Financial Statements
September 30, 2024

Ada County Highway District

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Commissioners
Ada County Highway District
Garden City, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise ACHD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ACHD, as of September 30, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACHD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACHD's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of employer's share of net pension liability (asset) and employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACHD's basic financial statements. The accompanying supplemental information, such as the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 our report dated January 10, 2025, 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.

Eide Bailly LLP

Boise, Idaho
January 10, 2025

As management of the Ada County Highway District (ACHD), we offer this narrative overview and analysis of the financial activities of the Ada County Highway District for the fiscal year ended September 30, 2024.

FINANCIAL HIGHLIGHTS

- The continued rapid growth experienced in Ada County and surrounding communities has caused ACHD to expand its operations to meet the needs of the citizens we serve. ACHD headquarters has been in the same location in Garden City for over fifty years. As the operations have grown, so has the need for additional office space. For the past six years, ACHD has had to lease additional office spaces away from headquarters due to limited space. With these concerns in mind, ACHD searched and found an alternate, larger facility in Boise City. In fiscal year 2024, a pre-existing office building was purchased which will enable all non-maintenance staff to be consolidated into one location. This office building with room for growth is currently being prepped for staff to move into beginning in the middle of fiscal year 2025 which will then allow ACHD to end two leases associated with its Orchard locations.

- The assets of ACHD and deferred outflow of resources exceeded its liabilities and deferred inflow of resources on September 30, 2024, by $3.9 billion.

- During fiscal year 2024, ACHD's total Net Position increased $232.2 million as compared to an increase of $200.4 million in fiscal year 2023.

- 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 92.8% of the budget. With encumbrances, the amount increased to 96.3% of the budget.

- General Fund balance at September 30, 2024 was $139.7 million compared to a total at September 30, 2023 of $159.2 million. Of this amount $37.9 million is unassigned and available to meet ACHD's on-going obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how ACHD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the

change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

- Governmental Activities - Most of ACHD's basic services are included here, such as roadway maintenance, traffic control maintenance, drainage, quality control, and infrastructure improvements. Property taxes, highway user funds, development impact fees and Ada County registration fees finance most of these activities.

- Business-type activities - ACHD charges fees to customers to help it cover the costs of certain services it provides. ACHD's Vanpool program is included here.

Fund Financial Statements

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

ACHD has the following funds:

- Governmental Fund - Most of ACHD's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance ACHD's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

- Proprietary Fund - Services for which ACHD charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, ACHD's enterprise fund is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

- Fiduciary Fund - ACHD is the trustee, or fiduciary, for its Road Trust funds. ACHD is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of ACHD's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from ACHD's government-wide financial statements because ACHD cannot use these assets to finance its operations.

Notes to the Financial Statements

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

Required Supplementary Information

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

FINANCIAL ANALYSIS OF ACHD AS A WHOLE

Net Position. ACHD shows an increase in total net position of $232.2 million in 2024 or 6.4% increase from fiscal year 2023. (See Table A-1.)

The change in net position was driven by an increase in capital assets of $252.7 million or 7.2%, which was offset slightly by an $11.2 million increase in other liabilities. This year, there was a net increase of $92.6 million in Right-of-Way and a net increase of $53.6 million in Construction in Progress. Outstanding long-term debt decreased by 82.3%, which also contributed to the increase in net position.

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

	Governmental Activities		Business-type Activities		Total		Total % Change
	2023	2024	2023	2024	2023	2024	2023-2024
Current assets	$ 226,340,074	$ 224,646,725	$ 2,012,063	$ 2,083,747	$ 228,352,137	$ 226,730,472	(0.7)%
Capital assets	3,499,233,998	3,752,108,938	957,892	746,484	3,500,191,890	3,752,855,422	7.2%
Total assets	**3,725,574,072**	**3,976,755,663**	**2,969,955**	**2,830,231**	**3,728,544,027**	**3,979,585,894**	**6.7%**
Deferred outflows of resources	**10,850,547**	**6,305,775**	**109,601**	**63,695**	**10,960,148**	**6,369,470**	**(41.9)%**
Long-term debt outstanding	2,019,794	357,894	-	-	2,019,794	357,894	(82.3)%
Other liabilities	50,145,804	61,380,425	354,274	347,936	50,500,078	61,728,361	22.2%
Total liabilities	**52,165,598**	**61,738,319**	**354,274**	**347,936**	**52,519,872**	**62,086,255**	**18.2%**
Deferred inflows of resources	**47,226,104**	**51,940,514**	**233**	**4,379**	**47,226,337**	**51,944,893**	**9.1%**
Net assets							
Invested in capital assets, net of related debt	3,494,632,175	3,749,638,939	957,892	746,484	3,495,590,067	3,750,385,423	7.3%
Restricted	47,774,652	59,230,621	-	-	47,774,652	59,230,621	24.0%
Unrestricted	94,626,090	60,513,045	1,767,157	1,795,127	96,393,247	62,308,172	(35.4)%
Total net position	**$ 3,637,032,917**	**$ 3,869,382,605**	**$ 2,725,049**	**$ 2,541,611**	**$ 3,639,757,966**	**$ 3,871,924,216**	**6.4%**

Changes in Net Position. ACHD's changes in net position are compared between fiscal year 2023 and 2024. (See Table A-2.) Again, total net position increased $232.2 million in fiscal year 2024.

The largest component of revenue for ACHD is Capital Grants and Contributions, which represents 57.0% of total revenues in fiscal year 2024. Every year, ACHD receives a significant amount of Capital Contributions that impact the District's net position. This year, ACHD received $225.5 million in Capital Contributions. Also, in fiscal year 2024 ACHD received $22.1 million in new Highway User Revenue that is tied to House Bill 770 , part of which is specifically for the design and construction of the Ustick Road widening project west of Highway 16 from Owyhee Storm Avenue to Can-Ada Road.

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

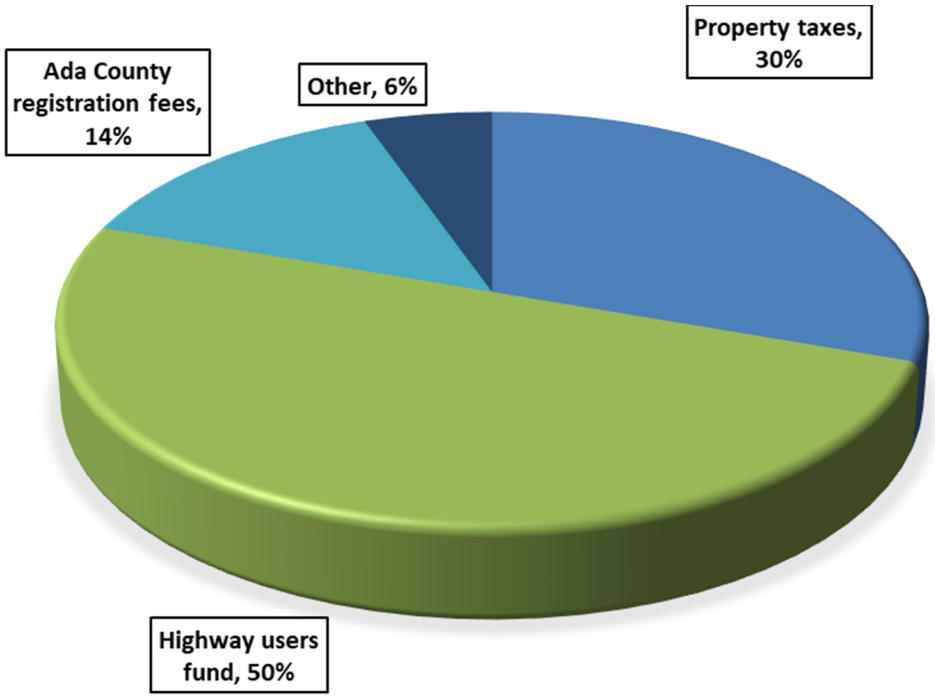
	Governmental Activities		Business-type Activities		Total		Total % Change
	2023	2024	2023	2024	2023	2024	2023-2024
Revenues							
Program revenues							
Charges for services	$ 8,671,628	$ 10,721,401	$ 1,002,196	$ 1,010,864	$ 9,673,824	$ 11,732,265	21.3%
Operating grants & contributions	-	-	521,069	747,130	521,069	747,130	43.4%
Capital grants & contributions	224,266,929	225,525,587	-	-	224,266,929	225,525,587	0.6%
General revenues							
Property taxes	46,871,548	48,266,089	-	-	46,871,548	48,266,089	3.0%
State highway users fund	44,026,097	79,514,806	-	-	44,026,097	79,514,806	80.6%
Sales tax & other governmental	22,713,461	22,689,545	-	-	22,713,461	22,689,545	(0.1)%
Investment earnings	5,096,239	8,090,022	-	-	5,096,239	8,090,022	58.7%
Sale of assets	206,903	-	-	-	206,903	-	0.0%
Miscellaneous	524,259	522,401	-	-	524,259	522,401	(0.4)%
Total revenues	**352,377,064**	**395,329,851**	**1,523,265**	**1,757,994**	**353,900,329**	**397,087,845**	**12.2%**
Expenses							
Road maintenance	57,898,055	58,713,039	-	-	57,898,055	58,713,039	1.4%
Stormwater	1,837,162	2,182,061	-	-	1,837,162	2,182,061	18.8%
Quality control	2,636,206	2,879,184	-	-	2,636,206	2,879,184	9.2%
Right-of-way	1,239,306	1,466,915	-	-	1,239,306	1,466,915	18.4%
Infrastructure improvements	29,611,153	33,331,430	-	-	29,611,153	33,331,430	12.6%
Traffic operations	5,787,443	6,945,609	-	-	5,787,443	6,945,609	20.0%
Development & planning	10,767,787	11,559,344	-	-	10,767,787	11,559,344	7.4%
Unallocated depreciation expense	40,475,048	43,778,512	-	-	40,475,048	43,778,512	8.2%
Transfer of assets-right of way	1,330,902	1,702,466	-	-	1,330,902	1,702,466	27.9%
Loss or gain () on sale of assets	-	369,200	-	-	-	369,200	100%
Interest on long-term debt	43,913	52,403	-	-	43,913	52,403	19.3%
Vanpool	-	-	1,829,341	1,941,432	1,829,341	1,941,432	6.1%
Total expenses	**151,626,975**	**162,980,163**	**1,829,341**	**1,941,432**	**153,456,316**	**164,921,595**	**7.5%**
Increase (decrease) in net position	**200,750,089**	**232,349,688**	**(306,076)**	**(183,438)**	**200,444,013**	**232,166,250**	**15.8%**
Net position, beginning	3,436,282,828	3,637,032,917	3,031,125	2,725,049	3,439,313,953	3,639,757,966	5.8%
Net position, ending	**$ 3,637,032,917**	**$ 3,869,382,605**	**$ 2,725,049**	**$ 2,541,611**	**$3,639,757,966**	**$ 3,871,924,216**	**6.4%**

Governmental Activities

Total revenues for ACHD's governmental activities increased $43.0 million, driven by an increase in the amount of Highway Users Fund revenue of $35.5 million or 80.6% and an increase in Charges for services and Investment earnings of $5.0 million or 37.0%. Whereas total expenses increased by $11.4 million or 7.5%, driven by a $3.7 million or 12.6% increase in Infrastructure Improvements.

ACHD's major revenue sources (excluding all program revenues such as developer contributions and impact fees) are property taxes (30%), highway users fund (50%), and Ada County registration fees (14%). (See Figure A-3.)

FIGURE A-3
ADA COUNTY HIGHWAY DISTRICT
SOURCES OF REVENUE FOR FISCAL YEAR 2024



ACHD's expenses (excluding program expenses and unallocated depreciation expense) cover a range of services with road maintenance and infrastructure improvements comprising 79% of the total expenses. (See Figure A-4.)

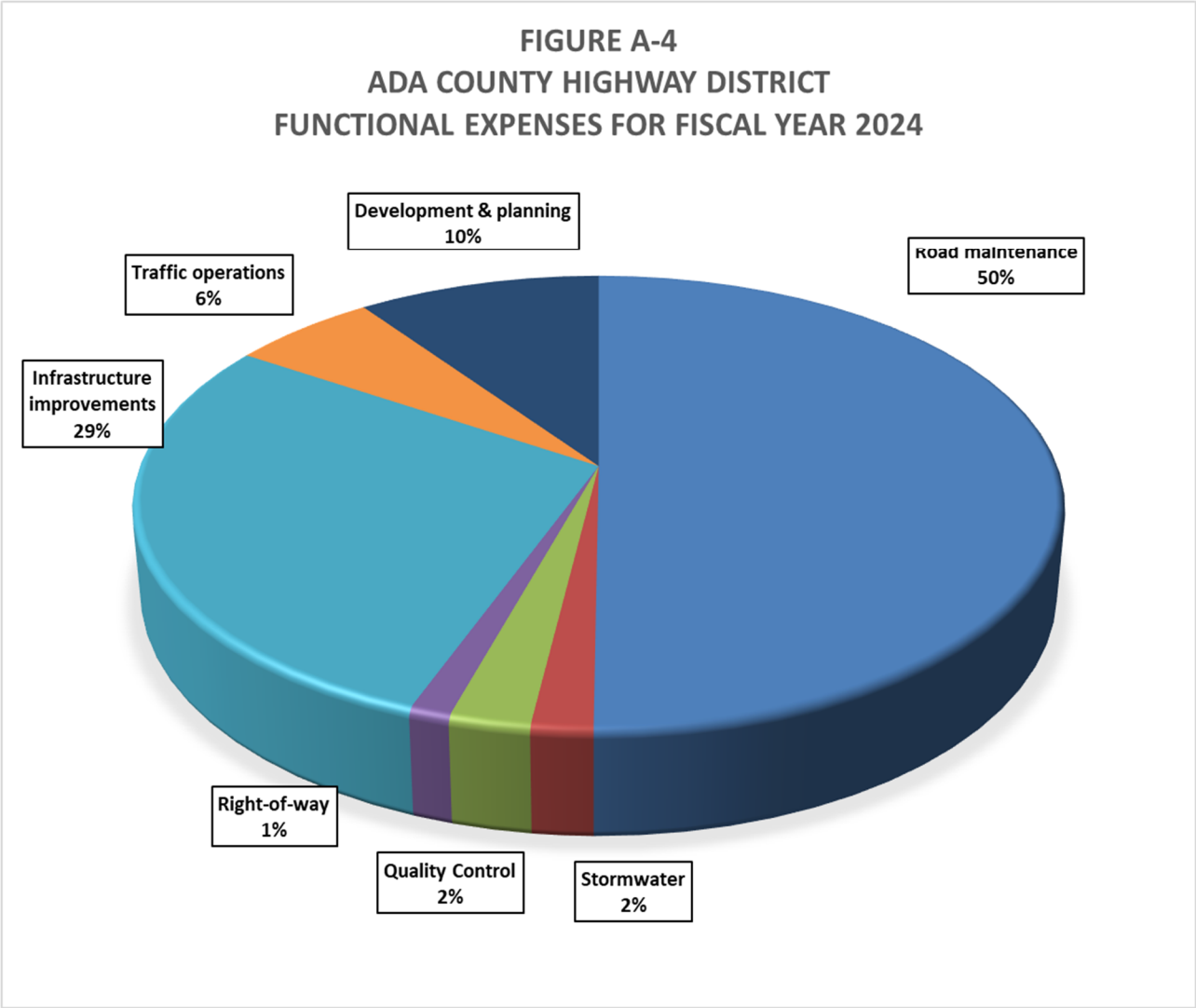


Table A-3 presents the cost of each of ACHD's five largest programs—roadway maintenance, traffic operations, infrastructure improvements, quality control and development and planning—as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net 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 $163.0 million, an increase of 7.5% over the prior year primarily due to the significant increase in roadway maintenance and investment in infrastructure.

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2023	2024	2023-2024	2023	2024	2023-2024
Roadway Maintenance	$ 57,898,055	$ 58,713,039	1.4%	$ 45,412,332	$ 58,713,039	29.3%
Traffic Operations	5,787,443	6,945,609	20.0%	5,056,104	6,724,166	33.0%
Infrastructure Improvements	29,611,153	33,331,430	12.6%	(147,491,048)	(198,711,386)	34.7%
Quality Control	2,636,206	2,879,184	9.2%	(263,848)	(574,945)	117.9%
Development and planning	10,767,787	11,559,344	7.4%	7,764,278	11,106,644	43.0%
Other	44,926,331	49,551,557	10.3%	40,171,782	49,475,657	23.2%
Total	**$ 151,626,975**	**$ 162,980,163**	**7.5%**	**$ (49,350,400)**	**$ (73,266,825)**	**48.5%**

Business-Type Activities

The net position of ACHD's business-type activities (Refer back to Table A-1) decreased $183.4 thousand or 6.7% compared to a decrease of $306.1 thousand or 10.1% in the prior year.

Commuteride revenue increased $234.7 thousand or 15.4% from the prior year, which is mainly due to an increase in operating grants and contributions.

Commuteride's operating expenses this fiscal year increased $112.1 thousand or 6.1% from the prior year, primarily due to an increase in payroll and related costs of $192.1 thousand or 35% and a decrease in fuel costs of $53.8 thousand or 14.2%.

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 decreased $19.5 million or 12.2% from the prior year. The contributing factors for this decrease included the purchase of a new headquarters building and infrastructure improvements.

This fiscal year ACHD received $35.5 million more in Highway Users revenue and $3.5 million from the collection of Impact fees.

Approximately 12.3%, or $17.2 million, of the total fund balance is committed into fiscal year's 2025 budget for capital projects as rescheduled projects.

General Fund Budgetary Highlights

Over the course of the year, the 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 92.8% of the final budget amounts compared to 92.4% in the prior fiscal year. When taking encumbrances into consideration, the percentage rises to 96.3% of the final budget amounts compared to 95.8% in the prior fiscal year.

CAPITAL ASSET and DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, ACHD had approximately $3.8 billion in capital assets including bridges, curbs and gutters, drainage ponds, easements, right-of-way, roads, sidewalks, right-to-use assets, subscription-based IT arrangements, and traffic signals. (See Table A-4.) This amount represents a net increase (including additions and deductions) of $252.7 million or 7.2% driven mostly by an increase of $115.7 million, or 4.4%, from the prior year in non-depreciable capital assets and $77.7 million, or 9.7%, in infrastructure. Additionally, at the end of the fiscal year 2024, ACHD had a $6.8 million noncurrent asset associated with infrastructure improvements cooperative agreement entered into with St. Luke's Medical Center.

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

	Governmental Activities		Business-type Activities		Total		Total % Change
	2023	2024	2023	2024	2023	2024	2023-2024
Non-depreciated capital assets	$2,608,337,692	$2,723,908,755	$ 144,334	$ 241,669	$ 2,608,482,026	$2,724,150,424	4.4%
Buildings & improvements	6,659,654	6,301,626	-	-	6,659,654	6,301,626	(5.4)%
Equipment	20,707,895	28,213,722	813,558	504,815	21,521,453	28,718,537	33.4%
Infrastructure	797,692,924	875,412,367	-	-	797,692,924	875,412,367	9.7%
Developer cooperative agreement	6,819,415	6,819,415	-	-	6,819,415	6,819,415	0.0%
Right of Use Assets	1,689,310	690,305	-	-	1,689,310	690,305	(59.1)%
Subscription-Based IT arrangements	581,440	450,205	-	-	581,440	450,205	(22.6)%
Construction in progress	56,745,668	110,312,543	-	-	56,745,668	110,312,543	94.4%
Total	**$ 3,499,233,998**	**$ 3,752,108,938**	**$ 957,892**	**$ 746,484**	**$ 3,500,191,890**	**$ 3,752,855,422**	**7.2%**

This year's major capital asset additions included:

- Victory Rd and Locust Grove Roundabout – replace intersection with a two-lane roundabout.
- Locust Grove, Victory Rd / Overland Rd – widen Locust Grove Rd to 5 lanes with curb, gutter, sidewalk, and bike lanes.
- Lake Hazel and Maple Grove – widen intersection to 6-lanes on Lake Hazel and 4-lanes on Maple Grove.

At the end of fiscal year 2024, the average Pavement Condition Index (PCI) Rating for ACHD roadways was very good (PCI Rating between 70-100). See Note 6 for additional information.

Long-term Debt

ACHD has an equipment lease program designed to lease larger equipment (backhoes/loaders, excavators, motor graders and sweepers) and to rotate that equipment at least every five (5) years. To comply with the GASB 87 and 96 pronouncements, ACHD also included Right-to Use Assets and Subscription-Based IT Arrangements in the aforementioned lease program. This included a SBITA for the Accounting software. At year-end, ACHD had $2.5 million in lease obligations and developer's cooperative agreements. There was a $1.5 million, or 38.5% decrease from the prior year, due to the payments on lease obligations and the developer's cooperative agreement liability (See Table A-5).

As of September 30, 2024, ACHD had a $1.4 million Developer Cooperative Agreement obligation to St Luke's. This obligation is due and payable in a final payment due on February 28, 2025.

See additional information in Note 7 – Debt section.

Table A-5
Ada County Highway District Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total % Change
	2023	2024	2023	2024	2023	2024	2023-2024
Current portion of leases	$ 635,706	$ 607,876	$ -	$ -	$ 635,706	$ 607,876	(4.4)%
Current portion of subscription based IT arrangments	-	140,346	-	-	-	140,346	0.0%
Noncurrent portion of leases	655,911	48,035	-	-	655,911	48,035	(92.7)%
Noncurrent portion of subscription based IT arrangements	-	309,859	-	-	-	309,859	0.0%
Current portion of developer cooperative agreements	1,363,883	1,363,883	-	-	1,363,883	1,363,883	0.0%
Noncurrent portion of developer cooperative agreements	1,363,883	-	-	-	1,363,883	-	(100.0)%
Total lease obligations	**$4,019,383**	**$ 2,469,999**	**$ -**	**$ -**	**$4,019,383**	**$2,469,999**	**(38.5)%**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Current Economic Factors

- The U.S. Census Bureau estimate of Ada County population as of April 1, 2020 (latest available data) is 524,673, which is an increase of 6.0% from the prior year.
- Unemployment in Ada County is at 3.3%.
- Building permits in Ada County are down 7.35% year-to-date as of September 2024 compared to the same period last year.
- Fuel prices in the local area have decreased 8.8% compared to last year.

These factors were considered in preparing ACHD's budget for the 2024 fiscal year.

Budget and Rates

- The general fund revenue budget for fiscal year 2025 is $179.0 million, compared to the final 2024 budget of $164.4 million.
- Property tax revenue is projected at $51.5 million. This total includes a portion of the foregone balance that will be used for Capital Projects.
- Development impact fee revenue is budgeted at $20.7 million in FY25, which is $4.4 million less than actual revenue collected in the current year. This is due in part to an economic slowdown impacting the housing market.
- Highway Users Fund revenue is budgeted to increase $1.7 million.
- ACHD's fiscal year 2025 capital budget anticipates spending $115.2 million on capital projects which includes the following key projects:

- **Linder Rd, Overland Rd. to Franklin Rd -** widen to 5 lanes, including approaches to construct an overpass over I-84.

- **Arterial & Collector Capital Maintenance** - Pavement improvements, ADA upgrades, and bike/ped improvements.

- **Meridian Downtown Pavement and Pedestrian Improvements –** pavement rehabilitation and pedestrian ramps on residential streets.

- **State Street and Pierce Park Ln. -** intersection improvement project, which includes widening the north and south legs to four lanes and the east and west legs to seven lanes.

Requests for Information

This financial report is designed to provide a general overview of Ada County Highway District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting
Ada County Highway District
3775 Adams St.
Garden City, ID 83714

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash, cash equivalents and investments	$ 131,764,995	$ 1,889,930	$ 133,654,925
Restricted cash and cash equivalents	24,706,718	-	24,706,718
Receivables			
Property taxes from Ada County	52,366,843	-	52,366,843
Due from other governmental units	4,228,904	179,896	4,408,800
Other	2,797,151	5,349	2,802,500
Inventory			
Equipment parts and fuel	84,982	-	84,982
Materials	8,705,704	-	8,705,704
Internal balances	(8,572)	8,572	-
Total current assets	224,646,725	2,083,747	226,730,472
Noncurrent Assets			
Capital assets			
Capital assets, non-depreciable	2,841,040,715	241,669	2,841,282,384
Capital assets, net of depreciation and amortization	911,068,223	504,815	911,573,038
Total noncurrent assets	3,752,108,938	746,484	3,752,855,422
Total assets	3,976,755,663	2,830,231	3,979,585,894
Deferred Outflows of Resources			
Net pension liability	6,305,775	63,695	6,369,470
Total assets and deferred outflows of resources	$ 3,983,061,438	$ 2,893,926	$ 3,985,955,364

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Vouchers payable	$ 19,533,589	$ 106,520	$ 19,640,109
Accrued payroll	2,317,184	-	2,317,184
Impact fee contingency	580,628	-	580,628
Interest payable	22,909	-	22,909
Advanced revenue	458,500	355	458,855
Current portion of developer's cooperative agreements	1,363,883	-	1,363,883
Current portion of lease obligations	607,876	-	607,876
Current portion of software based IT arrangements	140,346	-	140,346
Total current liabilities	25,024,915	106,875	25,131,790
Noncurrent Liabilities			
Compensated absences	2,778,859	-	2,778,859
Lease obligations, net of current portion	48,035	-	48,035
Software based IT arrangements, net of current portion	309,859	-	309,859
Refundable performance deposits	9,711,607	-	9,711,607
Net pension liability	23,865,044	241,061	24,106,105
Total liabilities	61,738,319	347,936	62,086,255
Deferred Inflows of Resources			
Net pension liability	433,514	4,379	437,893
Unavailable - property tax	51,507,000	-	51,507,000
Total deferred inflows of resources	51,940,514	4,379	51,944,893
Net Position			
Net investment in capital assets	3,749,638,939	746,484	3,750,385,423
Restricted	59,230,621	-	59,230,621
Unrestricted	60,513,045	1,795,127	62,308,172
Total net position	3,869,382,605	2,541,611	3,871,924,216
Total liabilities, deferred inflows and net position	$ 3,983,061,438	$ 2,893,926	$ 3,985,955,364

Ada County Highway District
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Governmental Activities					
Road and highway construction and maintenance	$ (58,713,039)	$ -	$ -	$ -	$ (58,713,039)
Stormwater	(2,182,061)	-	-	-	(2,182,061)
Quality control	(2,879,184)	3,454,129	-	-	574,945
Right-of-way	(3,169,381)	75,900	-	-	(3,093,481)
Infrastructure improvements	(33,331,430)	6,517,229	-	225,525,587	198,711,386
Traffic operations	(6,945,609)	221,443	-	-	(6,724,166)
Development and planning	(11,559,344)	452,700	-	-	(11,106,644)
Unallocated depreciation expense	(43,778,512)	-	-	-	(43,778,512)
Loss on sale of assets	(369,200)	-	-	-	(369,200)
Interest on long-term debt	(52,403)	-	-	-	(52,403)
Total Governmental Activities	(162,980,163)	10,721,401	-	225,525,587	73,266,825
Business-Type Activities					
Vanpool	(1,941,432)	1,010,864	747,130	-	(183,438)
Total Business-Type Activities	(1,941,432)	1,010,864	747,130	-	(183,438)
Total Primary Government	$ (164,921,595)	$ 11,732,265	$ 747,130	$ 225,525,587	$ 73,083,387

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net (Expenses) Revenue	$ 73,266,825	$ (183,438)	$ 73,083,387
General revenues			
Shared revenues			
Property taxes, levied for general purposes	48,266,089	-	48,266,089
State highway users fund	79,514,806	-	79,514,806
Sales tax and other governmental	22,689,545	-	22,689,545
Unrestricted investment earnings	8,090,022	-	8,090,022
Miscellaneous	522,401	-	522,401
Total General Revenues and Transfers	159,082,863	-	159,082,863
Change in Net Position	232,349,688	(183,438)	232,166,250
Net Position, Beginning of Year	3,637,032,917	2,725,049	3,639,757,966
Net Position, End of Year	$ 3,869,382,605	$ 2,541,611	$ 3,871,924,216

Ada County Highway District
Balance Sheet - Government Funds
September 30, 2024

	Governmental Funds
	General
Assets	
Cash and cash equivalents	$ 131,764,995
Restricted cash and cash equivalents	24,706,718
Receivables	
Property taxes from Ada County	52,366,843
Due from other governmental units	4,228,904
Internal balances	59,378
Other	2,797,151
Inventories	
Equipment parts and fuel	84,982
Materials	8,705,704
Total assets	$ 224,714,675
Liabilities, Deferred Inflows and Fund Balances	
Liabilities	
Vouchers payable	$ 19,533,589
Accrued payroll	2,317,184
Internal balances	67,950
Advanced revenue	458,500
Impact fee contingency	580,628
Refundable performance deposits	9,711,607
Total liabilities	32,669,458
Deferred Inflows of Resources	
Unavailable - property tax	52,366,843
Total deferred inflows of resources	52,366,843
Fund Balances	
Nonspendable	
Inventory	8,790,685
Restricted	
Impact fees	14,911,185
Highway Users Fund	7,000,000
Strategic initiative funds	37,319,436
Committed	
Rescheduled projects	17,222,000
Assigned	
Encumbrances	8,159,200
Self-Insurance	2,000,000
Cooperative development agreement	1,363,883
Right-of-way acquisitions	2,000,000
Future needs	3,000,000
Unassigned	37,911,985
Total Fund Balances	139,678,374
Total liabilities, deferred inflows of resources and fund balances	$ 224,714,675

Fund balance - total governmental funds		$ 139,678,374
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.		3,752,108,938
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.		859,843
Long-term liabilites, including leases, subscriptions, and pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Developers Cooperative Agreements	(1,363,883)	
Leases and Subscription-Based IT Arrangements	(1,106,116)	
Net Pension Liability	(23,865,044)	(26,335,043)
Accrued compensated absences are not due and payable in the current period and therefore, are not reported in the funds.		(2,778,859)
Interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.		(22,909)
Deferred outflows of resources related to pension obligations		6,305,775
Deferred inflows of resources related to pension obligations		(433,514)
Net position of governmental activities		$ 3,869,382,605

Ada County Highway District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2024

	Governmental Funds
	General
Revenues	
Property taxes	$ 47,779,787
State highway users fund	79,514,806
State sales tax distribution	9,650,258
Federal grants	2,443,613
State grants-strategic initiative program	2,149,500
Cost-sharing payments	6,517,229
Fees and services	4,204,171
Ada County vehicle registration fees	13,039,285
Development impact fees	25,067,876
Interest	8,090,022
Other	522,401
Total revenues	198,978,948
Expenditures	
Commissioners	254,455
Director	1,026,399
Legal	1,029,454
Human resource	1,472,202
Communications	985,027
Planning and projects	6,631,868
Operations	41,594,712
Technical	21,841,339
Infrastructure improvements	88,464,934
Capital outlay	55,604,765
Debt service - principal	641,522
Debt service - interest	37,552
Total expenditures	219,584,229
Deficiency of Revenues over Expenditures	(20,605,281)
Other Financing Sources	
Proceeds from sales of assets	16,871
Total other financing sources	16,871
Net Change in Fund Balances	(20,588,410)
Fund Balance, Beginning of Year	159,160,005
Increase in Reserve for Inventories	1,106,779
Fund Balance, End of Year	$ 139,678,374

See Notes to Financial Statements

Net change in fund balances - total governmental funds	$ (20,588,410)
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 and amortization expense. This is the amount by which capital outlays ($12,515,099) exceeded depreciation and amortization expense ($6,367,542) in the current period.	6,147,557
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 ($96,856,251) exceeded depreciation expense ($43,778,511) in the current period.	53,077,740
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 non-operating revenue.	195,864,598
In the statement of activities, only the gain or loss on disposal of assets is reported, whereas in the governmental funds, the entire proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.	(2,214,953)
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.	1,106,779
Some property tax revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	486,302
Long-term debt, such as developer's cooperative agreements, subscription proceeds, and 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, subscription principal, and 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 repayments ($2,005,405) and returns ($126,419) exceeded proceeds ($0).	2,131,824
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.	(260,576)
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.	(3,386,322)
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.	(14,851)
Total	$ 232,349,688

Ada County Highway District
Statement of Net Position - Proprietary Funds
September 30, 2024

	Enterprise Fund Van Pool
Assets	
Current Assets	
Cash and cash equivalents	$ 1,889,930
Receivables	
Due from other governmental units	179,896
Accounts receivable	5,349
Internal balances	67,950
Total current assets	2,143,125
Noncurrent Assets	
Capital assets	
Subscription in process	241,669
Machinery and equipment	4,613,874
Less accumulated depreciation	(4,109,059)
Total noncurrent assets	746,484
Deferred Outflow of Resources	
Deferred outflows-pension	63,695
Total Assets and Deferred Outflow of Resources	$ 2,953,304
Liabilities and Net Position	
Current Liabilities	
Vouchers payable	$ 106,520
Internal balances	59,378
Advanced revenue	355
Total current liabilities	166,253
Noncurrent Liabilities	
Net pension liability	241,061
Total Liabilities	407,314
Deferred Inflow of Resources	
Deferred inflows-pension	4,379
Net Position	
Invested in capital assets	746,484
Unrestricted	1,795,127
Total net position	2,541,611
Total Liabilities, Deferred Inflow of Resouces and Net Position	$ 2,953,304

	Enterprise Fund Van Pool
Operating Revenues	
User charges	$ 943,788
Operational contribution from federal grants	440,171
Operational contribution from the general fund	272,000
Other	102,035
Total operating revenues	1,757,994
Operating Expenses	
Payroll and related costs	733,108
Insurance	8,104
Fuel	325,532
Licenses and operating costs	239,644
Advertising	10,551
Office and other	312,317
Depreciation	308,744
Rentals	3,432
Total operating expenses	1,941,432
Operating Loss	(183,438)
Changes in Net Position	(183,438)
Net Position, Beginning of Year	2,725,049
Net Position, End of Year	$ 2,541,611

	Enterprise Fund Van Pool
Operating Activities	
Received from user charges	$ 947,454
Received from federal grant subsidies	295,234
Received from general fund subsidies	308,622
Received from other	67,076
Payments to employees for services	(698,895)
Payments to suppliers for goods and services	(887,080)
Net Cash from Operating Activities	32,411
Capital and Related Financing Activities	
Payments for subscription based IT arrangements	(97,335)
Net Cash used for Capital and Related Financing Activities	(97,335)
Net Change in Cash and Cash Equivalents	(64,924)
Cash and Cash Equivalents, Beginning of Year	1,954,854
Cash and Cash Equivalents, End of Year	$ 1,889,930
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	$ (183,438)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	308,744
GASB 68 expense	34,207
Changes in assets and liabilities	
Accounts receivable	6,668
Advanced revenue	(2,996)
Due from government units	(179,896)
Due from other funds	31,073
Vouchers payable	12,500
Due to other funds	5,549
Net Cash from Operating Activities	$ 32,411

	Road Trust Funds
Assets	
Cash and cash equivalents	$ 5,051,880
Total Assets	$ 5,051,880
Net Position	
Refundable performance bond deposits	$ 5,051,880
Total Liabilities and Net Position	$ 5,051,880

Ada County Highway District
Statement of Changes in Fiduciary Net Position – Agency Funds
Year Ended September 30, 2024

	Road Trust Funds
Additions	
Contributions from developers	$ 699,292
Interest income	19,854
Total additions	719,146
Deductions	
Refunded deposits to developers	181,356
Total deductions	181,356
Net Increase in Fiduciary Net Position	537,790
Net Position, Beginning of the Year	4,514,090
Net Position, End of Year	$ 5,051,880

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).

Financial Reporting Entity

For financial reporting purposes, in conformity with generally accepted accounting principles (GAAP), the financial statements for ACHD include all organizations for which ACHD is financially accountable, and other organizations for which the nature and significance of their relationships with ACHD are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Government-wide and Fund Financial Statements

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

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

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

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

ACHD also receives 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 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 are generally recorded when 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.

ACHD reports the following major Governmental Funds:

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

ACHD reports the following major Proprietary Fund:

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

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

Additionally, ACHD reports the following fund type:

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

Fund Balance Reporting

GASB establishes accounting and financial reporting standards for all governments that report governmental funds. The Statement requires the 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 19). 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 the purposes of the statement of cash flows, ACHD considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Restricted Cash

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

Inventories

Inventories are stated at the lower-of-cost (first-in, first-out) or at-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 the current period expenditures. Available tax proceeds include those property tax receivables expected to be collected within sixty days after year-end. Property taxes are attached 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 District as assets with an initial, individual cost of more than $5,000 for fixed assets, $20,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated acquisition value on the date donated.

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

Depreciation of all exhaustible capital assets used by ACHD is charged as an expense against their operations in the applicable governmental or business-type activities column in the government-wide financial statements. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method and includes amortization of assets acquired under right-of-use leases.

The estimated useful lives of capital assets are as follows:

Right-of-Use lease asset	5 years
Transportation equipment	6-10 years
Office equipment	3 years
Buildings	30 years
Public Domain Infrastructure	20-50 years

Right-to-use leased assets are recognized at the lease commencement date and represent the District’s right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to put the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District’s right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset

into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Lease Liability

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Subscription Liability

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

Accumulated Compensated Absences and Other Benefit Amounts

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

Deferred Outflows/Inflows of Resources

The statement of financial position includes a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. ACHD's deferred outflow of resources consists of pension liability. The pension liability results from the changes in assumptions, the difference between expected and actual experience, and 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 liability and unavailable revenue. The employer deferred net pension results from the difference between the projected and actual investment earnings and the changes in the proportionate share of the net pension liability. The unavailable revenue is reported 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 and Investments

	Amount
Cash	$ 1,909,839
Cash equivalents	
Cash management account	30,261,943
Certificates of deposit	17,778
Money market savings	12,241,009
Total cash equivalents	42,520,730
Total cash and cash equivalents	44,430,569
Investments at fair value	118,982,954
	$ 163,413,523

Cash and Cash Equivalents

At year-end, the carrying amount of ACHD's deposits was $158,361,643, and the bank balance was $158,424,544. Of the bank balance held by ACHD, $526,518 was covered by federal depository insurance, $30,317,317 was collateralized by securities held in the entity's name, and $127,580,709 was uninsured and uncollateralized. The fair market value of the securities used as collateral was $30,923,664. In addition, ACHD held deposits of $5,051,880 with a bank balance of $5,051,880 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 $4,801,880 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, 2024, ACHD's investments consisted of $118,982,954 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 maturity of 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, 2024, is 0.23.

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

Concentration of Credit Risk. When investments are concentrated in one issuer, this concentration represents a 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 $30,317,317 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 18.6% of ACHD's cash and investments.

Note 3 – Pension Plan

Pensions

Plan Description

ACHD contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available

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

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and the 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 percentage 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. For the measurement date of June 30, 2023, the contribution rates for employee and employer contributions were 7.16% and 11.94% respectively. Effective July 1, 2023, the contribution rates for both employee contributions and employer contributions decreased to 6.71% and 11.18%, respectively. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18%. ACHD's contributions were $4,085,970 for the year ended September 30, 2024.

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

On September 30, 2024, ACHD reported a $24,106,105 liability for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2024, 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.

For the year ended September 30, 2024, ACHD recognized pension expense of $3,420,948. On June 30, 2024, ACHD's proportion was 0.0064443715, an increase from the 2023 proportion of 0.0064376123.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,837,914	$ -
Changes in assumptions or other inputs	954,960	-
Net difference between projected and actual earnings on pension plan investments	-	437,566
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2021	-	327
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2022	249,108	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2023	113,738	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2024	13,249	-
ACHD contributions subsequent to the measurement date	1,200,501	-
Total	$ 6,369,470	$ 437,893

ACHD reported $1,200,501 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, 2025.

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, 2024 the beginning measurement period ended June 30, 2023 is 4.6 and 4.4 for the measurement period June 30, 2024.

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

Year-ended September 30, 2024

2025	1,392,787
2026	4,635,703
2027	(744,949)
2028	(552,465)

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, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26% 5% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015, through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date July 1, 2024.

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 2024:

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	(0.25)%
TIPS	10.00%	(0.30)%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

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

Sensitivity of the Employer's proportionate share of the net pension 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 6.35 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 (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$45,809,110	$24,106,105	$6,380,282

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, 2024, 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

	Receivables	Payables	Total
General Fund	$ 59,378	$ (67,950)	$ (8,572)
Enterprise Fund	67,950	(59,378)	8,572
	$ 127,328	$ (127,328)	$ -

The receivable in the General Fund, and corresponding payable in the Enterprise Fund, is for reimbursement of payroll paid by the General Fund on behalf of the Enterprise Fund for Enterprise Fund employee related expense. The payable in the General Fund, and the corresponding receivable in the Enterprise Fund, is for the remainder of the annual contribution from the General Fund to the Enterprise Fund to cover operating costs.

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	$ 1,518,083	$ 170,425	$ 1,688,508
Other Local Agencies	2,710,821	9,471	2,720,292
	$ 4,228,904	$ 179,896	$ 4,408,800

Certain revenues are considered unavailable in accordance with the modified accrual basis of accounting for the governmental fund financial statements. The following revenues are measurable but do not represent available expendable resources for the governmental fund financial statements or were received in advance before ACHD has legal claim to them for the fiscal year ended September 30, 2024:

	Unavailable	Advanced Revenue
Property Tax Levy (General Fund)	$51,507,000	$ -
State Funding (General Fund)	-	458,500
Prepaid Van Pool Fees (Enterprise Fund)	-	355
	$51,507,000	$ 458,855

Note 6 – Capital Assets

	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Governmental activities					
Capital assets, not depreciated					
Land	$ 15,033,463	$ -	$ -	$ -	$ 15,033,463
Ponds	17,182,103	55,171	-	687,892	17,925,166
Right-of-way	2,439,991,206	94,254,399	(1,702,466)	-	2,532,543,139
Easements	136,130,921	22,276,068	-	-	158,406,989
Construction in progress and developer cooperative agreements	63,565,083	96,856,252	-	(43,289,377)	117,131,958
Total capital assets, not depreciated	2,671,902,776	213,441,890	(1,702,466)	(42,601,485)	2,841,040,715
Capital assets, depreciated					
Buildings	13,994,231	152,683	-	-	14,146,914
Machinery and equipment	60,685,923	12,254,108	(20,354)	1,355,349	74,275,026
Furniture	5,642	108,308	-	-	113,950
Roadways	2,146,607,672	54,594,542	(4,058,716)	12,472,621	2,209,616,119
Curbs and gutters	207,448,983	9,991,874	(331,708)	4,355,825	221,464,974
Sidewalks	226,898,162	11,168,238	(690,343)	5,153,810	242,529,867
Bridges	148,546,580	2,984,180	(235,873)	11,634,823	162,929,710
Signals	87,124,990	540,125	(666,662)	8,984,406	95,982,859
Total capital assets, depreciated	2,891,312,183	91,794,058	(6,003,656)	43,956,834	3,021,059,419
Less accumulated depreciation for					
Buildings	(7,334,576)	(510,711)	-	-	(7,845,287)
Machinery and equipment	(39,978,028)	(4,913,146)	125,216	(1,295,350)	(46,061,308)
Furniture	(5,642)	(108,308)	-	-	(113,950)
Roadways	(1,590,967,151)	(24,306,836)	3,873,397	-	(1,611,400,590)
Curbs and gutters	(142,199,347)	(5,545,833)	247,877	-	(147,497,303)
Sidewalks	(160,249,444)	(5,890,740)	595,986	-	(165,544,198)
Bridges	(76,640,401)	(3,874,208)	227,115	-	(80,287,494)
Signals	(48,877,122)	(4,160,894)	656,439	-	(52,381,577)
Total accumulated depreciation	(2,066,251,711)	(49,310,676)	5,726,030	(1,295,350)	(2,111,131,707)
Total net capital assets, depreciated	825,060,472	42,483,382	(277,626)	42,661,484	909,927,712
Right-to-use leased assets being amortized					
Buildings	1,693,554	-	(1,693,554)	-	-
Machinery and equipment	3,471,952	-	(250,994)	(1,355,349)	1,865,609
Total right-to-use leased assets, amortized	$ 5,165,506	$ -	$ (1,944,548)	$ (1,355,349)	$ 1,865,609
Less accumulated amortization for					
Buildings	(1,480,929)	(212,626)	1,693,555	-	-
Machinery and equipment	(1,995,267)	(491,518)	16,132	1,295,350	(1,175,303)
Total accumulated amortization	$ (3,476,196)	$ (704,144)	$ 1,709,687	$ 1,295,350	$ (1,175,303)
Net right-to-use leased assets	$ 1,689,310	$ (704,144)	$ (234,861)	$ (59,999)	$ 690,306
Right-to-use subscripton IT assets being amortized	$ 728,498	-	-	-	728,498
Less accumulated amortization	(147,058)	(131,235)	-	-	(278,293)
Net right-to-use subscription IT asset	581,440	(131,235)	-	-	450,205
Total leased and subscription IT asset, net	$ 581,440	$ (131,235)	$ -	$ -	$ 450,205
Governmental activities capital assets, net	$ 3,499,233,998	$ 255,089,893	$ (2,214,953)	$ -	$ 3,752,108,938

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024
Business-Type Activities				
Right-to-use subscription IT assets, not amortized				
Subrcription in progess,	$ 144,334	$ 97,335	$ -	$ 241,669
Total right-to-use assets, not amortized	144,334	$ 97,335	-	$ 241,669
Capital assets, depreciated				
Buildings	3,712	-	-	3,712
Equipment	4,610,163	-	-	4,610,163
Total capital assets, depreciated	4,613,875	-	-	4,613,875
Less accumulated depreciation for				
Buildings	(3,712)	-	-	(3,712)
Equipment	(3,796,605)	(308,744)	-	(4,105,349)
Total accumulated depreciation	(3,800,316)	(308,744)	-	(4,109,060)
Total net capital assets, depreciated	813,559	(308,744)	-	504,815
Business-Type activities capital assets, net	$ 957,893	$ (211,409)	$ -	$ 746,484

Governmental activities	
Road & highway construction & maintenance	$ 6,364,543
Unallocated depreciation	43,778,512
Total depreciation/amortization expense - governmental activities	$ 50,143,055
Business-type activites	
Vanpool	$ 308,744

Note 7 – Long-term Debt, Subscription-Based IT Arrangements and Leases

Leases

Lease liabilities on September 30, 2024 includes:

	Lease Liability	Right to Use Asset
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.	$ 343,110	$ 507,000
Lease for 1 Excavator, 1.99% interest, payable in annual payments of $15,654 through August 2025, and one balloon payment of $49,000 due October 2026, secured by the excavator.	62,435	119,911
Lease for 4 Whirlwind Sweepers, 1.072% interest, payable in annual payments of $253,050 through December 2025, secured by the sweepers.	250,366	1,238,698
Total lease obligations and right-of-use assets	$ 655,911	$ 1,865,609

Debt service requirements to maturity for lease obligations are:

2025	$ 618,704
2026	49,000
	667,704
Less interest	(11,793)
Principal	$ 655,911

Subscription-Based IT Arrangements

During the current year, the District entered into a SBITA contract for the use of the District's financial accounting software.

SBITA liabilities on September 30, 2024 includes:

	SBITA Liability	SBITA Asset
Five year arrangement beginning October 2022, for Viewpoint Software access, 3.48% interest, payable in annual payments of $156,013 FY25 and $160,693 FY26, and $165,515 FY27. Payments are due in November of each fiscal year.	$ 450,205	$ 728,498
Total SBITA's obligations and assets	$ 450,205	$ 728,498

Debt service requirements to end of SBITA:	
2025	$ 156,013
2026	160,693
2027	165,515
	482,221
Less interest	(32,016)
Principal	$ 450,205

Currently, the Vanpool fund is working to stand up a new Rideshare platform that will eventually become a SBITA. It is presently accounted for under the Subscription in progress designation (see Note 6).

Cooperative Development Agreements

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

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

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

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

As of September 30, 2024, ACHD's total remaining share of the costs for completed projects on the St Luke's Master Plan – Roadway Improvements Phase 1 and Phase 2 was $1,363,883 with one remaining annual payment.

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:

St. Lukes Master Plan - Roadway Improvements Phase 1 and Phase 2

FY	Amount
2025	$ 1,363,883
	$ 1,363,883

Long-term debt at September 30, 2024 includes:

	Balance October 1, 2023	Additions	Returns and Retirements	Balance September 30, 2024	Due within one year
Governmental activities					
Compensated absences	$ 2,518,288	$ 2,323,266	$ (2,062,695)	$ 2,778,859	$ -
Lease liability	1,291,617	-	(635,706)	655,911	607,876
SBITA liability	582,440	-	(132,235)	450,205	140,346
Cooperative development agreements	2,727,766	-	(1,363,883)	1,363,883	1,363,883
	$ 7,120,111	$ 2,323,266	$ (4,194,519)	$ 5,248,858	$ 2,112,105

Note 8 – 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 9 – 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 2014. Both governmental and proprietary funds participate in the self-insurance program. There were two claim liabilities outstanding at September 30, 2024 for a total of $500, and there were six claim payments paid subsequent to year-end for a total of $40,037. 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, 2024

Ada County Highway District

	Budgeted Amounts-GAAP Basis			
	Original	Final	Actual, GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Property taxes	$ 47,217,000	$ 47,217,000	$ 47,779,787	$ 562,787
State highway users fund	41,400,000	57,400,000	79,514,806	22,114,806
State sales tax distribution	7,800,000	7,800,000	9,650,258	1,850,258
Federal and state grants	6,051,000	2,530,000	4,593,113	2,063,113
Cost-sharing payments	2,345,000	3,129,500	6,517,229	3,387,729
Fees and services	4,748,000	4,748,000	4,204,171	(543,829)
Ada County vehicle registration fees	13,300,000	13,300,000	13,039,285	(260,715)
Development impact fees	20,250,000	20,250,000	25,067,876	4,817,876
Interest	3,000,000	7,500,000	8,090,022	590,022
Other	1,254,000	504,000	522,401	18,401
Total revenues	147,365,000	164,378,500	198,978,948	34,600,448
EXPENDITURES				
Commissioners	255,292	255,980	254,455	1,525
Director	917,941	981,298	1,026,399	(45,101)
Legal	1,229,044	1,165,559	1,029,454	136,105
Human resource	1,745,431	1,564,464	1,472,202	92,262
Communications	1,049,416	1,135,138	985,027	150,111
Planning and projects	6,675,670	6,838,554	6,631,868	206,686
Operations	42,661,818	43,646,231	41,594,712	2,051,519
Technical	22,062,588	22,867,120	21,841,339	1,025,781
Infrastructure improvements	105,601,200	97,380,900	88,464,934	8,915,966
Capital outlay	46,522,200	60,714,560	55,604,765	5,109,795
Debt service - principal	-	-	641,522	(641,522)
Debt service - interest	-	-	37,552	(37,552)
Total expenditures	228,720,600	236,549,804	219,584,229	16,965,575
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(81,355,600)	(72,171,304)	(20,605,281)	51,566,023
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	16,871	16,871
Total other financing sources	-	-	16,871	16,871
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	$ (81,355,600)	$ (72,171,304)	$ (20,588,410)	$ 51,582,894

See Notes to Required Supplementary Information

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 Commisioners, adopts a proposed budget.

2. A public hearing is conducted to obtain taxpayer comments.

3. The budget is completed and finalized no later that the Tuesday following the first Monday in September for the ensuring 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).

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of net the pension liability	0.6444372%	0.6437612%	0.6335716%	0.6437612%	0.5834314%	0.5924456%	0.5914716%	0.5816820%	0.5774546%	0.5847315%
Employer's proportionate share of the net pension liability/(asset)	$ 24,106,105	$ 25,690,390	$ 24,954,851	$ (460,679)	$ 13,548,049	$ 6,762,601	$ 8,724,309	$ 9,143,042	$ 11,705,892	$ 7,699,963
Employer's covered payroll	31,572,323	27,391,697	25,031,444	21,789,974	21,186,605	20,458,495	19,592,282	18,396,970	17,318,922	16,645,383
Employer's proportional share of the net pension liability/(asset) as a percentage of its covered payroll	76.35%	93.79%	99.69%	-2.11%	63.95%	33.06%	44.53%	49.70%	67.59%	46.26%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 3,769,735	$ 3,270,569	$ 2,988,754	$ 2,601,723	$ 2,529,681	$ 2,315,902	$ 2,217,846	$ 2,082,537	$ 1,960,502	$ 1,884,257
Contributions in relation to the statutorily required contribution	4,085,970	3,893,122	3,307,866	2,664,615	2,528,908	2,339,395	2,200,659	2,072,137	1,952,460	1,869,445
Contribution (deficiency) excess	316,234	622,553	319,112	62,892	(773)	23,493	(17,187)	(10,400)	(8,042)	(14,812)
Employer's covered payroll	31,572,323	27,391,697	25,031,444	21,789,974	21,186,605	20,458,495	19,592,282	18,396,970	17,318,922	16,645,383
Contributions as a percentage of covered payroll	12.94%	14.21%	13.21%	12.23%	11.94%	11.43%	11.23%	11.26%	11.27%	11.23%

Single Audit Information
September 30, 2024

Ada County Highway District

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Passed through Idaho Transportation			
Highway Planning and Construction	20.205	Not Available	$ 3,139,714
Total U.S. Department of Transportation			$ 3,139,714
Total Federal Financial Assistance			**$ 3,139,714**

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, 2024. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of operations of ACHD, it Is not intended to and does not present the financial positions, changes in net position or fund balance, or cash flows of ACHD.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting for those revenues recognized in the general fund and on the accrual basis of accounting for those recognized in the enterprise fund. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

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

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CPAs & BUSINESS ADVISORS

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 (*Government Auditing Standards*), the 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, 2024, and the related notes to the financial statements, which collectively comprise ACHD's basic financial statements and have issued our report thereon dated January 10, 2025.

Report on 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 the ACHD's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 ACHD's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ACHD'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 ACHD'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 ACHD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
January 10, 2025

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CPAs & BUSINESS ADVISORS

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

Opinion on the Major Federal Program

We have audited Ada County Highway District's (ACHD) compliance with the types of compliance requirements identified as subject to audit 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, 2024. ACHD's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ACHD complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ACHD and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of ACHD's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ACHD's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ACHD's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ACHD's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ACHD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ACHD's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 ACHD's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Eide Bailly LLP

Boise, Idaho
January 10, 2025

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 program:	
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 (a):	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None noted in the current year.

Section III – Federal Award Findings and Questioned Costs

None noted in the current year.