



Annual Report FY14

LHTAC

Local Highway Technical
Assistance Council

Serving Idaho Since 1994

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2015 Idaho Legislature
House and Senate Transportation Committees
Statehouse
P.O. Box 83720
Boise, ID 83720

LHTAC Officers

Don Ebert
Chairman

Mac Pooler
Chairman

Terry Werner
Secretary/Treasurer

Jeff R. Miles, PE
Interim Administrator

Dear Committee Members:


The Local Highway Technical Assistance Council (LHTAC) was established under Chapter 24, Title 40, Idaho Code in 1994. The Council and staff continue to assist the Local Highway Jurisdictions (LHJs) on local best management practices and provide funding programs.

LHTAC is providing a necessary linkage between LHJs and the Idaho Transportation Department in the utilization of Federal-aid highway funds available to the LHJs in Idaho. LHTAC makes an annual recommendation of highway and planning projects for Federal-aid funding to the Idaho Transportation Board (IT Board). In 2003, LHTAC took over the Local Bridge Program projects. That has increased the ongoing development of plans, specifications and estimates for projects throughout the state. LHTAC administered local Federal-aid Programs for 2013-2017 is estimated at more than \$132M. Taken together, these activities have resulted in a more efficient use of funding.

As Chairman I have enjoyed working with the Council and staff here at LHTAC, and look forward to future accomplishments and challenges as the needs of the LHJs evolve. We look forward to a very exciting and positive 2015.

We hope you find this 2014 Annual Report informative. If you have any questions please do not hesitate to contact Jeff Miles, LHTAC Interim Administrator, at 208-344-0565.

Sincerely,



Dan Schaeffer
FY2014 LHTAC Chairman

Council Members

Idaho Association of Counties

Commissioner Mark Rekow
Gem County

Commissioner Don Ebert
Clearwater County

Commissioner Lee Staker
Bonneville County

Association of Idaho Cities

Mayor Mac Pooler
City of Kellogg

Mayor Paul Loomis
City of Blackfoot

Mayor Diana Thomas
City of Weiser

Idaho Association of Highway Districts

Commissioner Dan Schaeffer
Hillsdale Highway District

Commissioner Gilbert Hofmeister
Power Co. Highway District

Commissioner Terry Werner
Post Falls Highway District

Ex-Officio Members

Stuart Davis, Executive Director
Idaho Association of Highway Districts

Caitlin Rusche, Policy Analyst
Idaho Association of Counties

Seth Grigg, Executive Director
Association of Idaho Cities

Background

- 1994** 1. Formation of LHTAC 1994
- 2001** 2. Began administering the Federal-aid Incentive Rural/Urban Program 2001
- 2003** 3. Began administering the Bridge Program 2003
- 2004** 4. Creation of the Asset Management Program & the Local Rural Highway Investment Program (LRHIP) 2004
- 2009** 5. Began administering the Local Highway Inventory (LHI) Program 2009
6. Merger of the Idaho Technology Transfer (T2) Center 2009
7. Administration of the American Recovery and Reinvestment Act of 2009 Stimulus (ARRA) & Governors Discretionary Local Projects 2009
8. Began administering the Construction Engineering & Inspection (CE&I) of Local Projects 2009
- 2010** 9. Accept Partial Responsibility for Revised Road & Street Financial Report 2010
- 2013** 10. Creation of the Local Highway Safety Improvement Program (LHSIP) 2013
- 2014** 11. LHTAC Celebrates 20 Years in Idaho 2014



New Logo
Introduced
For FY2014

LHTAC Background

The Local Highway Technical Assistance Council (LHTAC) was established under Chapter 24, Title 40, Idaho Code in 1994. The Council and staff continue to assist the Local Highway Jurisdictions (LHJs) on local best management practices and provide funding programs.

LHTAC is funded by a small portion (1/3 of 1%) of the local highway's share of the state's Highway Distribution Account, and is governed by equal representation of city, county and highway district elected officials from all corners of the state.

Annual Report Background

40-2404. COUNCIL FISCAL YEAR -- ANNUAL REPORT. The fiscal year for the Local Highway Technical Assistance Council shall be July 1 through June 30. On an annual basis, the council shall issue a report outlining its activities for the previous year, including a financial statement. Copies of the report shall be provided to the members of the transportation committees of the legislature.

The Local Highway Technical Assistance Council connects Local Highway Jurisdictions in Idaho with available resources for maintenance and construction of Idaho's Local Highway System in the most efficient and effective manner possible.

40-2403. AUTHORITY OF THE COUNCIL.

The council shall have the authority to:

- (1) Represent its member jurisdictions in conferences, meetings and hearings related to highways, roads and streets and other transportation factors affecting local highway jurisdictions;
- (2) Develop uniform standards and procedures that may be recommended to its member jurisdictions for the construction, maintenance, use, operation and administration of local highways;
- (3) Cooperate with and receive and expend aid and donations from the federal or state governments, and from other sources for the administration and operation of the council;
- (4) Make recommendations to the Idaho Transportation Board for the distribution and prioritization of federal funds for local highway projects;
- (5) Assist the legislature by providing research and data relating to transportation matters affecting local highway jurisdictions within the state;
- (6) Maintain and disseminate information to local highway jurisdictions of federal and state legislation and administrative rules and regulations affecting local highway jurisdictions;
- (7) Maintain and disseminate information to local highway jurisdictions of activities relating to ground transportation in other states;
- (8) When authorized by the participating local jurisdiction, to act for that local jurisdiction through a joint exercise of powers agreement with any other local jurisdiction, and any agency of the state of Idaho, or any agency of the federal government;
- (9) Buy, sell, receive and exchange property, both real and personal, as necessary to perform its functions;
- (10) Be the sole and exclusive authority for the expenditure of the moneys made available by appropriation or otherwise to the council.

LHTAC Council Members FY2014

Highway Districts

Dan Schaeffer, Chairman—Hillsdale Hwy District
Terry Werner—Post Falls Hwy District
Gilbert Hofmeister—Power County Hwy District
*Stuart Davis, Executive Director Idaho Association of Hwy Districts

Counties

Don Ebert, Vice Chairman—Clearwater County
Lan Smith—Gem County
Lee Staker—Bonneville County
*Tony Poinelli, Deputy Director Idaho Association of Counties

Cities

Mayor Mac Pooler, Secretary/Treasurer—City of Kellogg
Mayor Paul Loomis—City of Blackfoot
*Ken Harward, Executive Director Association of Idaho Cities

Current LHTAC Council Members FY2015

Counties

Don Ebert, Chairman—Clearwater County
Mark Rekow—Gem County
Lee Staker—Bonneville County
*Caitlin Rusche, Policy Analyst Idaho Association of Counties

Cities

Mayor Mac Pooler, Vice Chairman—City of Kellogg
Mayor Paul Loomis—City of Blackfoot
Mayor Diana Thomas—City of Weiser
*Seth Grigg, Executive Director Association of Idaho Cities

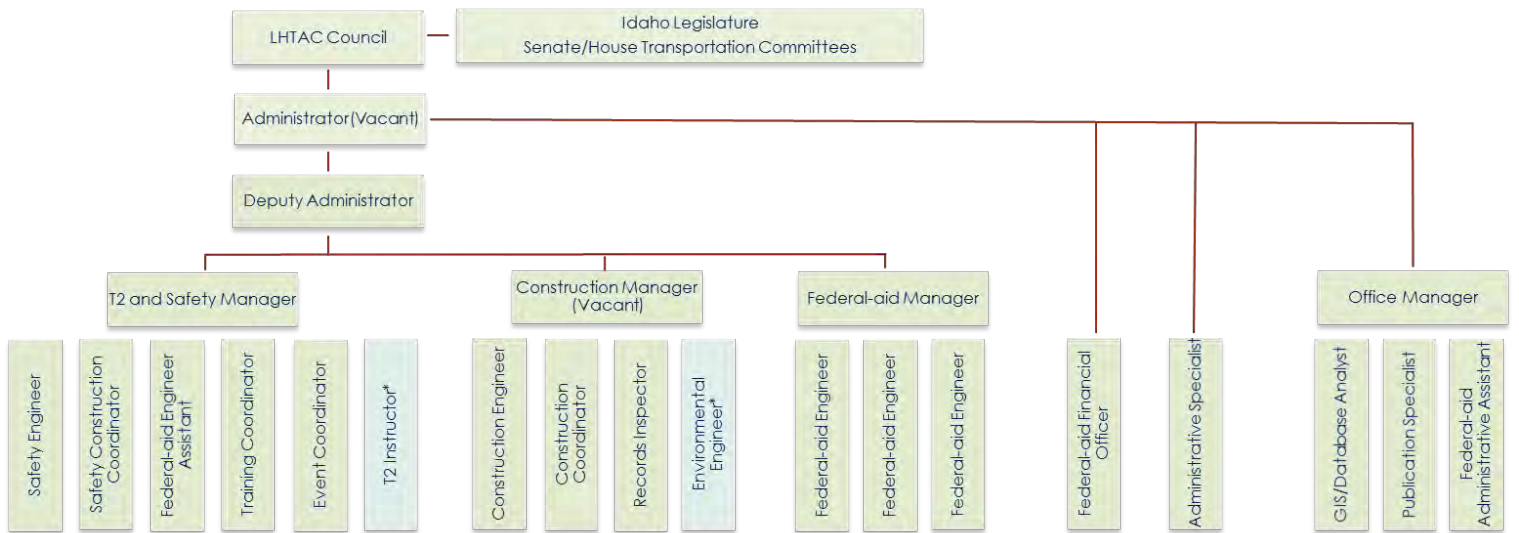
Highway Districts

Terry Werner, Secretary/Treasurer—Post Falls Hwy District
Dan Schaeffer —Hillsdale Hwy District
Gilbert Hofmeister—Power County Hwy District
*Stuart Davis, Executive Director Idaho Association of Hwy Districts

*Ex-Officio Members



LHTAC Organization Chart



*These are part-time/seasonal employees. Temporary staff is hired on an as-needed basis.

Program Highlights



LHTAC Program Since 2001

Federal-aid Incentive Program Program Manager: Scott Ellsworth, PE, PLS

Surface Transportation Program (STP) Local funds are allocated for projects on the local Federal-aid system defined as collectors and arterials owned and managed by the local highway jurisdictions (LHJs). The approximately \$27M in annual funding is split between the Rural and Urban Programs. Local Rural funds are allocated for projects in rural areas (counties, highway districts) and in cities with populations below 5,000. The Urban Program is for those roadways in urban areas with populations of more than 5,000. The larger urban areas, over 50,000 in population are part of the Metropolitan Planning Organizations (MPO). This program requires a local match of 7.34% of the total project cost.

STP funds can be used for new construction, reconstruction or rehabilitation of roadways. The funds can also be used for planning, corridor studies and similar activities. LHTAC manages the rural and small city urban programs. This is an application program which local highway jurisdictions apply for every year (Urban) and every other year (Rural). Applications are due in January. The applications are rated by LHTAC staff and Council to prioritize a list that is presented to the IT Board for inclusion in the draft Idaho Transportation Investment Program (ITIP). This year's funding only allowed for four new rural projects and one new urban project to be included in the ITIP.

Currently, LHTAC has 35 projects in design; 24 projects in the Rural Program and 11 projects in the Urban Program.

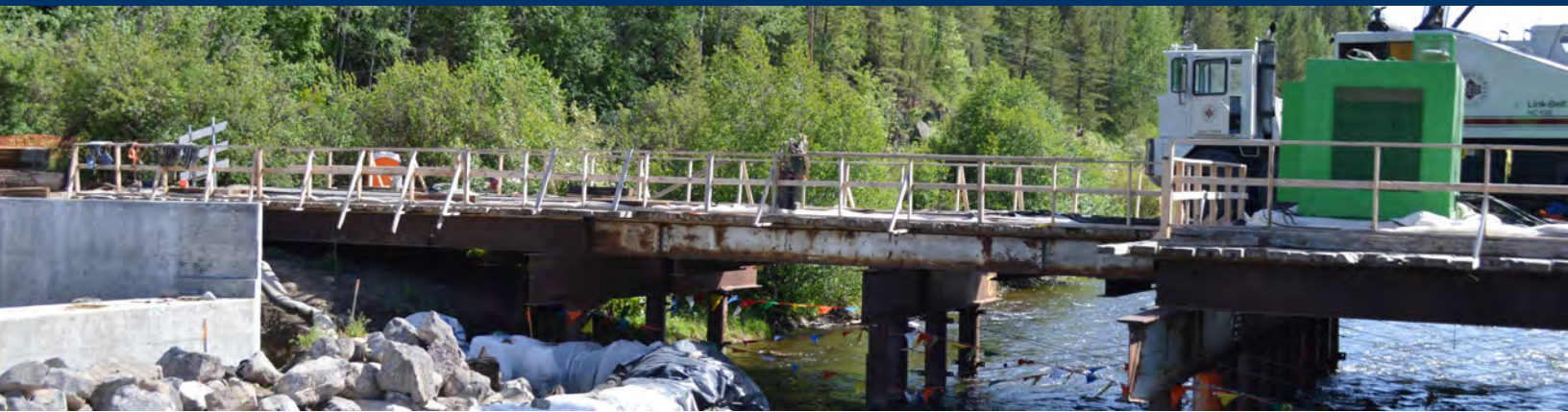
Federal-aid STP Urban

Total Projects*	60
Total Funds*	\$76.3M
FY14 Projects	1
FY14 Funds	\$2.0M

Federal-aid STP Rural

Total Projects*	190
Total Funds*	\$173.4M
FY14 Projects	4
FY14 Funds	\$8.5M

**Totals are cumulative numbers since the program's inception with LHTAC through FY14.*



LHTAC Program Since 2004

Local Bridge & Off-System Bridge Program Program Manager: Scott Ellsworth, PE, PLS

The Bridge Program provides funds for the replacement or rehabilitation of bridges. A bridge is defined as being at least 20 feet long, carrying a public road. Eligibility is having a sufficiency rating less than 50 for replacement, between 50 and 75 for rehabilitation, and being structurally deficient and functionally obsolete. This program uses Federal-aid funds with a local match requirement of 7.34%.

The Local Bridge Program is for bridges located on collectors or arterials that would be on the Federal-aid system. This program has approximately \$5M annually for design and construction. The Off-System Bridge Program is for bridges on roadways classified less than a collector. This program has approximately \$4M annually.

This is an application program which local highway jurisdictions apply for every year. Applications are due in January. The applications are rated by LHTAC staff to prioritize a list that is presented to the IT Board for inclusion in the draft Idaho Transportation Investment Program (ITIP). This year funding levels allowed only four new Local Bridge projects and three new Off-System Bridge projects to be included in the ITIP.

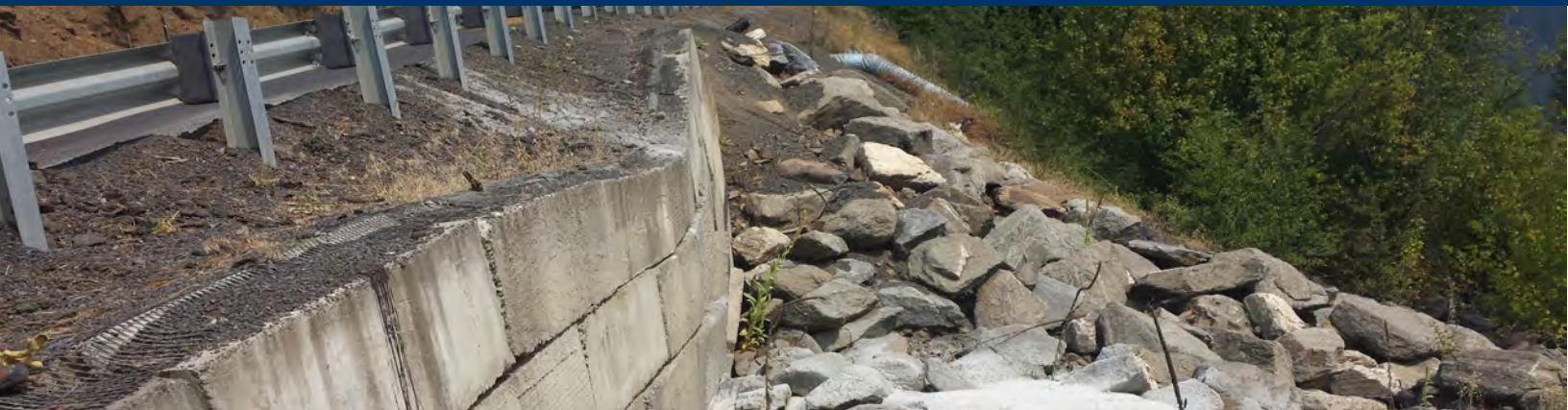
Since 2004, when LHTAC accepted the responsibility of managing the Local Bridge Program, 79 bridges have been constructed. Currently LHTAC has 35 bridges in the design process.

Bridge Program

Total Projects*	79
Total Funds*	\$77.0M
FY14 Projects	7
FY14 Funds	\$11.7M

**Totals are cumulative numbers since the program's inception with LHTAC through FY14.*

Program Highlights



Emergency Relief (ER) **Program Manager: Scott Ellsworth, PE, PLS**

LHTAC Program Since 2011

Congress authorized in Title 23, United States Code, Section 125, a special program from the Highway Trust Fund for the repair or reconstruction of Federal-aid highways and roads on Federal lands which have suffered serious damage as a result of (1) natural disasters or (2) catastrophic failures from an external cause. This program supplements the commitment of resources by States, their political subdivisions, or other Federal agencies, to help pay for unusually heavy expenses resulting from extraordinary conditions. Emergency repair work to restore essential travel, minimize the extent of damage, or protect the remaining facilities, accomplished in the first 180 days after the disaster occurs, may be reimbursed at 100 percent. This time period may be extended if a state cannot access a site to evaluate damages and the cost of repair.

LHTAC administered four ER funded projects this year; three in north Idaho and one on the Upper Middle Fork Road of the Boise River. All four projects originated as a result of declared flooding emergencies.

Federal Lands Access Program (FLAP) **Federal-aid Engineer: Jerry Flatz, PE**

FLAP was created as part of the current national highway funding bill known as MAP-21. It replaces the previous funding program called Forest Highways. The intent of these funds is to improve or provide access to federal lands. Funding, project development and project construction is administered by the Western Federal Lands Highways Division (WFLHD) of the Federal Highway Administration (FHWA) in Vancouver, Washington. MAP-21 has created a committee in each state to provide programming decisions. In Idaho the committee includes: Idaho Division of FHWA, ITD and LHTAC. The current program for Idaho is approximately \$17M per year.



LHTAC Program Since 2009

Construction Administration Construction Engineering Manager: Odo Grandi, PE

LHTAC has been given the opportunity to provide construction administration of local Federal-aid highway construction since 2009. The program has matured and grown from the initial successes of the Governor's Discretionary Program and ARRA projects, to larger and more complex projects currently in the program. LHTAC works in close partnership with private consulting engineers, ITD and the LHJs to ensure continued success during construction. Projects are administered by LHTAC; however, the onsite construction engineering and inspection is accomplished through consulting firms selected by the LHJ and LHTAC. This approach generates significant economic activity for private contractors, material suppliers, private consulting engineers and has a beneficial multiplier effect on the local Idaho economy.

LHTAC works closely with local sponsors to maintain communication through the decision making process that starts in design and concludes with construction.

Construction

Total Projects*	142
Total Funds*	\$134.7M
FY14 Projects	6
FY14 Funds	\$17.0M

**Totals are cumulative numbers since the program's inception with LHTAC through FY14.*

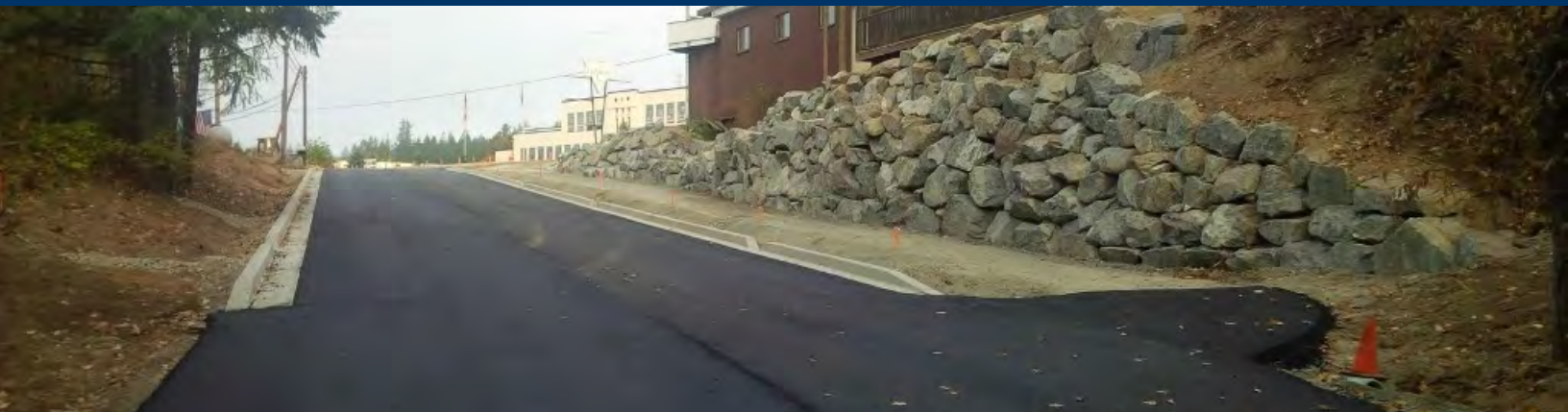


Local Road Information System GIS/Database Analyst: Matthew Syphus

LHTAC Program Since 2009

The Statewide Local Road Information System manages data for effective use by LHTAC members, staff, and Local Highway Jurisdictions. While the core of the system is data, tools to organize, access, map, report, and publish are critical and are under constant development. These include the database system, GIS software, web servers, etc. Currently LHTAC has 35,373.298 total centerline miles in GIS format. Those miles are mostly Idaho local highway system but also include 5,952.334 miles for the state highway system.

Program Highlights



LHTAC Program Since 2004

Local Rural Highway Investment Program (LRHIP) Program Manager: Laila Kral, PE

The Local Rural Highway Investment Program (LRHIP) is a non-federal grant program that provides funding for new transportation plans, sign upgrades and construction projects, as well as emergency projects. The program assists small cities (<5000 people), highway districts and county road and bridge departments with their roadway projects. Federal rural funds are exchanged for \$2.8M of state funds to be spent on projects without following federal guidelines.

Applications are graded by LHTAC staff and Council Members. The highest rated applications are recommended for funding. Applications are published and distributed in September and due to LHTAC in early December. Awards are announced in March after the LHTAC quarterly meeting. Jurisdictions who have been awarded construction funds or a Federal-aid match award during the fiscal year have a one year hiatus before they are eligible to apply for construction funds again.



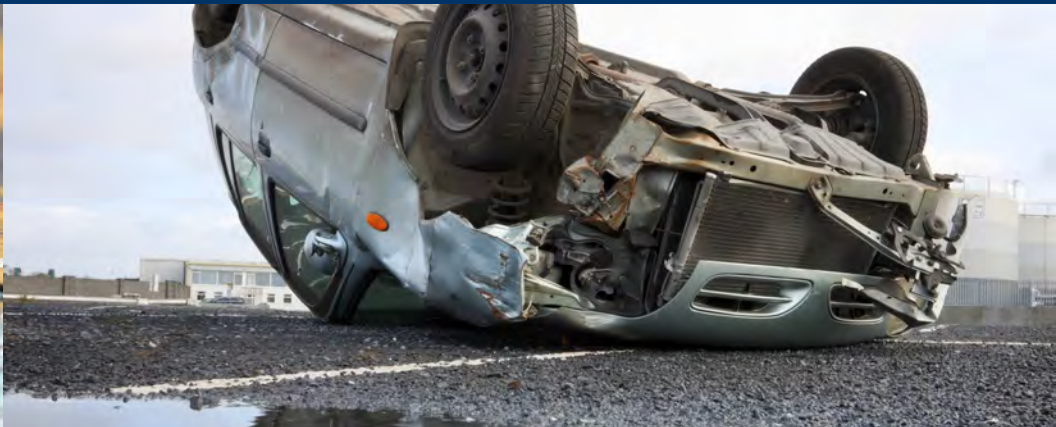
High Street
City of Priest River
Before and After Photos



LRHIP

Total Projects*	443
Total Funds*	\$28M
FY14 Projects	36
FY14 Funds	\$2.8M

**Totals are cumulative numbers since the program's inception with LHTAC through FY14.*



LHTAC Program Since 2013

Local Highway Safety Improvement Program (LHSIP) Program Manager: Laila Kral, PE

The Highway Safety Improvement Program (HSIP) is a federally funded program aimed at reducing crashes on the public roadway system. Beginning in 2013 LHTAC began receiving approximately \$3.9M of the state HSIP funds and administering the Local Highway Safety Improvement Program (LHSIP) for construction in FY 2014. The jurisdictions with the highest amount of Fatal and Serious Type A Injury crashes per ITD district are identified and notified of eligibility. Eligible jurisdictions are notified in the fall to begin the application process. This federally funded program may require a 7.34% local match.

In the fall of 2013, LHTAC sent out applications to the 72 eligible jurisdictions. In February, LHTAC received 23 applications. They were researched for accuracy and then ranked based on the Benefit-Cost ratio. All of the funds were allocated for projects to be constructed in 2016. Projects ranged from signing improvements, lighting improvements, road safety audits, guardrail replacement and pedestrian crossing improvements.

LHSIP	
Total Projects*	51
Total Funds*	\$7.8M
FY14 Projects**	28
FY14 Funds**	\$3.9M

*Totals are cumulative numbers since the program's inception with LHTAC through FY14.

** Some FY15 Safety Projects began design in FY14.



Cavendish Highway
Clearwater County Road and Bridge
Before Photo
Design Completed in FY14 Construction Scheduled for FY15

Program Highlights



LHTAC Program Since 2009

LHTAC Training and Technical Assistance (T2) Center Program Manager: Laila Kral, PE

The T2 Center is part of a national program known as the Local Technical Assistance Program (LTAP). We provide training and technical assistance to meet the needs of all highway jurisdictions in Idaho. The T2 Center started in 1986 and has been housed at LHTAC since 2009.

New Course Requirements: Previously, the Road Scholar Program consisted of nine core classes and two elective classes. Starting in 2014, we require seven core classes and four electives. Additionally, the Road Master used to consist of eight core and two elective classes. Now we require five core classes and five electives.

By restructuring the requirements the wait time for classes has decreased and allowed more students to succeed in the completion of our programs. Additionally, transportation workers are able to choose elective courses that apply directly to their job.

New Classes: Based on student request, the T2 Center staff worked hard to secure instructors to facilitate two new classes: Small Structure Inspection and Maintenance and iWorQ Pavement and Sign Management.

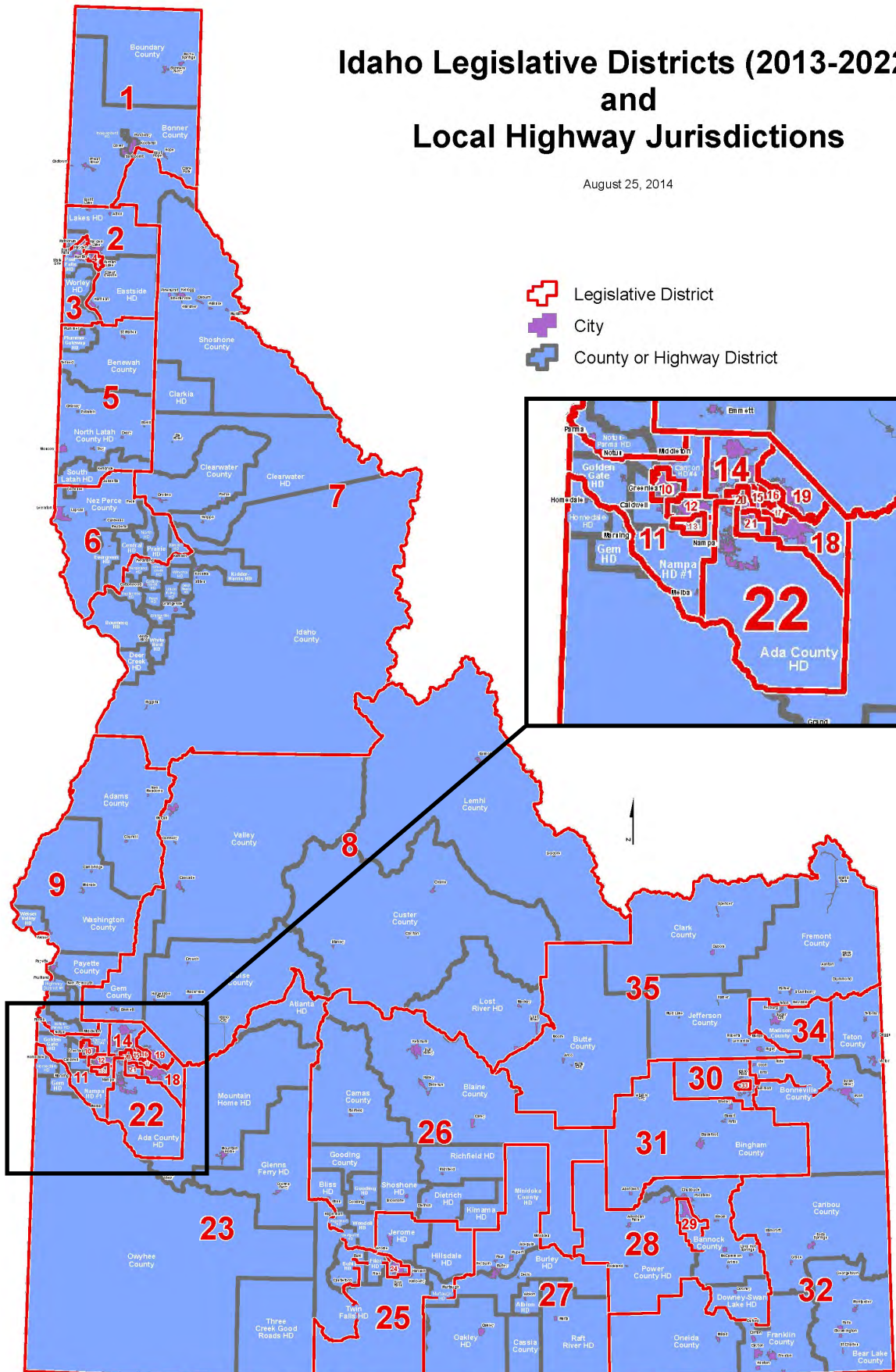
2014 Training and Outreach: The T2 Center's FY14 Program Assessment Report (PAR) is transmitted to the Federal Highway Administration's (FHWA) Office of Management and Budget and shows that the Idaho program has continued to grow. The following numbers are what were reported to FHWA regarding courses provided by the T2 Center in FY 2014.

92 Courses 15,643 Class Hours 2,033 Participants 933 Videos/DVDs/CDs Viewers

2014 Safety Fests: Safety Fests offer free safety training courses open to everyone including: Local Highway Jurisdictions, contractors, city, state, and county governments and private businesses. The T2 Center staff planned and hosted the Eastern Idaho Safety Fest in Fort Hall providing 43 courses to 976 participants.

Idaho Legislative Districts (2013-2022) and Local Highway Jurisdictions

August 25, 2014



Celebrating 20 Years and Looking Forward to 20 More!



2014 brought many changes to LHTAC as we celebrated 20 years of service to Idaho's cities, counties and highway districts.

We introduced a new logo, keeping with the legacy curved road, but rejuvenating it and merging with the T2 Center's logo.

The merge continued with encompassing the T2 Center's website with LHTAC's. The new site introduced a more mobile friendly platform.

We modernized our quarterly newsletter for both print and digital dissemination while reexamining our Tech News circulation and focused on more local articles.

Our managers and publication specialist worked cooperatively to develop new informational handouts for each specific program to provide better outreach materials to locals.

We adopted a new online opt-in list-serve. This subscription service allows our followers to customize the type of LHTAC news they would like to receive. Many of our jurisdictions prefer to receive paper copies of our newsletters. So we provide that service too.

We established our long term strategic communication plan. As part of this plan, we traveled and performed interviews with 21 locals, allowing us better outreach and networking with those we serve.

We overhauled our LHTAC manuals, updating the following resources:

1. Highway Right-of-Way Acquisition Without Federal Funds
2. Sign Vandalism Prevention Program (With Handout to Accompany Local Implementation)
3. Transportation Plan
4. Local Highway Jurisdiction Funding

We took our council meetings on the road to connect with locals on a more personal level. On these visits our council toured local projects and hosted an open house to discuss LHTAC updates. As always, we extended the invitation to attend our council meetings to all locals to see firsthand our discussion process.

We introduced three new names to the LHTAC team:

- Megan Kautz, Construction Coordinator
- Heather Parker, Federal-aid Administrative Assistant
- Dawn Christensen, Publication Specialist

LHTAC staff go above and beyond in their community involvement and received Platinum Level the last four years running for May in Motion by supporting the use of alternative modes of transportation during the month of May.

LHTAC Staff and Council Visit Idaho Falls and Eastern Idaho

June 12-13, 2014



Eagle Rock Bridge , Bonneville County



Garfield St. Bridge, City of Idaho Falls



Tour

During our visit to Eastern Idaho the staff at LHTAC, Council Members and local community members took a half day tour through some of our past and present projects in Eastern Idaho. The tour included Stimulus, LHSIP, Federal-aid and LRHIP projects. The bus started in Idaho Falls with a Federal-aid project on 17th and Pancheri Street. This project included a new asphalt pavement riding course, seal coat, approach improvements, replacement of curb and gutter, installation of numerous ADA compliant sidewalk accesses and utility adjustments. The tour continued through numerous projects in Idaho Falls, Rigby, Rexburg, Sugar City, St. Anthony and back through Ririe. Along the way, we were able to see future project sites and stop at some newly completed projects.

Celebration and Council Meeting

While in Idaho Falls LHTAC hosted a 20th Anniversary Celebration which included refreshments and an update on LHTAC. We extended our invitation to the entire community and had attendance from Council members, staff, consultants, and Local Highway Jurisdictions.

Interviews

As part of our Strategic Communication Plan LHTAC reached out to local jurisdictions to talk about our current communication process and what could be improved upon. On this trip we were able to meet and survey two counties and three cities. We appreciated those community members taking the time to discuss what we have been doing well and what we can improve on. This will ultimately help us serve our jurisdictions better in the future.

Communication Plan

Summary

LHTAC's Communication Plan establishes our external and internal communication objectives and the strategies to achieve them within the three year time period of the plan, 2014-2017. It provides details to identify our partners and the specific tools that we can use to inform and involve them with LHTAC programs and services. The plan also describes how the tools can be effectively measured and evaluated.



Goal 1

External Communication

Objective A. The majority of local highway jurisdictions will understand LHTAC's purpose, services and value.

Objective B. More local jurisdictions will come to LHTAC for support, guidance and resources that will enable them to develop a safe, efficient and sustainable transportation system for Idaho's local highway system.

Objective C. LHTAC can demonstrate its accomplishments and accountability to local jurisdictions and the Idaho Legislature.

Goal 2

Internal Communication Objectives

Objective A. LHTAC creates a proactive communication strategy for future years.

Objective B. LHTAC Council members and staff understand their role and tasks in the communications process.

Objective C. LHTAC Council members and staff understand the best ways to communicate with specific districts and jurisdictions.

Communication Plan

Strategies

The strategies to achieve our objectives will involve changes for LHTAC's programs, projects and services.

LHTAC Programs and Projects

LHTAC administers a variety of programs including; Federal-aid, Local Rural Highway Investment Program (LRHIP), Local Highway Safety Improvement Program (LHSIP) and the Idaho T2 Center. It is important that LHTAC is clear about the goals and services provided by their programs.

1. LHTAC should make communication with everyone involved with a project a priority. This should be done through informal, formal, verbal and written communication.
2. Communication should be tailored to the audience and delivered appropriately; face-to-face, via email etc.
3. Establish a relationship with the project partners (sponsor, consultant and contractor) and foster that relationship through completion of the project.
4. Provide a consistent message from LHTAC to all stakeholders about each program and project.

LHTAC Services

LHTAC provides a variety of services including technical assistance. Most people look to LHTAC for program funds, when technical assistance can be more helpful at times.

5. Provide a consistent message about LHTAC and our services, mission and goals as an organization.
6. Make sure that everyone involved with LHTAC understands the services we provide.

Tools

Table 1 (attached) lists the tools that LHTAC will focus on implementing over the next three years. The goal of the first year of the plan will be to implement each tool. The second and third year will focus on the continued development of tools, a progress report of implementation and an evaluation of each activity.

Developments

Communication Plan

Table 1—Tools

Tool	Description	Performance Measure
a. One-on-one interviews with key stakeholders	Talk to the local jurisdictions. Interview 24 individuals including; 20 jurisdictions ranging in size and location, one legislator, one consultant and two Idaho Transportation board members. This will help LHTAC determine the best way to communicate, improve accountability and build relationships. Helps evaluate what does and doesn't work well in communication efforts.	Complete 24 interviews and compile responses.
b. LHTAC marketing materials	Purchase and hand out promotional material with our website and other contact information. Update website and list serve.	Track visits to new website and track progress of new contact list.
c. Media releases about LHTAC	Educate the general public on who LHTAC is and what we do. Work with ITD & local media to publish releases.	Work with ITD & local media to publish releases.
d. Annual mailer to local jurisdictions	Provide yearly mailings and constant contact with locals.	Increase the number of local jurisdictions receiving information and communicating with LHTAC regularly.
e. Letters to newly elected officials	Provide informational packets with an overview of LHTAC and a welcome letter to newly elected officials.	Newly elected officials all receive information packet each year.
f. Coordinate staff and staff activities	Continue to push importance of staff calendar, communication among managers and the distribution of information among staff.	A wider range of committees and meetings will be attended.

Communication Plan

Table 1—Tools

Tool	Description	Performance Measure
g. Utilize associations	Use and expand our networks to utilize efficiencies, contacts and distribution channels. This will allow LHTAC to pull together information, contacts and distribution list with little effort.	Able to pull together information, contacts, etc. to distribute information to more people with little effort.
h. Rotate LHTAC council meetings	Hold council meetings in a rotation around the state. March Southwest, June Eastern, September Northern, and December Southwest.	Feedback from Council and track the amount of guests in attendance.
i. Purpose/ talking paper for each activity	Brochure for each program, updated webpage and flowchart explaining each process	Complete individual resources for each program.
j. Communication & outreach staff	Cross marketing programs while staff is on project location. Make effort to visit LHJs that have not participated in our programs.	Feedback from staff on their outreach.
k. Media releases for projects	Provide information to the community through project updates in local news sources.	Consultants on projects should create.
l. Communication & outreach plan	Create a three-year plan to identify how communication and outreach can support agency's goals.	Three year plan created with progress reports on LHTAC's implementation yearly.

Developments

Cooperative Efforts Survey

Quick overview from our recent Study

To assist Idaho's LHJs in a quest to expand the number of shared resources and cooperative efforts, LHTAC performed a survey on Cooperative Efforts. Our goal is that our survey results will offer a closer look to develop and improve on these efforts.

200 Surveys Completed

55.78% Cities

17.09% Counties

27.14% Highway Districts

Do you share services/resources in cooperative efforts with other LHJs in your area?

81.08 % Yes

11.89% No

7.03% Not Sure

Out of those that don't share 44.44% indicated that they don't share because they are too isolated, while another 44.44% said it was too hard to manage and another 11.11% said they have tried in the past and it was unsuccessful.

	Manpower	Equipment Use	Purchasing	Services	Shared Maintenance	Construction Projects	Joint Projects	Administrative Services	Other	Total Respondents
MOU	44.62% 29	50.77% 33	23.08% 15	30.77% 20	43.08% 28	33.85% 22	41.54% 27	9.23% 6	3.08% 2	182
Intergovernmental Agreement	31.48% 17	44.44% 24	31.48% 17	29.63% 16	38.89% 21	24.07% 13	37.04% 20	5.56% 3	9.26% 5	136
Informal Agreement	71.30% 77	77.78% 84	25% 27	37.04% 40	50% 54	42.59% 46	44.44% 48	3.70% 4	1.85% 2	382
Other	33.33% 4	25% 3	8.33% 1	16.67% 2	0% 0	16.67% 2	8.33% 1	25% 3	25% 3	19

What type of cooperative agreements do you use and for what purpose?

	Administrative Services	Equipment	Materials	Supplies	Consultant Services	Insurance Coverage	Legal Services	Other	Total Respondents
Independently	83.06% 103	82.26% 102	78.23% 97	87.90% 109	81.45% 101	74.19% 92	83.06% 103	3.23% 4	711
Shared with other jurisdictions	11.84% 9	51.32% 39	68.42% 52	23.68% 18	21.05% 16	15.79% 12	9.21% 7	2.63% 2	155

What methods do you use to purchase the following items?

	Yes	No	Total Respondents
Shared manpower with other jurisdictions	74.02% 94	25.98% 33	127
Loaned expertise, special skills, planning, etc.	62.39% 73	37.61% 44	117
Intermittent assistance from other jurisdictions; winter maintenance, etc.	77.87% 95	22.13% 27	122
Part-time	35.92% 37	64.08% 66	103
Contract services	36.27% 37	63.73% 65	102
Other	33.33% 6	72.22% 13	19

What activities does your jurisdiction implement for the most efficient and cost effective use of manpower?

	Yes	No	For Regular Maintenance	For Construction	For Special Projects	Other	Total Respondents
Joint purchasing with other jurisdictions	42.50% 51	51.67% 62	19.17% 23	10% 12	19.17% 23	3.33% 4	175
Shared use with other jurisdictions	63.41% 78	25.20% 31	31.71% 39	21.95% 27	43.90% 54	0% 0	229
Shared ownership	24.32% 27	70.27% 78	16.22% 18	5.41% 6	5.41% 6	0% 0	135
Rental	31.68% 32	63.37% 64	9.90% 10	7.92% 8	17.82% 18	0% 0	132
Other	11.11% 2	77.78% 14	16.67% 3	5.56% 1	5.56% 1	0% 0	21

What activities does your jurisdiction implement for the most efficient and cost effective use of equipment?

	Yes	No	For Regular Maintenance	For Construction Projects	Crusher/Gravel Pit	Other	Total Respondents
Shared ownership	12.82% 15	84.62% 99	8.55% 10	3.42% 4	7.69% 9	0% 0	137
Joint purchasing	38.52% 47	54.10% 66	23.77% 29	13.93% 17	19.67% 24	0.82% 1	184
Multi-year purchasing	21.05% 24	75.44% 86	7.89% 9	6.14% 7	14.04% 16	0.88% 1	143
Volume purchasing	50.42% 60	47.06% 56	24.37% 29	8.40% 10	19.33% 23	1.68% 2	180
Other	14.29% 3	66.67% 14	14.29% 3	0% 0	4.76% 1	14.29% 3	24

Appendix A
General Purpose Financial Statement

STATE OF IDAHO

LOCAL HIGHWAY TECHNICAL ASSISTANCE COUNCIL

AUDITED FINANCIAL STATEMENTS

AS OF

JUNE 30, 2014

STATE OF IDAHO
LOCAL HIGHWAY TECHNICAL ASSISTANCE COUNCIL

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Local Highway Technical Assistance Council
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Local Highway Technical Assistance Council as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Local Highway Technical Assistance Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Local Highway Technical Assistance Council as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and certain budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted management's discussion and analysis and is not required to adopt a budget. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Local Highway Technical Assistance Council's basic financial statements. The accompanying financial information listed as supporting schedules in the table of contents and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The financial information listed as supporting schedules in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2015 on our consideration of Local Highway Technical Assistance Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Local Highway Technical Assistance Council's internal control over financial reporting and compliance.

Collaborative Solutions LLC

COLLABORATIVE SOLUTIONS LLC
Certified Public Accountants & Advisors

February 17, 2015

State of Idaho
Local Highway Technical Assistance Council
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash	\$ 147,500
Investments	160,366
Restricted investments	1,506,984
Receivables (net of allowance for uncollectibles)	498,006
Prepaid expenses	42,799
Capital assets (net of accumulated depreciation)	1,620,608
Total assets	3,976,263
Liabilities	
Accounts payable	135,142
Accrued payroll	74,994
Deposit payable	73,097
Unearned revenue	732,414
Accrued interest	1,507
Noncurrent liabilities:	
Due within one year	135,976
Due in more than one year	843,775
Total liabilities	1,996,905
Net position	
Invested in capital assets, net of related debt	696,262
Restricted for:	
LRHIP	1,506,984
Unrestricted	(223,888)
Total net position	\$ 1,979,358

The accompanying notes are an integral part of this statement.

State of Idaho
 Local Highway Technical Assistance Council
 Statement of Activities
 For the Year Ended June 30, 2014

	Governmental Activities
Expenses:	
General government	\$ 4,769,251
Interest on long-term debt	42,755
Total expenses	4,812,006
Program revenues:	
Charges for services	5,707,796
Operating grants and contributions	132,097
Total program revenues	5,839,893
Net program expenses	1,027,887
General revenues:	
Miscellaneous	3,417
Unrestricted investment earnings	1,156
Gain on sale of capital asset	11,564
Total general revenues	16,137
Change in net position	1,044,024
Net position--beginning of the year	935,334
Net position--end of the year	\$ 1,979,358

The accompanying notes are an integral part of this statement.

State of Idaho
 Local Highway Technical Assistance Council
 Balance Sheet
 Governmental Fund
 June 30, 2014

	Major Fund General
<u>Assets</u>	
Cash	\$ 147,500
Investments	160,366
Restricted investments	1,506,984
Receivables (net of allowance for uncollectibles)	498,006
Prepaid expenses	42,799
	\$ 2,355,655
 <u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts payable	\$ 35,907
Accrued payroll	74,994
Deposit payable	73,097
Unearned revenue	732,414
Interest payable	1,432
Total liabilities	917,844
Fund balance:	
Nonspendable	42,799
Restricted	1,506,984
Unassigned	(111,972)
Total fund balance	1,437,811
Total liabilities and fund balance	\$ 2,355,655
 Total fund balance above	 \$ 1,437,811
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,620,608
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,079,061)
Net position of governmental funds	\$ 1,979,358

The accompanying notes are an integral part of this statement.

State of Idaho
 Local Highway Technical Assistance Council
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Fund
 For the Year Ended June 30, 2014

	Major Fund General
Revenues:	
Intergovernmental	\$ 5,707,796
Charges for services	132,097
Miscellaneous	4,573
Total revenues	5,844,466
Expenditures:	
Current:	
General government	5,047,658
Excess (deficiency) of revenues over (under) expenditures	796,808
Fund balance - beginning of year	641,003
Fund balance - end of year	\$ 1,437,811

The accompanying notes are an integral part of this statement.

State of Idaho
 Local Highway Technical Assistance Council
 Reconciliation of the Statement of Revenues, Expenditures,
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	796,808
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		571,608
In the statement of activities, only the gain on the retirement of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets retirement.		13,849
In statement of net assets, the accouts payable have a construction bill that was paid under the loan.		(99,235)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(220,461)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(18,545)
Change in net position of governmental activities	\$	<u>1,044,024</u>

The accompanying notes are an integral part of this statement.

State of Idaho
Local Highway Technical Assistance Council
Notes to the Financial Statements
June 30, 2014

I. Summary of significant accounting policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements.

B. Reporting entity

The Local Highway Technical Assistance Council was created under Chapter 24 of Title 40, Idaho Code. The Council provides services to various governmental entities such as representation on state agency committees, training, publications, research, and other field services.

For financial reporting purposes, management has considered all potential component units which are controlled or whose boards are appointed by the Board of directors. Control by the Council was determined on the basis of budget adoption, the selection of management, the ability to significantly influence operations, accountability for fiscal matters and other factors. Based on this criteria, there were no component units included in the Council's report.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Council reports the following major governmental funds:

The *general fund* is the Council's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Interest and intergovernmental revenues 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. All other revenue items are considered to be measurable and available only when cash is received by Local Highway Technical Assistance Council

F. Budgetary information

1. Budgetary basis of accounting

Budgets are submitted to the board of directors by the executive director for their review and approval. Budgeted amounts are as originally adopted for the fiscal year ended June 30, 2014. The budget comparison schedules are presented as supporting schedules since a budget is not legally required. Local Highway Technical Assistance Council does not use the encumbrance method of accounting.

G. Assets, liabilities and net position/fund balance

1. Cash and cash equivalents

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments are reported at fair value. State statutes authorize the Council to invest in obligations of the United States, state and local governments; time deposit accounts; repurchase agreements; and the State Treasurer's Investment Pool.

3. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	10-30
Equipment	3-20

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council has no item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has no item that qualifies for reporting in this category.

7. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has authorized the office manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the

subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the fund financial statements, governmental funds report fund balance as nonspendable for amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance is reported as restricted when constraints are placed on the use of resources externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

H. Revenues and expenditures

1. Program revenues

Amounts reported as *program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

2. Compensated Absences

It is the Council's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Council does not have a policy to pay any amounts when employees separate from service with the Council. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,079,061 difference are as follows:

Compensated absences	\$ 107,776
Interest payable	75
Accounts payable	99,235
Lease payable	67,346
Loan payable	<u>804,629</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 1,032,346</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$571,608 difference are as follows:

Capital outlay	\$ 639,608
Depreciation expense	<u>(68,000)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 571,608</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of the \$220,461 difference are as follows:

Debt issued or incurred:	
Issuance of loan	\$ (232,629)
Issuance of lease	(82,518)
Principal repayments:	
Payments on capital leases	10,048
Payments on loan	<u>84,638</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 220,461</u>

Another element of that reconciliation states that “Some expenses 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.” The details of this \$18,545 difference are as follows:

Compensated absences	\$ (7,821)
Amortization of deferred charges	(10,693)
Accrued interest payable	<u>(31)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (18,545)</u>

III. Detailed notes on all activities and funds

A. Deposits and investments

As of June 30, 2014, Local Highway Technical Assistance Council had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market	<u>\$1,667,350</u>	0

Interest rate risk. The Council does not have an investment policy to manage interest rate risk.

Credit risk. The Council does not have a policy regarding credit risk of investments.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2014, \$1,259,497 of Council's balance of \$1,594,253 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. The Council does not have a deposit policy for custodial credit risk. As of June 30, 2014, the entire bank balance was covered by federal deposit insurance.

B. Receivables

Receivables as of year end for the Council, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Intergovernmental	\$ 494,548
Accounts	<u>3,458</u>
Gross receivables	498,006
Less allowance for uncollectibles	<u> </u>
Net total receivables	<u>\$ 498,006</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 105,000	\$ 71,000	\$	\$ 176,000
Construction in progress		251,459		251,459
Total capital asset not being depreciated	<u>105,000</u>	<u>322,459</u>		<u>427,459</u>
Capital assets being depreciated:				
Buildings	853,410	174,000		1,027,410
Improvements other than buildings	53,240	5,130		58,370
Equipment	<u>299,132</u>	<u>138,019</u>	<u>56,554</u>	<u>380,597</u>
Total capital assets being depreciated	<u>1,205,782</u>	<u>317,149</u>	<u>56,554</u>	<u>1,466,377</u>
Less accumulated depreciation for:				
Buildings	67,312	22,270		89,582
Improvements other than buildings	8,160	2,769		10,929
Equipment	<u>163,123</u>	<u>42,961</u>	<u>33,367</u>	<u>172,717</u>
Total accumulated depreciation	<u>238,595</u>	<u>68,000</u>	<u>33,367</u>	<u>273,228</u>
Total capital assets, being depreciated, net	<u>967,187</u>	<u>249,149</u>	<u>23,187</u>	<u>1,193,149</u>
Governmental activities capital assets, net	<u>\$ 1,072,187</u>	<u>\$ 571,608</u>	<u>\$ 23,187</u>	<u>\$ 1,620,608</u>

Depreciation expense was charged to functions/programs of the Council as follows:

Governmental activities:	
General government	<u>\$ 68,000</u>

D. Leases

Operating Leases

The Council leases office space under operating leases. Total costs for such leases were \$12,200 for the year ended June 30, 2014. Payments were \$1,220 per month.

Capital Leases

The Council has entered into lease agreements to finance the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 82,518
Less: accumulated depreciation	<u>(3,671)</u>
Total	<u>\$ 78,847</u>

The future lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 14,956
2016	14,956
2017	14,956
2018	14,956
2019	14,132
2020	<u>422</u>
	74,378
Less: amount representing interest	<u>(7,032)</u>
Present value of minimum lease payments	<u>\$ 67,346</u>

E. Long-term Debt

In June 2014, the Council refinanced the building per the original agreement. Monthly payments of \$4,469.88 at 4.75% interest will be made through June 2029. The loan is secured by the building.

Future annual payments, including interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 27,053	\$ 26,586
2016	28,366	25,273
2017	29,743	23,896
2018	31,187	22,452
2019	32,701	20,938
2020-2024	188,917	79,276
2025-2029	<u>234,033</u>	<u>11,809</u>
	<u>\$ 572,000</u>	<u>\$ 210,230</u>

The Council borrowed \$285,000 to buy building next door and remodel it. Interest rate 4.65%.

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Loan	\$ 656,578	\$ 572,000	\$ 656,578	\$ 572,000	\$ 26,586
Interim financing		232,629		232,629	0
Leases	31,972	70,954	35,580	67,346	12,490
Compensated absences	<u>99,955</u>	<u>114,343</u>	<u>106,522</u>	<u>107,776</u>	<u>96,900</u>
Governmental activity long-term liabilities	<u>\$ 788,505</u>	<u>\$ 989,926</u>	<u>\$ 798,680</u>	<u>\$ 979,751</u>	<u>\$ 135,976</u>

Total interest costs incurred and expensed was \$42,755.

F. Fund Balance

Fund balances:	
Nonspendable:	
Prepaid expenses	\$ 42,799
Restricted for:	
Local Rural Highway Investment Program	1,506,984
Unassigned	<u>(111,972)</u>
Total fund balances	<u>\$ 1,437,811</u>

IV. Other information

A. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Council carries commercial insurance.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the council expects such amounts, if any, to be immaterial.

C. Defined Benefit Pension Plan

Public Employee Retirement System of Idaho - The PERSI Base Plan, a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school Council employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years

of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the Local Highway Technical Assistance Council and its employees are established and may be amended by the PERSI Board of Trustees. At June 30, 2014, the required contribution rates as a percentage of covered payrolls for general members was 6.78% and employer rates as a percentage of covered payroll was 11.32% for general members. Prior to July 1, 2013 the required rates for general members was 6.23% and for employer was 10.39% for general members. The Local Highway Technical Assistance Council employer contributions required and paid were \$146,718; \$147,377; and \$133,568 for the three years ended June 30, 2014, 2013, and 2012 respectively.

State of Idaho
 Local Highway Technical Assistance Council
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Major Governmental Fund
 For the Year Ended June 30, 2014

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts -		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,772,930	\$ 5,886,725	\$ 5,707,796	\$ (178,929)
Charges for services	110,786	263,840	132,097	(131,743)
Miscellaneous	1,900	1,575	4,573	2,998
Total revenues	<u>5,885,616</u>	<u>6,152,140</u>	<u>5,844,466</u>	<u>(307,674)</u>
Expenditures:				
Current:				
General government	<u>5,690,207</u>	<u>7,053,586</u>	<u>5,047,658</u>	<u>2,005,928</u>
Excess (deficiency) of revenues over (under) expenditures	195,409	(901,446)	796,808	1,698,254
Fund balance - beginning	<u>641,003</u>	<u>641,003</u>	<u>641,003</u>	
Fund balance - ending	<u>\$ 836,412</u>	<u>\$ (260,443)</u>	<u>\$ 1,437,811</u>	<u>\$ 1,698,254</u>

The accompanying notes are an integral part of this statement.

State of Idaho
Local Highway Technical Assistance Council
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts -		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Intergovernmental:				
State appropriation	\$ 390,000	\$ 390,000	\$ 391,980	\$ 1,980
Federal reimbursement	2,521,240	2,620,725	2,515,816	(104,909)
Highway investment program	61,690	76,000		(76,000)
LRHIP grant	2,800,000	2,800,000	2,800,000	-
Total intergovernmental	<u>5,772,930</u>	<u>5,886,725</u>	<u>5,707,796</u>	<u>(178,929)</u>
Charges for services:				
T2 revenue	105,700	153,925	132,097	(21,828)
Publication sales-ISPWC manuals	5,086	6,000		(6,000)
LTAP conference		78,742		(78,742)
Safety project match		25,173		(25,173)
Total charges for services	<u>110,786</u>	<u>263,840</u>	<u>132,097</u>	<u>(131,743)</u>
Miscellaneous:				
Interest	1,900	1,100	1,156	56
Miscellaneous		475	3,417	2,942
Total miscellaneous	<u>1,900</u>	<u>1,575</u>	<u>4,573</u>	<u>2,998</u>
Total general fund	<u>\$ 5,885,616</u>	<u>\$ 6,152,140</u>	<u>\$ 5,844,466</u>	<u>\$ (307,674)</u>

State of Idaho
 Local Highway Technical Assistance Council
 Schedule of Expenditures - Budget and Actual
 General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts -		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Personal services	\$ 2,251,433	\$ 2,256,432	\$ 2,143,148	\$ 113,284
Supplies	32,500	35,500	36,427	(927)
Other services and charges	497,562	543,668	534,054	9,614
Capital outlay	53,000	111,800	166,726	(54,926)
Loan payments	55,712	252,157	151,644	100,513
LTAP conference expense		54,029	54,029	-
LRHIP grant distribution	2,800,000	3,800,000	1,961,630	1,838,370
 Total expenditures	 <u>\$ 5,690,207</u>	 <u>\$ 7,053,586</u>	 <u>\$ 5,047,658</u>	 <u>\$ 2,005,928</u>

State of Idaho
 Local Highway Technical Assistance Council
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>		
Passed through Idaho Transportation Department:		
Highway Planning and Construction	20.205	\$ 2,487,909
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	<u>27,907</u>
		<u>\$ 2,515,816</u>

State of Idaho
Local Highway Technical Assistance Council
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

I. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Local Highway Technical Assistance Council and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, federal financial reports and the state's single audit report and the basic financial statements.

State of Idaho
Local Highway Technical Assistance Council
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

I. Summary of Auditor's Results

- A. The auditor's report expresses an unqualified opinion on the financial statements of the Local Highway Technical Assistance Council.
- B. Two significant deficiencies disclosed during the audit of the financial statements are reported in the 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. Both of the conditions are reported as material weaknesses.
- C. No instances of noncompliance material to the financial statements of the Local Highway Technical Assistance Council were disclosed during the audit.
- D. No instances of significant deficiencies in internal control over major federal award programs were disclosed during the audit.
- E. The auditor's report on compliance for the major federal award program for the Local Highway Technical Assistance Council expresses an unqualified opinion on all major federal programs.
- F. There are no audit findings that are required in this schedule in accordance with Section 520(a) of OMB Circular A-133.
- G. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA Number</u>
Highway Planning and Construction	20.205

- H. The threshold for distinguishing Types A and B programs was \$300,000.

II. Findings-Financial Statement Audit

Material Weakness

- 2014-1 As is common for small governmental units in Idaho, the accounting staff of Local Highway Technical Assistance Council do not possess the governmental accounting experience to prepare the annual financial statements in accordance with governmental accounting principles nor are they maintaining the depreciation schedule.
 - 2014-2 Due to its relatively small size, Local Highway Technical Assistance Council has inadequate segregation of duties.
- Response: Based on the size of Local Highway Technical Assistance Council, management believes the cost of correcting the two items listed above will exceed the benefits to be derived from doing so.



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

Board of directors
Local Highway Technical Assistance Council
Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Local Highway Technical Assistance Council as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Local Highway Technical Assistance Council's basic financial statements and have issued our report thereon dated February 17, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Local Highway Technical Assistance Council's internal control over financial reporting (internal control) to determine the 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 Local Highway Technical Assistance Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Local Highway Technical Assistance Council's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

1-As is common for small governmental units in Idaho, the accounting staff of Local Highway Technical Assistance Council do not possess the governmental accounting experience to prepare the annual financial statements in accordance with governmental accounting principles nor are they preparing all the accrual entries nor are they maintaining the depreciation schedule.

2-Due to its relatively small size, Local Highway Technical Assistance Council has inadequate segregation of duties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Local Highway Technical Assistance Council'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 determination of financial statement amounts. 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.

Local Highway Technical Assistance Council's Response to Findings

Based on the size of Local Highway Technical Assistance Council, management believes the cost of correcting the two items listed above will exceed the benefits to be derived from doing so. Local Highway Technical Assistance Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collaborative Solutions LLC
COLLABORATIVE SOLUTIONS LLC
Certified Public Accountants & Advisors

February 17, 2015



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

Board of directors
Local Highway Technical Assistance Council
Boise, Idaho

Report on Compliance for Each Major Federal Program

We have audited the Local Highway Technical Assistance Council's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Local Highway Technical Assistance Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Local Highway Technical Assistance Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Local Highway Technical Assistance Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Local Highway Technical Assistance Council's compliance.

Opinion on Each Major Federal Program

In our opinion, Local Highway Technical Assistance Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Local Highway Technical Assistance Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Local Highway Technical Assistance Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Local Highway Technical Assistance Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Collaborative Solutions LLC
COLLABORATIVE SOLUTIONS LLC
Certified Public Accountants & Advisors

February 17, 2015