the budget. With encumbrances, the amount increased to 94.7% of the budget.
- General Fund balance at September 30, 2020 was \$80.9 million compared to a total at September 30, 2019 of \$62.3 million. Of this amount \$26.5 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 two 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. 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 \$142.3 million in 2020 or 4.8% increase from fiscal year 2019. (See Table A-1.)

The change in net position was driven by an increase in Capital Assets of \$133.2 millions or 4.5%. This year there was a net increase of \$69.0 million in Right-of-Way (ROW) acquisitions and \$30.3 million in Roadway net additions including construction in progress transfers.

Note from the table below an increase of 137.0% in Restricted Net position. Due to robust continuous construction growth in Ada County, impact fee revenue has outpaced the cost of impact fee related projects, resulting in a positive Impact Fee Reserve balance of \$3.5 million.

Table A-1
Ada County Highway District's Net Assets

	Governmental Activities		Business-type Activities		Total		Total % Change
	2019	2020	2019	2020	2019	2020	2019-2020
Current assets	\$ 124,984,212	\$ 142,081,292	\$ 1,954,093	\$ 1,983,561	\$ 126,938,305	\$ 144,064,853	13.5%
Capital assets	2,927,433,192	3,060,717,284	1,663,510	1,607,237	2,929,096,702	3,062,324,521	4.5%
Total assets	3,052,417,404	3,202,798,576	3,617,603	3,590,798	3,056,035,007	3,206,389,374	4.9%
Deferred outflows of resources	1,817,806	3,584,740	37,098	73,250	1,854,904	3,657,990	97.2%
Long-term debt outstanding	1,465,262	7,381,158	-	-	1,465,262	7,381,158	403.7%
Other liabilities	29,592,016	35,944,313	226,310	404,092	29,818,326	36,348,404	21.9%
Total liabilities	31,057,278	43,325,471	226,310	404,092	31,283,588	43,729,562	39.8%
Deferred inflows of resources	45,226,794	42,699,486	62,559	10,995	45,289,353	42,710,481	(6.0)%
Net position							
Invested in capital assets, net of related debt	2,924,963,634	3,051,454,812	1,663,510	1,607,237	2,926,627,144	3,053,062,049	4.3%
Restricted net position	1,471,753	3,488,704	-	-	1,471,753	3,488,704	137.0%
Unrestricted net position	51,515,751	65,414,843	1,702,322	1,641,724	53,218,073	67,056,567	26.0%
Total net position	\$ 2,977,951,138	\$ 3,120,358,359	\$ 3,365,832	\$ 3,248,961	\$ 2,981,316,970	\$ 3,123,607,320	4.8%

Changes in Net Position. ACHD's changes in Net Position are compared between fiscal year 2019 and 2020. (See Table A-2.) Again, total Net Position increased \$142.3 million in fiscal year 2020.

The two largest components of revenues for ACHD are property taxes and capital grants & contributions which represents a combined 75.8% of total revenues in fiscal year 2020.

Another major determinant of Net Position is Developer Contributions. Per accounting standards, ACHD is required to record the value of donated infrastructure as non-cash revenue. ACHD receives every year a significant amount of Developer Contributions that impact the District's net position.

In FY20, there was a slight increase in the Developer Contributions from prior year. In FY 2019, ACHD received \$111.0 million in Developer Contributions, while in FY 2020 it received \$112.4 million, 1% more than prior year.

There are other contributing factors attributable to the 16.1% increase in Government wide Net Position. Because of the continuous growth in construction and development in the area, there was a \$4.5 million, 20% increase in Development Impact Fees revenue from prior year. This increase in revenue is primarily the drive for the Capital Grants and Contribution revenue increase of \$4.2 million, 3.1% increase.

In addition, ACHD received \$2.8 million more in Property Tax revenue than prior year, and incurred \$4.2 million, 10.4% lower Road and Highway Construction and Maintenance Expenses from prior year due to reduced operations caused by the COVID-19 pandemic.

Ada County Highway District
Management's Discussion and Analysis
September 30, 2020

Moreover, Unallocated Depreciation Expenses decreased \$7.9 million, 20% from prior year, due to a significant number of large infrastructure assets that were added in September 2020, with only one-month depreciation expense being charged to those assets, and a significant number of infrastructure assets that were fully depreciated.

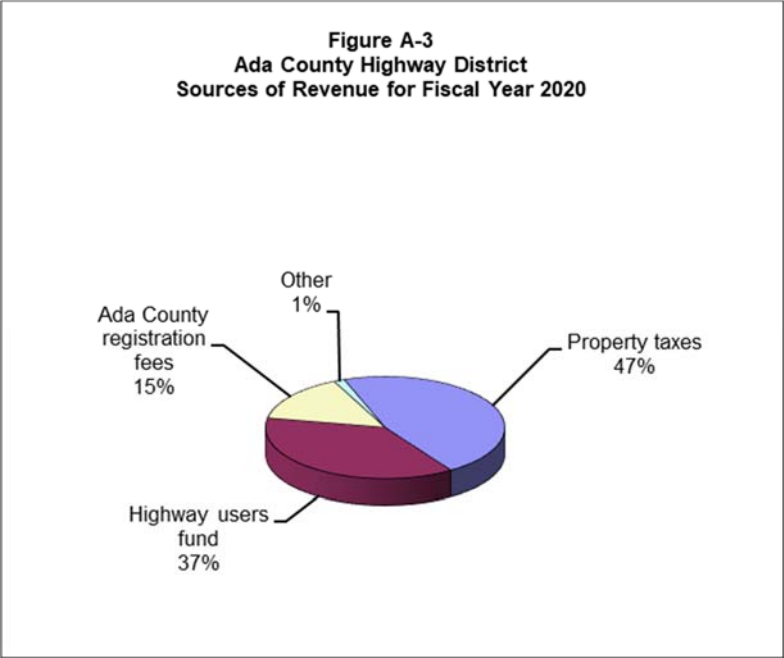
Table A-2
Changes in Ada County Highway District's Net Position

	Governmental Activities		Business-type Activities		Total		Total % Change
	2019	2020	2019	2020	2019	2020	2019-2020
Revenues							
Program revenues							
Charges for services	\$ 6,015,684	\$ 7,834,397	\$1,101,115	\$ 822,008	\$ 7,116,799	\$ 8,656,405	21.6%
Operating grants & contributions	-	-	603,952	546,200	603,952	546,200	(9.6)%
Capital grants & contributions	136,795,706	141,063,563	433,327	352,624	137,229,033	141,416,187	3.1%
General revenues							
Property taxes	40,031,008	42,863,327	-	-	40,031,008	42,863,327	7.1%
State highway users fund	34,390,263	34,424,250	-	-	34,390,263	34,424,250	0.1%
Sales tax & other governmental	13,663,707	13,897,085	-	-	13,663,707	13,897,085	1.7%
Investment earnings	1,481,304	960,752	-	-	1,481,304	960,752	(35.1)%
Miscellaneous	261,105	289,589	-	-	261,105	289,589	10.9%
Total revenues	232,638,777	241,332,963	2,138,394	1,720,832	234,777,171	243,053,795	3.5%
Expenses							
Road maintenance	40,609,582	36,371,082	-	-	40,609,582	36,371,082	(10.4)%
Stormwater	1,150,503	1,327,440	-	-	1,150,503	1,327,440	15.4%
Quality control	1,754,280	1,972,433	-	-	1,754,280	1,972,433	12.4%
Right-of-way	702,352	3,647,253	-	-	702,352	3,647,253	419.3%
Infrastructure improvements	14,322,650	13,132,790	-	-	14,322,650	13,132,790	(8.3)%
Traffic operations	4,242,609	4,365,542	-	-	4,242,609	4,365,542	2.9%
Development & planning	5,521,273	6,434,768	-	-	5,521,273	6,434,768	16.5%
Unallocated depreciation expense	39,488,556	31,621,123	-	-	39,488,556	31,621,123	(19.9)%
Transfer of assets-right of way	1,537,177	-	-	-	1,537,177	-	(100.0)%
Loss on sale of assets	793,709	-	-	-	793,709	-	100%
Interest on long-term debt	58,168	53,312	-	-	58,168	53,312	(8.3)%
Vanpool	-	-	2,022,252	1,837,703	2,022,252	1,837,703	(9.1)%
Total expenses	110,180,859	98,925,742	2,022,252	1,837,703	112,203,111	100,763,445	(10.2)%
Increase (decrease) in net position	\$ 122,457,918	\$ 142,407,221	\$ 116,142	\$ (116,871)	\$ 122,574,060	\$ 142,290,350	16.1%

Governmental Activities

Total revenues for ACHD's governmental activities increased \$8.7 million driven by a slight increase in the amount of property taxes received and in capital grants and contributions, whereas total expenses decreased \$11.3 million driven by a decrease in Road Maintenance expense due to a suspension in Summer Chip Sealing operations due to the COVID-19 pandemic.

ACHD's major revenue sources (excluding all program revenues such as developer contributions and impact fees) are property taxes (47%), highway users fund (37%), 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 84% of the total expenses. (See Figure A-4.)

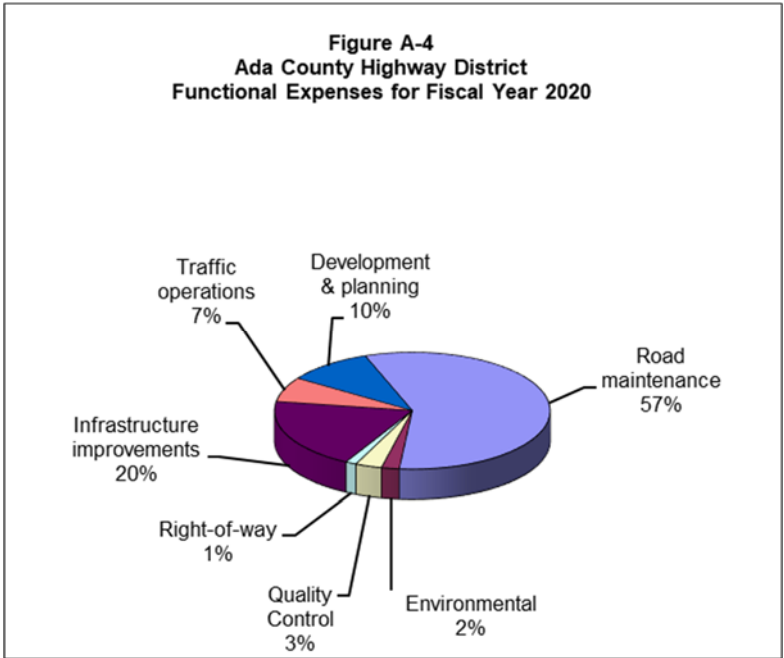


Table A-3 presents the cost of each of ACHD's five largest programs—roadway maintenance, traffic operations, infrastructure improvements, quality control and development and planning—as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net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

The cost of all governmental activities this year was \$98.9 million, a decrease of 8.3% over the prior year primarily due to the significant reduction in roadway maintenance and unallocated depreciation expense due to 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 2020, the net cost of services increased 42.9%.

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2019	2020	2019-2020	2019	2020	2019-2020
Roadway Maintenance	\$ 40,609,582	\$ 36,371,082	(10.4)%	\$ 40,609,582	\$ 36,371,082	(10.4)%
Traffic Operations	4,242,609	4,365,542	2.9%	4,023,709	4,022,232	(0.0)%
Infrastructure Improvements	14,322,650	13,132,790	(8.3)%	(125,215,299)	(130,459,250)	4.2%
Quality Control	1,754,280	1,972,433	12.4%	(634,633)	(577,559)	(9.0)%
Development and planning	5,521,273	6,434,768	16.5%	5,038,071	5,959,813	18.3%
Other	41,399,579	36,649,127	(11.5)%	41,217,153	34,711,464	(15.8)%
Total	\$ 107,849,973	\$ 98,925,742	(8.3)%	\$ (34,961,417)	\$ (49,972,218)	42.9%

Business-Type Activities

The Net Position of ACHD's business-type activities (Refer back to Table A-1) decreased \$116.9 thousand or 3.5% compared to an increase of \$116.1 thousand or 3.6% in the prior year.

Commuteride revenue decreased \$417.6 thousands. The decrease was noted across all revenue categories, and it was attributed to several factors: Vanpool Fees decrease \$279 thousand, 25% from prior year, by reason of some riders opting to work remotely due to the COVID-19 pandemic. Grants and Contributions decreased \$57.7 thousand on account that Commuteride only purchasing ten replacement vans this year instead of the twelve vans purchased prior year with federal grants. Furthermore, the contributions provided by ACHD to Commuteride decreased \$52 thousand, 21% from prior year.

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 \$16.8 million from prior year. The reason for this increase was due to higher revenues than expected and lower expenditures than planned due to the deferral of chip seal operations resulting from the COVID-19 pandemic.

Approximately 6.5% or \$4.8 million of the total fund balance is committed into fiscal year's 2021 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 91.6% of the final budget amounts compared to 92.4% in the prior fiscal year. When taking encumbrances into consideration the percentage raises to 94.7% 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 2020, ACHD had approximately \$3.1 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 \$133 million or 4.5% driven mostly by an increase in right-of-way assets, as mentioned above.

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

	Governmental Activities		Business-type Activities		Total		Total % Change
	2019	2020	2019	2020	2019	2020	2019-2020
Land & undepreciated infrastructure	\$ 2,255,277,303	\$ 2,347,173,710	\$ -	\$ -	\$ 2,255,277,303	\$ 2,347,173,710	4.1%
Buildings & improvements	4,026,081	3,738,166	-	-	4,026,081	3,738,166	(7.2)%
Equipment	18,797,378	17,616,409	1,663,508	1,607,237	20,460,886	19,223,646	(6.0)%
Infrastructure	610,211,071	644,134,600	-	-	610,211,071	644,134,600	5.6%
Developer cooperative agreement	-	7,330,000	-	-	-	7,330,000	100.0%
Construction in progress	39,121,359	40,724,399	-	-	39,121,359	40,724,399	4.1%
Total	\$ 2,927,433,192	\$ 3,060,717,284	\$1,663,508	\$ 1,607,237	\$ 2,929,096,700	\$ 3,062,324,521	4.5%

This year's major capital asset additions included:

- **Cole Rd., I-87 to Franklin Rd:** Widened intersection to 7 lanes in all directions as per the 2016 Capital Improvement Plan (CIP). Includes Cole Rd, I-84/Franklin widening, realignment of McMillan intersection, bridge #1259, and rail crossing improvements.
- **Cloverdale, Ustick to Chinden:** Widened Cloverdale Rd to five lanes with curb and gutter, sidewalks and bike lanes in accordance with the Cloverdale Rd Concept Design and the 2016 CIP.
- **Linder Rd, Ustick Rd to McMillan Rd:** Widened Linder Rd to five lanes with curb, gutter, sidewalk, and a Level 2 bike facility as per the 2016 CIP. Includes enhanced pedestrian crossings at Monument and Stone Valley.

At the end of fiscal year 2020 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 (motor graders, backhoes/loaders and sweepers) and to rotate that equipment at least every five (5) years. At year-end, ACHD had \$1.9 million in capital lease obligations, a \$537 thousand, or 55.1% decrease from prior year, which resulted from the return of several pieces of leased equipment that were not replaced as of fiscal year-end. (See Table A-5). See Note 8 for additional information.

In fiscal year 2020, ACHD entered into one new lease agreement.

As of September 30, 2020, ACHD had a \$7,330,000 Developer Cooperative Agreement obligation to St Luke's. This obligation is due and payable in five equal payments, with the first payment due on February 28, 2020. 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
	2019	2020	2019	2020	2019	2020	2019-2020
Current portion of capital leases	\$ 1,004,296	\$ 415,314	\$ -	\$ -	\$ 1,004,296	\$ 415,314	(58.6)%
Noncurrent portion of capital leases	1,465,262	1,517,158	-	-	1,465,262	1,517,158	3.5%
Current portion of developer cooperative agreements	-	1,466,000	-	-	-	1,466,000	100.0%
Noncurrent portion of developer cooperative agreements	-	5,864,000	-	-	-	5,864,000	100.0%
Total long-term obligations	\$ 2,469,558	\$ 9,262,472	\$ -	\$ -	\$ 2,469,558	\$ 9,262,472	275.1%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Current Economic Factors

- The U.S. Census Bureau estimate of Ada County population as of July 1st, 2019 (latest available data) is 481,587, which is an increase of 2.5% from the prior year.
- Unemployment in Ada County is at 4.2%.
- Single-family housing starts in Ada County are down 9.9% cumulative year-to-date as of September 2020 compared to the same period last year.
- Fuel prices in the local area have decreased 12.6% compared to last year.

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

Budget and Rates

- The general fund budget for fiscal year 2021 is \$126.7 million, a 6.4% increase over the final 2020 budget of \$125.9 million.
- Property tax revenue is projected at \$42.5 million. ACHD elected to forego this year both the 3% increase in property taxes and the new construction growth.
- Development impact fee revenue is budgeted at \$22.5 million in FY21 which is \$4.4 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 \$2.4 million.
- ACHD's fiscal year 2021 capital budget anticipates spending \$70.4 million for Capital projects and \$9.1 million in Community projects, which includes the following key projects:
 - **Gowen Rd Bridge #2110, w/o I-84:** Replace bridge #2110 over the UPRR tracks as part of ACHD's Bridge Maintenance Program.
 - **Eagle Rd, Amity Rd to Victory Rd & Eagle Rd/Amity Roundabout:** 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. A dual-lane roundabout with widened approaches is to be constructed at Eagle Rd/Amity Rd with southbound, northbound, and westbound right turn bypass lanes. This is an in-house design.

- **Maple Grove Rd, Victory Rd / Overland Rd:** 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.
- **Ten Mile and Amity Rd:** Construct a multi-lane roundabout. Project includes Ten Mile Bridge #1182. This is an in-house design.
- **Chinden and Curtis:** Widen the intersection to add a dedicated southbound through/right turn lane as per the 2016 CIP.
- **Community Projects:** Approximately \$9.1 Million of the capital budget, nearly 13 percent of the entire Capital Projects Budget, is set aside for 34 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows			
Current Assets			
Cash, cash equivalents and investments	\$ 78,346,746	\$ 1,911,932	\$ 80,258,678
Restricted cash and cash equivalents	11,850,205	-	11,850,205
Receivables			
Property taxes from Ada County	42,572,331	-	42,572,331
Due from other governmental units	1,253,839	100,540	1,354,379
Other	2,092,560	15,748	2,108,308
Inventory			
Equipment parts and fuel	47,049	-	47,049
Materials	5,873,903	-	5,873,903
Internal balances	44,659	(44,659)	-
Total current assets	<u>142,081,292</u>	<u>1,983,561</u>	<u>144,064,853</u>
Noncurrent Assets			
Capital assets			
Land, infrastructure, developer's cooperative agreements, and other assets not depreciated	2,395,228,109	-	2,395,228,109
Buildings, improvements, equipment, and infrastructure, net of depreciation	665,489,175	1,607,237	667,096,412
Total noncurrent assets	<u>3,060,717,284</u>	<u>1,607,237</u>	<u>3,062,324,521</u>
Total assets	<u>3,202,798,576</u>	<u>3,590,798</u>	<u>3,206,389,374</u>
Deferred Outflows			
Net pension obligation	3,584,740	73,250	3,657,990
Total assets and deferred outflows	<u>\$ 3,206,383,316</u>	<u>\$ 3,664,048</u>	<u>\$ 3,210,047,364</u>

Ada County Highway District
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows and Net Position			
Current Liabilities			
Vouchers payable	\$ 8,099,391	\$ 120,505	\$ 8,219,896
Accrued payroll	1,078,979	-	1,078,979
Impact fee contingency	137,000	-	137,000
Interest payable	11,808	-	11,808
Advanced revenue	908,500	12,626	921,126
Current portion of developer's cooperative agreements	1,466,000	-	1,466,000
Current portion of capital lease obligations	415,314	-	415,314
Total current liabilities	12,116,992	133,131	12,250,123
Noncurrent Liabilities			
Compensated absences	2,198,732	-	2,198,732
Developer's cooperative agreements	5,864,000	-	5,864,000
Capital lease obligations	1,517,158	-	1,517,158
Refundable performance deposits	8,351,501	-	8,351,501
Net pension liability	13,277,088	270,961	13,548,049
Total liabilities	43,325,471	404,092	43,729,563
Deferred Inflows of Resources			
Net pension obligations	538,086	10,995	549,081
Unavailable - property tax	42,161,400	-	42,161,400
Total deferred inflows of resources	42,699,486	10,995	42,710,481
Net Position			
Net investment in capital assets	3,051,454,812	1,607,237	3,053,062,049
Restricted	3,488,704	-	3,488,704
Unrestricted	65,414,843	1,641,724	67,056,567
Total net position	3,120,358,359	3,248,961	3,123,607,320
Total liabilities, deferred inflows and net position	\$ 3,206,383,316	\$ 3,664,048	\$ 3,210,047,364

Ada County Highway District
Statement of Activities
Year Ended September 30, 2020

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	\$ (36,371,082)	\$ -	\$ -	\$ -	\$ (36,371,082)
Stormwater	(1,327,440)	-	-	-	(1,327,440)
Quality control	(1,972,433)	2,549,992	-	-	577,559
Right-of-way	(3,647,253)	1,937,663	-	-	(1,709,590)
Infrastructure improvements	(13,132,790)	2,528,477	-	141,063,563	130,459,250
Traffic operations	(4,365,542)	343,310	-	-	(4,022,232)
Development and planning	(6,434,768)	474,955	-	-	(5,959,813)
Unallocated depreciation expense	(31,621,123)	-	-	-	(31,621,123)
Interest on long-term debt	(53,312)	-	-	-	(53,312)
Total Governmental Activities	(98,925,742)	7,834,397	-	141,063,563	49,972,218
Business-Type Activities					
Vanpool	(1,837,703)	822,008	546,200	352,624	(116,871)
Total Business-Type Activities	(1,837,703)	822,008	546,200	352,624	(116,871)
Total Primary Government	\$ (100,763,445)	\$ 8,656,405	\$ 546,200	\$ 141,416,187	\$ 49,855,347

Ada County Highway District
Statement of Activities
Year Ended September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net (Expenses) Revenue	\$ 49,972,218	\$ (116,871)	\$ 49,855,347
General revenues			
Shared revenues			
Property taxes, levied for general purposes	42,863,327	-	42,863,327
State highway users fund	34,424,250	-	34,424,250
Sales tax and other governmental	13,897,085	-	13,897,085
Unrestricted investment earnings	960,752	-	960,752
Miscellaneous	289,589	-	289,589
Total General Revenues and Transfers	<u>92,435,003</u>	<u>-</u>	<u>92,435,003</u>
Change in Net Position	142,407,221	(116,871)	142,290,350
Net Position, Beginning of Year	<u>2,977,951,138</u>	<u>3,365,832</u>	<u>2,981,316,970</u>
Net Position, End of Year	<u>\$ 3,120,358,359</u>	<u>\$ 3,248,961</u>	<u>\$ 3,123,607,320</u>

Ada County Highway District
Balance Sheet-Governmental Funds
September 30, 2020

	Governmental Funds General
Assets	
Cash and cash equivalents	\$ 78,346,746
Restricted cash and cash equivalents	11,850,205
Receivables	
Property taxes from Ada County	42,572,331
Due from other governmental units	1,253,839
Internal balances	44,659
Other	2,092,560
Inventories	
Equipment parts and fuel	47,049
Materials	5,873,903
Total assets	\$ 142,081,292
Liabilities, Deferred Inflows and Fund Balances	
Liabilities	
Vouchers payable	\$ 8,099,391
Accrued payroll	1,078,978
Advanced revenue	908,500
Impact fee contingency	137,000
Refundable performance deposits	8,351,501
Total Liabilities	18,575,370
Deferred Inflows of Resources	
Unavailable - property tax	42,572,331
Total Deferred Inflows	42,572,331
Fund Balances	
Nonspendable	
Inventory	5,920,952
Restricted	
Impact fees	3,488,704
Committed	
Capital projects	4,757,300
Assigned	
Encumbrances	3,976,400
Self-Insurance	2,000,000
Developer's cooperative agreements	7,330,000
Right-of-way acquisitions	2,000,000
Priority corridor	25,000,000
Unassigned	26,460,235
Total Fund Balances	80,933,591
Total liabilities, deferred inflows and fund balances	\$ 142,081,292

Ada County Highway District
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 September 30, 2020

Fund balance - total governmental funds		\$ 80,933,591
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.		3,060,717,284
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.		410,931
Long-term debt is not due and payable in the current period and therefore is not reported in the funds.		
Developer's Cooperative Agreement	(7,330,000)	
Leases	(1,932,472)	
Net Pension Liability	<u>(13,277,088)</u>	(22,539,560)
Accrued compensated absences are not due and payable in the current period and therefore, are not reported in the funds.		(2,198,733)
Interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.		(11,808)
Deferred outflows of resources related to pension obligations		3,584,740
Deferred inflows of resources related to pensions		<u>(538,086)</u>
Net position of governmental activities		<u>\$ 3,120,358,359</u>

Ada County Highway District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2020

	Governmental Funds
	General
Revenues	
Property taxes	\$ 42,816,050
State highway users fund	34,424,250
State sales tax distribution	2,453,487
Federal and state grants	1,773,565
Cost-sharing payments	2,528,477
Fees and services	5,305,920
Ada County vehicle registration fees	11,443,598
Development impact fees	26,876,885
Interest	960,752
Other	289,589
	128,872,573
Total revenues	128,872,573
Expenditures	
Commissioners	220,983
Director	657,480
Legal	939,165
Human resource	957,052
Communications	656,412
Planning and projects	3,727,383
Operations	24,359,433
Technical	14,061,235
Infrastructure improvements	58,261,150
Capital outlay	8,487,035
Developer's cooperative agreements	7,330,000
Debt service - principal	685,152
Debt service - interest	56,849
	120,399,329
Total expenditures	120,399,329
Excess of Revenues over Expenditures	8,473,244
Other Financing Sources	
Proceeds from sales of assets	486,049
Capital leases	507,000
Developer's cooperative agreements	7,330,000
	7,330,000
Net Change in Fund Balances	16,796,293
Fund Balance, Beginning of Year	62,303,545
Increase in Reserve for Inventories	1,833,753
	1,833,753
Fund Balance, End of Year	\$ 80,933,591

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, 2020

Net change in fund balances - total governmental funds \$ 16,796,293

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 (\$8,496,166) exceeded depreciation expense (\$4,788,941) in the current period. 3,707,225

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 (\$45,718,012) exceeded depreciation expense (\$31,621,123) in the current period. 14,096,890

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. 112,413,113

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. (4,263,136)

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. 1,833,753

Some property tax revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 47,277

Long-term debt 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 (\$507,000) exceeded repayments (\$685,152) and returns (\$358,934). 537,086

Expenditures related to the long-term portion of accrued vacation do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (409,319)

Expenditures (revenues) related to the net pension liability that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (2,355,498)

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. 3,537

Total \$ 142,407,221

Ada County Highway District
Statement of Net Position – Proprietary Funds
September 30, 2020

	Enterprise Fund <u>Van Pool</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,911,932
Receivables	
Due from other governmental units	100,540
Accounts receivable	<u>15,748</u>
Total current assets	<u>2,028,220</u>
Noncurrent Assets	
Capital assets	
Machinery and equipment	4,567,734
Less accumulated depreciation	<u>(2,960,497)</u>
Total noncurrent assets	<u>1,607,237</u>
Deferred Outflow of Resources	
Deferred outflows-pension	<u>73,250</u>
	<u>\$ 3,708,707</u>
Liabilities and Net Position	
Current Liabilities	
Vouchers payable	\$ 120,505
Internal balances	44,659
Advanced revenue	<u>12,626</u>
Total current liabilities	177,790
Noncurrent Liabilities	
Net pension liability	<u>270,961</u>
Total Liabilities	<u>448,751</u>
Deferred Inflow of Resources	
Deferred inflows-pension	<u>10,995</u>
Net Position	
Invested in capital assets	1,607,237
Unrestricted	<u>1,641,724</u>
Total net position	<u>3,248,961</u>
	<u>\$ 3,708,707</u>

Ada County Highway District
Statement of Activities – Proprietary Funds
Year Ended September 30, 2020

	Enterprise Fund
	Van Pool
Operating Revenues	
User charges	\$ 821,804
Operational contribution from federal grants	346,200
Operational contribution from the general fund	200,000
Other	4,952
Total operating revenues	1,372,956
Operating Expenses	
Payroll and related costs	653,988
Insurance	38,464
Fuel	202,031
Licenses and operating costs	118,290
Office and other	294,545
Depreciation	532,433
Leases and rentals	2,700
Total operating expenses	1,842,451
Operating Loss	(469,495)
Capital contributions	352,624
Changes in Net Position	(116,871)
Net Position, Beginning of Year	3,365,832
Net Position, End of Year	\$ 3,248,961

Ada County Highway District
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2020

	Enterprise Fund Van Pool
Operating Activities	
Received from user charges	\$ 814,776
Received from federal grant subsidies	294,817
Received from general fund subsidies	180,797
Received from other	12,468
Payments to employees for services	(605,995)
Payments to suppliers for goods and services	<u>(612,875)</u>
Net Cash from Operating Activities	<u>83,988</u>
Capital and Related Financing Activities	
Proceeds from federal grants	352,624
Proceeds from sale of capital assets	28,949
Payments for capital acquisitions	<u>(512,625)</u>
Net Cash used for Capital and Related Financing Activities	<u>(131,052)</u>
Net Change in Cash and Cash Equivalents	(47,064)
Cash and Cash Equivalents, Beginning of Year	<u>1,958,996</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,911,932</u></u>
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	\$ (469,495)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	532,433
Loss on sale of capital assets	7,516
Pension expense	47,993
Changes in assets and liabilities	
Accounts receivable	(5,946)
Due from government units	(51,383)
Vouchers payable	43,155
Advanced revenue	(1,082)
Due to other funds	<u>(19,203)</u>
Net Cash from Operating Activities	<u><u>\$ 83,988</u></u>

Ada County Highway District
Statement of Fiduciary Net Position – Agency Funds
September 30, 2020

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 2,920,505</u>
	<u><u>\$ 2,920,505</u></u>
Liabilities	
Refundable performance bond deposits	<u>\$ 2,920,505</u>
	<u><u>\$ 2,920,505</u></u>

Note 1 - Summary of Significant Accounting Policies

Ada County Highway District (ACHD) 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*.

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. There are no such organizations that require to be included in the financial statements of ACHD.

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.

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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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.

Financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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.

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.

ACHD receives also other revenue from user fees. The most important use 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:

Fiduciary Fund—The Fiduciary Fund is used to account for assets held by ACHD as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency 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 are associated with cash received for impact fees and developer fees.

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 and Advanced Revenue

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 revenues 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 fixed assets are valued at their estimated fair 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 Position. 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

Compensated Absences

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 obligation. The pension obligation results from the difference between the projected and actual investment earnings, the changes in assumptions, changes in experience, the change in the proportionate share of the net pension liability, and the contributions subsequent to the measurement date of ACHD's net pension liability.

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 the change 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 liability 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.

Note 2 - Cash, Cash Equivalents and Investments

	Amount
Cash	\$ 2,298,419
Cash equivalents	
Cash management account	22,637,928
Certificates of deposit	17,644
Money market savings	9,339,840
Total cash equivalents	31,995,412
Total cash and cash equivalents	34,293,831
Investments at fair value	60,735,557
	\$ 95,029,388

Cash and Cash Equivalents

At year-end, the carrying amount of ACHD’s deposits was \$92,108,883 and the bank balance was \$92,157,779. Of the bank balance held by ACHD, \$546,934 was covered by federal depository insurance \$22,685,794 was collateralized by securities held in the entity’s name, and \$68,925,051 was uninsured and uncollateralized. The fair market value of the securities used as collateral was \$23,139,510. In addition, ACHD held deposits of \$2,920,505 with a bank balance of \$2,922,847 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 \$2,672,847 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, 2020, ACHD's investments consisted of \$60,735,557 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, 2020 is 0.39.

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, which is unrated.

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 \$22,685,794 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 24% of ACHD's cash, cash equivalents 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, 2020, 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 \$2,480,571 for the year ended September 30, 2020.

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

On September 30, 2020, ACHD reported a \$13,548,049 liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. ACHD's proportion of the net pension liability 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, 2020, ACHD's proportion was 0.005834314, a decrease from 2019 proportion of .005924456.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,058,518	\$ 442,374
Change in assumptions or inputs	229,122	-
Net difference between projected and actual earnings on pension plan investments	1,552,867	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2017	15,877	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2018	57,300	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2019	5,479	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2020	-	106,707
ACHD contributions subsequent to the measurement date	738,827	-
Total	\$ 3,657,990	\$ 549,081

ACHD reported \$738,827 as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

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, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8, and 4.8 for the measurement period June 30, 2020.

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:

2021	\$	63,412
2022		571,111
2023		748,914
2024		986,645

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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases**	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

*3.75 percent of 1.00 percent depending on whether the member was hired on or before July 1, 2012.
**There is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service.

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date July 1, 2020.

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 2020:

Capital Market Assumptions from Callan 2020

Target Allocation		Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Asset Class			
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

Investment Policy Assumptions from PERSI 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 2018

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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 liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$27,783,336	\$13,548,049	\$1,777,786

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, 2020, 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	\$ 44,659	\$ -	\$ 44,659
Enterprise Fund	-	(44,659)	(44,659)
	<u>\$ 44,659</u>	<u>\$ (44,659)</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:

	General Fund	Enterprise Fund	Total
State of Idaho	\$ 824,852	\$ 53,600	\$ 878,452
Other Local Agencies	428,987	46,940	475,926
	\$ 1,253,839	\$ 100,540	\$ 1,354,379

Governmental funds report advanced 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.

	Unavailable	Advanced Revenue
Property Tax Levy (General Fund)	\$42,161,400	\$ -
State Funding (General Fund)	-	908,500
Prepaid Van Pool Fees (Enterprise Fund)	-	12,626
	\$42,161,400	\$ 921,126

Note 6 - Capital Assets

Changes in capital assets are as follows:

	Balance October 1, 2019	Additions	Deletions	Transfers from CIP	Balance September 30, 2020
Governmental activities					
Capital assets, not depreciated					
Land	\$ 3,166,654	\$ 4,767,370	\$ -	\$ -	\$ 7,934,024
Ponds	14,430,060	535,040	-	1,060,046	16,025,146
Right-of-way	2,148,477,888	71,848,191	(2,828,502)	-	2,217,497,577
Easements	89,202,701	16,514,262	-	-	105,716,963
Construction in progress and developer cooperative agreements	39,121,359	44,583,830	-	(35,650,790)	48,054,399
Total capital assets, not depreciated	<u>\$ 2,294,398,662</u>	<u>\$ 138,248,693</u>	<u>\$ (2,828,502)</u>	<u>\$ (34,590,744)</u>	<u>\$ 2,395,228,109</u>
Capital assets, depreciated					
Buildings	9,554,751	92,531	-	-	9,647,282
Machinery and equipment	47,086,251	3,636,265	(514,700)	-	50,207,816
Furniture	5,642	-	-	-	5,642
Roadways	1,984,735,406	22,899,926	(4,911,094)	12,283,905	2,015,008,143
Curbs and gutters	159,993,569	5,406,124	(247,543)	5,043,833	170,195,983
Sidewalks	184,236,431	2,719,816	(428,354)	6,853,391	193,381,284
Bridges	120,251,445	308,392	(136,182)	4,107,425	124,531,080
Signals	59,000,362	645,545	-	6,302,190	65,948,097
Total capital assets, depreciated	<u>\$ 2,564,863,857</u>	<u>\$ 35,708,599</u>	<u>\$ (6,237,873)</u>	<u>\$ 34,590,744</u>	<u>\$ 2,628,925,327</u>
Less accumulated depreciation for					
Buildings	(5,528,670)	(380,446)	-	-	(5,909,116)
Machinery and equipment	(28,288,873)	(4,408,495)	105,961	-	(32,591,407)
Furniture	(5,642)	-	-	-	(5,642)
Roadways	(1,527,138,256)	(17,903,931)	4,254,755	-	(1,540,787,432)
Curbs and gutters	(127,287,010)	(2,908,763)	70,962	-	(130,124,811)
Sidewalks	(142,206,308)	(5,334,697)	282,471	-	(147,258,534)
Bridges	(64,891,964)	(2,859,219)	89,089	-	(67,662,094)
Signals	(36,482,604)	(2,614,512)	-	-	(39,097,116)
Total accumulated depreciation	<u>\$ (1,931,829,327)</u>	<u>\$ (36,410,063)</u>	<u>\$ 4,803,238</u>	<u>\$ -</u>	<u>\$ (1,963,436,152)</u>
Total net capital assets, depreciated	<u>\$ 633,034,530</u>	<u>\$ (701,464)</u>	<u>\$ (1,434,635)</u>	<u>\$ 34,590,744</u>	<u>\$ 665,489,175</u>
Governmental activities capital assets, net	<u>\$ 2,927,433,192</u>	<u>\$ 137,547,229</u>	<u>\$ (4,263,137)</u>	<u>\$ -</u>	<u>\$ 3,060,717,284</u>

Ada County Highway District
Notes to Financial Statements
September 30, 2020

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Business-Type Activities				
Capital assets, depreciated				
Buildings	\$ 3,712	\$ -	\$ -	\$ 3,712
Equipment	4,501,455	512,625	(450,058)	4,564,022
Total capital assets, depreciated	<u>\$ 4,505,167</u>	<u>\$ 512,625</u>	<u>\$ (450,058)</u>	<u>\$ 4,567,734</u>
Less accumulated depreciation for				
Buildings	\$ (3,712)	\$ -	\$ -	\$ (3,712)
Equipment	(2,837,945)	(532,433)	413,593	(2,956,785)
Total accumulated depreciation	<u>(2,841,657)</u>	<u>(532,433)</u>	<u>413,593</u>	<u>(2,960,497)</u>
Total net capital assets, depreciated	<u>1,663,510</u>	<u>(19,808)</u>	<u>(36,465)</u>	<u>1,607,237</u>
Business-type activities capital assets, net	<u>\$ 1,663,510</u>	<u>\$ (19,808)</u>	<u>\$ (36,465)</u>	<u>\$ 1,607,237</u>
Governmental activities				
Road & highway construction & maintenance			\$ 4,788,941	
Unallocated depreciation			<u>31,621,122</u>	
				<u>\$ 36,410,063</u>
Business-type activities				
Vanpool			<u>\$ 532,433</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, 2020:

	Cost	Accumulated Depreciation	
General fund	\$ 4,101,647	\$ 1,031,069	

Note 8 - Long-Term Debt

Capital lease for three Mechanical Sweepers and two Vacuum Sweepers, 2.04% interest, payable in annual payments of \$285,854 through August 2020, and one balloon payment of \$50,000 due August 2021, secured by sweepers.	\$ 48,992
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.	381,963
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.	198,977
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.	835,329
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.	467,211
	\$ 1,932,472

Debt service requirements to maturity for capital leases obligations are:

2021	\$ 465,848
2022	415,848
2023	609,776
2024	229,489
2025	350,000
	2,070,961
Less interest	(138,489)
Principal	\$ 1,932,472

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.

As of September 30, 2020, ACHD's share of the costs for completed projects on the St. Luke's Master Plan – Roadway Improvements Phase 1 and Phase 2 totaled \$7,330,000. 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 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:

2021	\$ 1,466,000
2022	1,466,000
2023	1,466,000
2024	1,466,000
2025	1,466,000
Total	<u><u>\$ 7,330,000</u></u>

Aside from the St. Luke's Cooperative Development Agreement debt, ACHD had an additional \$102,500 liability due in FY21 related to a road widening cooperative development agreement.

	Balance October 1, 2019	Additions	Returns and Retirements	Balance September 30, 2020	Due within one year
Governmental activities					
Compensated absences	\$ 1,789,412	\$ 1,830,206	\$ (1,420,886)	\$ 2,198,732	\$ -
Capital leases	2,469,558	507,000	(1,044,086)	1,932,472	415,314
Developer's cooperative agreements	-	7,330,000	-	7,330,000	1,466,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities long-term debt	<u>\$ 4,258,970</u>	<u>\$ 9,667,206</u>	<u>\$ (2,464,972)</u>	<u>\$ 11,461,204</u>	<u>\$ 1,881,314</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 \$18,585 in claims liability outstanding at September 30, 2020, and there were claims paid subsequent to year-end in the amount of \$8,758. 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, 2020

Ada County Highway District

Ada County Highway District
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2020

	Budgeted Amounts-GAAP Basis		Actual, GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 42,474,000	\$ 42,474,000	\$ 42,816,050	\$ 342,050
State highway users fund	32,700,000	35,700,000	34,424,250	(1,275,750)
State sales tax distribution	2,070,000	2,470,000	2,453,487	(16,513)
Federal and state grants	1,730,000	1,810,100	1,773,565	(36,535)
Cost-sharing payments	2,655,000	3,075,000	2,528,477	(546,523)
Fees and services	2,826,000	2,946,000	5,305,920	2,359,920
Ada County vehicle registration fees	10,700,000	11,200,000	11,443,598	243,598
Development impact fees	20,461,000	24,611,000	26,876,885	2,265,885
Interest	500,000	900,000	960,752	60,752
Other	1,111,500	781,000	289,589	(491,411)
	117,227,500	125,967,100	128,872,573	2,905,473
EXPENDITURES				
Commissioners	230,900	230,900	220,983	9,917
Director	692,800	692,800	657,480	35,320
Legal	1,371,500	1,351,500	939,165	412,335
Human resource	1,092,900	1,063,600	957,052	106,548
Communications	734,300	731,100	656,412	74,688
Planning and projects	3,960,600	4,075,500	3,727,383	348,117
Operations	32,536,000	32,312,900	24,359,433	7,953,467
Technical	15,632,100	15,203,600	14,061,235	1,142,365
Infrastructure improvements	60,216,300	66,239,800	65,591,150	648,650
Capital outlay	4,302,400	9,481,700	8,487,035	994,665
Debt service - principal	-	-	685,152	(685,152)
Debt service - interest	-	-	56,849	(56,849)
	120,769,800	131,383,400	120,399,329	10,984,071
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,542,300)	(5,416,300)	8,473,244	13,889,544
OTHER FINANCING SOURCES				
Developer's cooperative agreement	-	-	7,330,000	7,330,000
Proceeds from sale of assets	-	-	486,049	486,049
Capital lease proceeds	-	-	507,000	507,000
	-	-	8,323,049	993,049
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ (3,542,300)	\$ (5,416,300)	\$ 16,796,293	\$ 14,882,593

ACHD follows these procedures in establishing the budget for the General Fund:

1. ACHD, 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 twice a year in February and June 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. ACHD'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 Liability and Employer Contributions
 September 30, 2020

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

	2020	2019	2018	2017	2016	2015	2014
Employer's portion of net pension liability	0.005834314	0.005924456	0.005914716	0.00581682	0.00577456	0.005847315	0.005619833
Employer's portion of net pension liability	\$ 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	\$ 20,840,396	\$ 20,053,741	\$ 19,304,603	\$ 18,075,756	\$ 16,815,129	\$ 16,450,471	\$ 15,275,490
Employer's proportionate share of net pension liability as a percentage of its covered payroll	65.00%	33.72%	45.19%	50.58%	69.62%	46.81%	27.08%
Plan fiduciary net position as a percentage of the total pension liability	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.

Data reported is measured as of June 30th.

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

	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 4,046,642	\$ 3,695,718	\$ 3,512,958	\$ 3,316,298	\$ 3,123,423	\$ 2,975,708	\$ 2,820,629
Contributions in relation to the statutorily required contributions	\$ 4,029,278	\$ 3,740,351	\$ 3,519,473	\$ 3,316,250	\$ 3,115,449	\$ 2,987,531	\$ 2,838,079
Contribution (deficiency) excess	\$ (17,364)	\$ 44,633	\$ 6,515	\$ (48)	\$ (7,974)	\$ 11,823	\$ 17,450
Employer's covered payroll	\$ 21,186,605	\$ 20,407,054	\$ 19,397,889	\$ 18,311,972	\$ 17,174,979	\$ 16,559,701	\$ 15,765,170
Contributions as a percentage of covered-employee payroll	19.02%	18.33%	18.14%	18.11%	18.14%	18.04%	18.00%

* 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.

Data reported is measured as of September 30th.



Single Audit Information
September 30, 2020

Ada County Highway District

Ada County Highway District
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor Pass-through Grantor Program Title	Federal CFDA 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	\$ 1,850,740
Passed through Western Federal Lands			
Highway Planning and Construction	20.205	Not Available	<u>183,414</u>
Total Highway Planning and Construction Cluster			<u>2,034,154</u>
Federal Transit Cluster			
Passed through Valley Regional Transit			
Federal Transit - Formula Grants	20.507	ID-2016-003	352,624
CARES Act 5307 LU/SU	20.507	Not Available	<u>46,939</u>
Total Federal Transit Cluster			<u>399,563</u>
Total U.S. Department of Transportation			<u>2,433,717</u>
U.S. Department of the Treasury			
Passed through Ada County			
Coronavirus Relief Fund - CARES Act	21.019	Not Available	<u>38,672</u>
Total U.S. Department of the Treasury			<u>38,672</u>
Total Federal Financial Assistance			<u><u>\$ 2,472,389</u></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, 2020. 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). ACHD received federal awards indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. No federal financial assistance has been provided to a subrecipient. 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.

Note 3 - Indirect Cost Rate

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

Note 4 - Advanced Grant Proceeds

During the year ended September 30, 2018, ACHD was advanced \$450,000 associated with CFDA 20.205 by Idaho Transportation Department (ITD). ITD made the decision to advance the funds to ACHD associated with a project that was originally scheduled to take place during the year ended September 30, 2018; however the project was delayed until the year ended September 30, 2021. These funds will be reported on the SEFA when they have been expended.



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, 2020, and the related notes to the financial statements, which collectively comprise ACHD’s basic financial statements, and have issued our report thereon dated January 6, 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
January 6, 2021



Independent Auditor's Report on Compliance for the Major Federal Program; 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, 2020. 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 the major federal program. However, our audit does not provide a legal determination of ACHD's compliance.

Opinion on the Major Federal Program

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, 2020.

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.



Boise, Idaho
January 6, 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 Highway Planning and Construction	20.205

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