BURLEY HIGHWAY DISTRICT

Basic Financial Statements

September 30, 2024

BURLEY HIGHWAY DISTRICT

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
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FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Burley Highway District
Burley, ID

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Burley Highway District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Burley Highway District as of September 30, 2024, and the respective changes in financial position and budgetary comparison for the General Fund 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 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 the Burley Highway District 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 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.

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

Other Matters

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of the District'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 District's internal control over financial reporting and compliance.

Poulsen, VanLeuven, & Catmull

Poulsen, VanLeuven, & Catmull P.A

December 9, 2024

BURLEY HIGHWAY DISTRICT

Statement of Net Position
September 30, 2024

	Governmental Activities
ASSETS	
Cash & Investments - Note 1	$ 6,548,893
Receivables:	
Property Taxes	50,391
Other Receivables	-
Inventory - Note 1	456,596
Prepaid Expenses	21,363
Due From Other Governments - Note 2	624,778
Restricted Cash & Investments (Howell Canyon)	1,158,289
Capital Assets - Note 3:	
Land	1,581,835
Other Capital Assets, Net of Depreciation	17,421,119
Total assets	27,863,264
DEFERRED OUTFLOWS OF RESOURCES	
Pension obligations	137,519
Total Deferred Outflows of Resources	137,519
LIABILITIES	
Accounts Payable and Accrued Expenses	360,068
Interest Payable	-
Long-Term Liabilities - Note 4:	
Due Within One Year	-
Due in More Than One Year	147,344
Net Pension Liability	571,531
Total liabilities	1,078,943
DEFERRED INFLOWS OF RESOURCES	
Employer Pension Assumption	15,396
Total deferred inflows of resources	15,396
NET POSITION	
Net Investment in Capital Assets	19,002,954
Restricted (Howell Canyon)	1,158,289
Unrestricted	6,745,201
Total Net Position	$ 26,906,444

See accompanying notes to the financial statements.

BURLEY HIGHWAY DISTRICT

Statement of Activities
For the 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 and Changes in Net Position: Total Governmental Activities
Governmental Activities:					
Highway & Road Maintenance	$ 4,599,843	$ 131,073	$ -	$ 415,661	$ (4,053,109)
Interest	-	-	-	-	-
Total Governmental Activities	4,599,843	131,073	-	415,661	(4,053,109)
General Revenues					
Property Tax					2,823,866
Sales Tax					298,731
Highway Use Tax					4,902,959
Other Taxes					70,777
Investment Earnings					265,220
Miscellaneous					19,628
Gain (Loss) on Sale of Capital Assets					20,648
Total General Revenues and Transfers					8,401,829
Change in Net Position					4,348,720
Net Position Beginning of Year					22,557,724
Net Position End of Year					$ 26,906,444

See accompanying notes to the financial statements.

BURLEY HIGHWAY DISTRICT

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash & investments	$ 6,548,893
Taxes receivable	50,391
Other receivables	-
Inventory	456,596
Prepaid expenses	21,363
Due from other governments	624,778
Restricted cash & investments (Howell Canyon)	1,158,289
Total assets	$ 8,860,310
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	$ 237,571
Accrued liabilities	122,497
Total liabilities	360,068
Deferred inflows of resources	
Unavailable revenue - property taxes	47,505
Total deferred inflows of resources	47,505
Fund Balances	
Nonspendable - inventory & prepaid expenses	477,959
Restricted - restricted cash & investments (Howell Canyon)	1,158,289
Unassigned	6,816,489
Total fund balances	8,452,737
Total liabilities and fund balances	$ 8,860,310

See accompanying notes to the financial statements.

BURLEY HIGHWAY DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2024

Total Governmental Fund Balances		$ 8,452,737
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.		19,002,954
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes		47,505
Long-term liabilities, including accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Contracts payable		-
Compensated absences-long term portion		(147,344)
Accrued interest payable		-
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(571,531)
Balances at September 30, 2024:		
Deferred outflows of resources pension expense	113,634	
Deferred outflow of 2024 employer contributions	23,885	
		137,519
Deferred inflows or resources related to pensions.		(15,396)
Net Position of Governmental Activities		$ 26,906,444

See accompanying notes to the financial statements.

BURLEY HIGHWAY DISTRICT

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2024

	General Fund
Revenues:	
Property tax	$ 3,213,969
Less allocations	(380,384)
Intergovernmental revenue:	
Federal forest	70,777
Highway use tax	4,902,959
Cassia County sales tax	298,731
Howell Canyon	87,894
Grant Revenue	415,661
Investment earnings	265,220
Insurance Refunds	8
Rental Income	37,979
Licenses & permits	5,200
Proceeds from the sale of fixed assets	117,500
Miscellaneous	19,620
Total revenues	9,055,134
Expenditures:	
Administrative	73,014
Gas, oil & diesel	217,578
Bridge construction	317,997
Bridge maintenance	-
Road construction	163,354
Road maintenance	1,694,319
Professional fees	59,638
Salaries	675,302
Retirement & payroll expense	223,571
Insurance	362,505
Supplies & repairs	236,645
Utilities	37,712
Capital outlays	638,780
Debt service - principal	-
Debt service - interest	-
Total expenditures	4,700,415
Excess (deficiency) of revenues over expenditures	4,354,719
Fund balance - beginning	4,098,018
Fund balance - ending	$ 8,452,737

See accompanying notes to the financial statements.

BURLEY HIGHWAY DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 4,354,719
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 as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period:		
Capital Outlay & Construction	$ 1,337,444	
Depreciation expense	(1,203,166)	
		134,278
Because governmental funds report capital outlays as expenditures, when capital assets are sold the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.		
Difference in gain or loss on disposal of capital assets		(96,852)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in unavailable revenue.		(9,719)
The issuance of long-term debt provides current financial resources to government 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 position.		
Repayment of loan principal		-
Because compensated absences payable more than one year after year end are not recorded as a liability in the governmental funds, any change in the amount of this liability will effect net assets but not governmental fund balances.		
(Increase) decrease in long-term compensated absences		(7,390)
In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.		-
In the Governmental Funds, pension contributions are considered an expense, while on the statements of activities the contributions are considered a deferred outflow.		(26,316)
Change in Net Position of Governmental Activities		$ 4,348,720

See accompanying notes to the financial statements.

BURLEY HIGHWAY DISTRICT

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Property tax	$ 2,756,242	$ 2,756,242	$ 2,833,585	$ 77,343
Highway use tax	2,939,097	2,939,097	4,902,959	1,963,862
Cassia county sales tax	474,747	474,747	298,731	(176,016)
Federal forest	90,463	90,463	70,777	(19,686)
Howell Canyon	81,030	81,030	87,894	6,864
Carryover	840,000	840,000	415,661	(424,339)
Investment earnings	-	-	265,220	265,220
Miscellaneous	3,304	3,304	180,307	177,003
Total revenues	7,184,883	7,184,883	9,055,134	1,870,251
Expenditures:				
Administration	84,600	84,600	110,726	(26,126)
Insurance	330,460	330,460	362,505	(32,045)
Gas, oil & diesel	300,000	300,000	217,578	82,422
Road maintenance & construction	5,169,823	5,169,823	2,816,184	2,353,639
Bridge maintenance & construction	300,000	300,000	317,997	(17,997)
Supplies & repairs	200,000	200,000	236,645	(36,645)
Equipment purchases	800,000	800,000	638,780	161,220
Total expenditures	7,184,883	7,184,883	4,700,415	2,484,468
Excess (deficiency) of revenues over expenditures	-	-	4,354,719	4,354,719
Fund balance - beginning	4,098,018	4,098,018	4,098,018	-
Fund balance - ending	$ 4,098,018	$ 4,098,018	$ 8,452,737	$ 4,354,719

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Burley Highway District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the District are described below.

A. Reporting Entity

The Burley Highway District was created as a political subdivision of the State of Idaho, organized under State law to maintain roads and bridges within its boundaries. The District is governed by a board of three commissioners which has governing responsibility over all of the activities related to the District. The board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils, or component units for which the District exercises authority.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. This District reports only governmental activities and has no business-type or fiduciary activities.

The statement of net position presents the financial condition of the governmental activities for the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The District maintains only one fund, the General fund, which presents all activities of the District. Accordingly, the General fund is the only major fund and there are no non-major funds.

D. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current 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.

The District reports the following major governmental funds:

The General Fund is the governments operating fund. It accounts for all financial resources of the general government.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

E. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. At year end, none of the District's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the District held the following investments (inclusive of restricted investments of $1,138,780):

Investment Type	Fair Value	Weighted Avg Maturity (days)
Idaho State Local Government Investment Pool	$ 7,698,806	84

This investment is an unrated external investment pool sponsored by the Idaho State Treasurer's Office. It is classified as "Investment in an External Investment Pool" and is exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the District voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

Fair Value of Investments
The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The District held no investments at year end that were required to stated at fair value.

F. Inventory
Inventory held by the District at year end is shown at cost. Inventory consists of expendable supplies held for consumption or use in the District's activities. The amount thereof has been recorded as an asset, offset by a reserve in an equal amount.

G. Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the governmental activities column in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations in the statement of activities. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

H. Long-Term Liabilities
Long-term liabilities consist of bonds, notes, and other indebtedness.

In the government-wide financial statements, long-term obligations are reported as liabilities of the applicable governmental activity.

I. Budgets and Budgetary Accounting
The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August each year the District manager and commissioners determine budgeted expenditures and the means of financing them for the year beginning the following October 1.
2. At the regular meeting in August the tentative budget is submitted for publication and public comment.
3. A public hearing is held to obtain public comment. After public comment the budget is finalized and legally adopted.
4. Revisions to the budget can only be made by court order, public hearing or in certain emergencies defined by law.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
The District allows vacation time to its employees based on the number of years of service the employee has with the District, and employees are allowed to accumulate vacation days with no limit. In the event employment with the District is terminated, unused vacation days are compensated to the employee at the employees then current rate of pay. The liability for unpaid vacation is included in accrued expenses.

The sick leave policy allows employees to accumulate unlimited sick leave days at the rate of 8 days per year. In the event employment with the District is terminated, unused sick leave is not paid to the employee, but may be used to pay health insurance premiums for employees retiring from the District. Because the amount of unused sick days that will be paid out in the form of health insurance premiums can not be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

K. Encumbrances
Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

L. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

M. Application of Restricted or Unrestricted Resources
The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Classification

Fund Balance Reserves - The District has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The District reports the following classification as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Commissioners. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the Board of Commissioners have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

O. 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: DUE FROM OTHER GOVERNMENTS

The amount due from other governments at year end consisted of the District's Highway User Revenue allocation receivable at year end.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/2023	Addition	Deletion	Balance 9/30/2024
Governmental Activities				
Equipment & Machinery	$ 6,421,739	$ 577,739	$ (306,564)	$ 6,692,914
Infrastructure	28,463,081	382,192	-	28,845,273
Buildings	2,433,122	-	-	2,433,122
Construction in progress	1,084,868	377,513	-	1,462,381
Land (Non-depreciable)	1,581,835	-	-	1,581,835
	39,984,645	1,337,444	(306,564)	41,015,525
Accumulated Depreciation:				
Equipment & Machinery	5,036,657	260,979	(209,712)	5,087,924
Infrastructure	15,821,282	881,359	-	16,702,641
Buildings	161,178	60,828	-	222,006
	21,019,117	1,203,166	(209,712)	22,012,571
Net Book Value:				
Equipment & Machinery	1,385,082	316,760	(96,852)	1,604,990
Infrastructure	12,641,799	(499,167)	-	12,142,632
Buildings	2,271,944	(60,828)	-	2,211,116
Construction in progress	1,084,868	377,513	-	1,462,381
Land (Non-depreciable)	1,581,835	-	-	1,581,835
	$ 18,965,528	$ 134,278	$ (96,852)	$ 19,002,954

All depreciable capital assets are being depreciated using the straight-line method over the respective estimated lives described in Note 1.

NOTE 4: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance at 9/30/2023	Additions	Reductions	Balance at 9/30/2024
LT Comp. Absences	139,954	7,390	-	147,344
	-	-	-	-
	$ 139,954	$ 7,390	$ -	$ 147,344

Year Due	Principle	Interest	Amount
2025			
2026	-	-	-
2027	-	-	-
2028			
2029	-	-	-
Total	-	-	-

NOTE 5: PROPERTY TAXES - UNAVAILABLE REVENUE

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60-day period after the close of the fiscal year.

The unavailable revenue - property taxes account in the General Fund represent the taxes receivable more than 60 days after year end.

NOTE 6: LITIGATION AND CONTINGENT LIABILITIES/COMMITMENTS

The District has entered into an agreement with Cassia County and Albion Highway District to share maintenance and snow removal costs associated with the Howell Canyon Road. The Burley Highway District is contingently liable for $63,000 per year, its share of the costs as stated in the current agreement.

NOTE 7: RISK MANAGEMENT/INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has transferred most of its risk by the purchase of commercial insurance through the Idaho State Insurance Fund and the Idaho Counties Reciprocal Management Program (ICRMP). The coverage through ICRMP, which expires October 1 but is renewed annually, includes coverage for Property, General Liability, Automobile Liability, Errors & Omissions, Crime, Machinery Breakdown, and Chemical Spraying Activities.

NOTE 8: PENSION PLAN

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

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

Pension Benefits - The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

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

The contribution rates for employees are set by stature at 60% of the employer rate. As of June 30, 2024 it was 6.71% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% of covered compensation. The District's contributions were $81,459 for the year ended September 30, 2024.

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

At year end, the District reported a liability for its proportionate share of the net pension liability. The net pension asset 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. The District's proportion of the net pension liaiblity was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was 0.01527897 percent.

For the year ended September 30, 2024, the District recognized pension expense (revenue) of $26,316. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 90,993	$ -
Changes in assumptions or other inputs	22,641	-
Net difference between projected and actual earnings on pension plan investments		-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	15,396
District contributions subsequent to the measurement date	23,885	-
Total	$ 137,519	$ 15,396

The $23,885 reported 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, 2024.

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 of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement period ended 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 June 30	
2025	$ 34,498
2026	106,564
2026	(18,376)
2027	(13,135)
2028	-

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and all Beneficiaries - Males Pub-2010 General Tables, increased 11%
General Employees and all Beneficiaries - Females Pub-2010 General Tables, increased 21%
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 of 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 2023.

	2024
Asset Class	
Fixed Income	30.0%
US/Global Equity	55.0%
International Equity	15.0%
Cash	0.0%
Total	100%

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)	$ 1,086,089	$ 571,531	$ 151,270

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 - At September 30, 2024, the District reported no 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 10: SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, December 9, 2024 which is the date of the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

BURLEY HIGHWAY DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.0175503%	0.0166288%	0.0163101%	0.0151936%	0.0148202%	0.0146450%	0.0148564%	0.0154511%	0.0146721%	0.0152790%
Employer's proportionate share of the net pension liability	$ 231,109	$ 337,091	$ 256,367	$ 224,108	$ 169,168	$ 340,076	$ (11,733)	$ 608,581	$ 585,514	$ 571,532
Employer's covered-employee payroll	$ 504,303	$ 517,138	$ 523,598	$ 520,999	$ 516,772	$ 533,015	$ 568,596	$ 614,188	$ 623,241	$ 728,610
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	45.83%	65.18%	48.96%	43.02%	32.74%	63.80%	-2.06%	99.09%	93.95%	78.44%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	83.09%	85.54%

Data reported is measured as of June 30, 2024

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

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$ 57,407	$ 58,540	$ 59,271	$ 58,977	$ 58,499	$ 63,642	$ 67,890	$ 73,334	$ 74,415	$ 81,459
Contributions in relation to the statutorily required contribution	$ 56,379	$ 54,603	$ 56,543	$ 55,898	$ 58,221	$ 63,642	$ 67,890	$ 73,334	$ 74,415	$ 81,459
Contribution (deficiency) excess	1,028	3,937	2,728	3,079	278	-	-	-	-	-
Employer's covered-employee payroll	$ 504,303	$ 517,138	$ 523,598	$ 520,999	$ 516,772	$ 533,015	$ 568,596	$ 614,188	$ 623,241	$ 728,610
Contributions as a percentage of covered-employee payroll	11.38%	11.32%	11.32%	11.32%	11.32%	11.94%	11.94%	11.94%	11.94%	11.18%

Data reported is measured as of September 30, 2024

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

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

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 Board of Commissioners
Burley Highway District
Burley, ID

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 Burley Highway District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Burley Highway District's basic financial statements and have issued our report thereon dated December 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in 2024-001 of the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Burley Highway District's Response to Findings

Burley Highway District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District'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.

Poulsen, VanLeuven, & Catmull

Poulsen, VanLeuven, & Catmull P.A.

December 9, 2024

BURLEY HIGHWAY DISTRICT

Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-001: Lack of segregation of duties - Repeat finding

Condition: The District lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the District take such actions as hiring another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: District management believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as Board review of all disbursements, two signatures required on all checks, and periodic Board review of financial reports prepared by the clerk.