HIGHWAY DISTRICT NO. 4

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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Independent Auditor's Report

The Honorable Commissioners
Highway District No. 4
Caldwell, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Highway District No. 4 (the 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 Highway District No. 4 as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

Responsibility of Management's for the Financial Statements

The District's 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 Highway District No. 4's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 budgetary comparison information, schedule of the District's proportionate share of the Net Pension Liability, and schedule of District contributions on pages 27 through 29 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2025, on our consideration of Highway District No. 4'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 Highway District No. 4's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
April 17, 2025

Highway District No. 4
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 16,932,831
Prepaid Items	11,957
Receivables, Net:	
Property Taxes	212,611
Intergovernmental	428,884
Accounts	23,869
Interest	127,646
Investment in Joint Venture	51,363
Total Current Assets	17,789,161
Noncurrent Assets:	
Investments	6,323,719
Capital Assets:	
Land	1,402,486
Construction in Progress	2,369,796
Buildings, Net	663,736
Improvements, Net	21,570,926
Equipment, Net	3,466,055
Total Capital Assets	29,472,999
Total Noncurrent Assets	35,796,718
Total Assets	53,585,879
Deferred Outflows	
Pension Related Items	468,747
Total Deferred Outflows	468,747
Liabilities	
Current Liabilities:	
Accounts Payable	605,523
Accrued Payroll and Benefits	123,203
Deposits Payable	315,022
Non-Current Liabilities:	
Due within One Year:	
Compensated Absences	185,710
Due in More than One Year:	
Compensated Absences	61,904
Net Pension Liability	1,926,388
Total Liabilities	3,217,750
Deferred Inflows	
Pension Related Items	34,967
Total Deferred Inflows	34,967
Net Position	
Invested in Capital Assets, Net of Related Debt	29,472,999
Unrestricted (Deficit) Surplus	21,328,910
Total Net Position	$ 50,801,909

The accompanying notes are an integral part of the financial statements.

Highway District No. 4
Statement of Activities
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
Highways and Streets	$ 9,600,349	666,883	$ -	193,600	$ (8,739,866)
Total Governmental Activities	$ 9,600,349	$ 666,883	$ -	$ 193,600	(8,739,866)
General Revenues:					
Property Taxes					8,887,721
Intergovernmental					8,664,227
Net Income (Loss) in Joint Venture					(3,249)
Other					360,447
Gain(Loss) on Sale of Capital Assets					(179,425)
Unrestricted Investment Earnings					824,165
Total General Revenues and Special Items					18,553,886
Change in Net Position					9,814,020
Net Position, Beginning of Year - Previous					40,933,659
Prior Period Adjustment					54,230
Net Position, Beginning of Year					40,987,889
Net Position, End of Year					$ 50,801,909

The accompanying notes are an integral part of the financial statements.

Highway District No. 4
Balance Sheet -
Governmental Funds
September 30, 2024

	General
Assets	
Cash and Cash Equivalents	$ 16,932,831
Investments	6,323,719
Prepaid Items	11,957
Receivables, Net:	
Property Taxes	212,611
Intergovernmental	428,884
Accounts	23,869
Interest	127,646
Investment in Joint Venture	13,739
Total Assets	$ 24,075,256
Liabilities	
Accounts Payable	$ 605,523
Accrued Payroll and Benefits	123,203
Deposits Payable	315,022
Total Liabilities	1,043,748
Deferred Inflows	
Unavailable Revenue - Property Taxes	181,207
Total Deferred Inflows	181,207
Fund Balances	
Nonspendable	11,957
Committed	1,330,611
Assigned	21,507,733
Total Fund Balances	22,850,301
Total Liabilities, Deferred Inflows and Fund Balances	$ 24,075,256

The accompanying notes are an integral part of the financial statements.

Highway District No. 4
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 22,850,301
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:		
Land	$ 1,402,486	
Construction in Progress	2,369,796	
Buildings, Net of $563,601 Accum. Depr.	663,736	
Improvements, Net of $17,330,705 Accum. Depr.	21,570,926	
Equipment, Net of $5,709,273 Accum. Depr.	3,466,055	
		29,472,999
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are deferred in the funds.		181,207
Compensated absences that are applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		(247,614)
The District has an equity interest in a joint venture. A portion of the investment is not a current financial resource and, therefore, is not reported in the funds.		37,624
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (1,926,388)	
Pension Related Deferred Outflows	468,747	
		(1,492,608)
Net Position of Governmental Activities		$ 50,801,909

The accompanying notes are an integral
part of the financial statements.

Highway District No. 4
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2024

	General
Revenues	
Operating:	
Property Tax	$ 8,863,169
Sales Tax	1,170,996
Highway Users	7,493,231
Fees and Services	666,883
State Grants	193,600
Other	332,569
Total Operating Revenue	18,720,448
Non Operating:	
Investment Income	824,165
Other	27,878
Total Non Operating Revenue	852,043
Total Revenues	19,572,491
Expenditures	
Operating:	
Personnel	4,162,200
General Supplies and Materials	184,433
Insurnace	206,735
Utilities	43,003
Professional Services	957,967
Repairs and Maintenance	6,833,377
Fuel and Oil	248,110
Other	456,272
Total Operating Revenue	13,092,097
Non Operating:	
Capital Outlay	1,565,337
Total Non Operating Revenue	1,565,337
Total Expenditures	14,657,434
Excess (Deficiency) of Revenues Over Expenditures	4,915,057
Other Financing Sources (Uses)	
Net Income (Loss) in Joint Venture Investment	726
Gain on Sale of Capital Assets	4,150
Total Other Financing Sources (Uses)	4,876
Net Change in Fund Balances	4,919,933
Fund Balances - Beginning, Previous	17,876,138
Prior Period Adjustment	54,230
Fund Balances - Beginning	17,930,368
Fund Balances - Ending	$ 22,850,301

The accompanying notes are an integral part of the financial statements.

Highway District No. 4
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Total Net Change in Fund Balance - Governmental Funds		$ 4,919,933
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. The cost and related accumulated depreciation, when capital assets are disposed are also not reported in the governmental funds. In the current period these amounts are:		
Capital Outlay	$ 6,438,578	
Depreciation Expense	(1,789,783)	
Cost of Disposed Capital Assets, Net of Accum. Depr.	(183,575)	
Net		4,465,220
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 and are, instead, counted as unavailable revenue - property tax. They are, however, recorded as revenues in the Statement of Activities.		24,552
In the statement of activities, the net income (loss) in the joint venture is reported using the economic resources measurement focus. However, in the governmental funds, the net income (loss) is reported using the current financial resources measurement focus. Thus, the change in net position differs from the change in fund balance by the net change in the amount of capital assets recorded by the joint venture.		(3,975)
Compensated absences 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. This amount represents the net change in compensated absences.		775,686
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.		(367,396)
Change in Net Position of Governmental Activities		$ 9,814,020

The accompanying notes are an integral
part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Highway District No. 4 (the District) was formed under Title 40 of the General Laws of the State of Idaho and began operations January 1, 1981. The District operates under a commissioner form of government to construct, maintain, repair, and improve all highways in the district.

For financial reporting purposes, management has considered all potential component units which are controlled or whose boards are appointed by the board of commissioners. Control by the District 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 District's report.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses are expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt) and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category — *governmental and proprietary* — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Basis of Accounting

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 at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The District uses the following fund balance categories in the governmental fund financial statements:

- *Non-spendable.* Prepaid items that are permanently precluded from conversion to cash.
- *Committed:* Balances that are limited by resolution of the Commissioners. A resolution must be taken to impose limitations on the use of these resource, and another resolution is required to modify or eliminate those limitations.
- *Assigned:* Balances that have are intended by the Director for an intended use, but are neither restricted nor committed. This type of limitation can be imposed by the highest levels of decision making within the District, but little or no formal action is required to modify or eliminate those limitations.
- *Unassigned.* Balances available for any purpose.

When both restricted and unrestricted fund balances are available for use, the District considers restricted fund balance to have been spent first. When committed, assigned, or unassigned fund balance amounts are available for use, the District considers committed fund balance to be spent first, assigned fund balance second, and unassigned fund balance last.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the District's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Cash Equivalents

The District'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 form the date of acquisition.

Investments

Investments are reported at fair value. State statues authorize Highway District No. 4 to invest in obligations of the United States, state and local governments, time deposit accounts, and repurchase agreements.

Investments for Highway District No. 4 are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pooled shares.

On December 14, 2004, Highway District No. 4 commissioners entered into an agreement with the Notus-Parma Highway District and Golden Gate Highway District to jointly operate a gravel pit to furnish gravel to each of the districts. One commissioner from the board of directors from each district serves on the board of MOJO. All districts contributed equal amounts of money. All profits (losses) will be shared equally by the districts.

The investment in MOJO is stated at the amount of actual contributions made by the District and 33 1/3% of accumulated earnings/loss.

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.

Property Tax Calendar

The District levies its real property taxes through the county on or before the 2nd Monday of September. One-half of the real property taxes are due on or before the 20th of December. The remaining one-half of the real property tax is due on or before June 20th the following year. Property taxes are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$5,000	Straight-Line	6 – 40 Years
Equipment and Vehicles	$5,000	Straight-Line	5 – 20 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Receivable

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The amount in the allowance is currently $0.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

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.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the District's deposits were $465,068 and the respective bank balances totaled $631,153. All the bank balance was insured or collateralized with pool securities held by the pledging institution in the name of the District.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, All of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus was not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk for deposits. The District had $0 of cash on hand at the end of the year.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The District voluntarily participates in the State of Idaho Investment Pool which is not rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pool is the same as the value of the pool shares.

The District follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The District's investments at September 30, 2024, are summarized below:

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1 - 5
State Treasure's Investment Pool	$13,341,195	$13,341,195	$ -
Money Market Accounts	3,126,568	3,126,568	-
Certificate of Deposit	6,323,719	5,316,484	1,007,235
Total	$22,791,482	$21,784,247	$ 1,007,235

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	$ 465,068
Investments categorized as deposits	16,467,763
Investments	6,323,719
	$ 23,256,550

3. COMPENSATED ABSENCES

The District presently accumulates unused vacation days calculated on an individual basis according to an employee's total years worked and total hours-per-week worked. In the event of termination, an employee is reimbursed for accumulated leave. A summary of the current year activity and year-end liability for the government-wide financial statements is as follows:

	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
Governmental Activities	$ 228,406	$ 254,335	$(235,127)	$ 247,614	$ 185,710

4. PROPERTY TAXES

The District receives property tax revenue from Canyon County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the County as of September 30, 2024, are considered by the District as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the District and are recorded as deferred revenue.

5. PENSION PLAN

Plan Description

Highway District No. 4 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 statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. Highway District No. 4's contributions were $299,715 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 September 30, 2024, Highway District No. 4 reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Highway District No. 4's proportion of the net pension liability was based on Highway District No. 4'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, Highway District No. 4's proportion was 0.05149881 percent.

For the year ended September 30, 2024, Highway District No. 4 recognized pension expense/ (revenue) of $667,113 . At September 30, 2024, Highway District No. 4 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	$ 306,699	$ -
Changes in assumptions or other inputs	76,314	-
Net difference between projected and actual earnings on pension plan investments	-	34,967
Canyon Highway District's contributions subsequent to the measurement date	85,735	-
Total	$ 468,747	$ 34,967

$85,735 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 years and 4.6 for the measurement period June 30, 2024.

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

For the Year Ended September 30:	PERSI
2025	$ 180,814
2026	359,180
2027	(61,940)
2028	(44,274)

Actuarial Assumptions

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

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

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

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension 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 2024.

Asset Class	
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

Discount Rate

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 3,660,737	$ 1,926,388	$ 509,867

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.

6. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of county inventory phase out funds, $139,796, MOJO reimbursement, $360, and Canyon County Weed Department fuel reimbursement, $2,492, and Caldwell City, $286,236, for a total of $428,884.

7. RISK MANAGEMENT

The District is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker’s compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

8. OTHER COMMITMENTS

The District has credit cards with a total available credit limit of $50,000. As of September 30, 2024, $7,783 of the available credit was in use.

9. CONTINGENCIES

The District participates in various federal grant programs. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of total expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024, was as follows:

	Balance 9/30/2023	Adjustment	Additions	Disposals	Balance 9/30/2024
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	$ 1,402,486	$ -	$ -	$ -	$ 1,402,486
Construction in Progress	457,407	-	1,912,389	-	2,369,796
Total Capital Assets Not Being Depreciated	1,859,893	-	1,912,389	-	3,772,282
Capital Assets Being Depreciated:					
Buildings	1,227,337	-	-	-	1,227,337
Improvements	34,534,877	-	4,366,754	-	38,901,631
Equipment	8,997,333	-	954,329	(776,334)	9,175,328
Total Capital Assets Being Depreciated	44,759,547	-	5,321,083	(776,334)	49,304,296
Less: Accumulated Depreciation					
Buildings	532,565	-	31,036	-	563,601
Improvements	16,241,082	-	1,089,623	-	17,330,705
Equipment	5,632,908	-	669,124	(592,759)	5,709,273
Total Acc. Depr.	22,406,555	-	1,789,783	(592,759)	23,603,579
Net Depreciable Assets	22,352,992	-	3,531,300	(183,575)	25,700,717
Governmental Activities Capital Assets – Net	$24,212,885	$ -	$ 5,443,689	$(183,575)	$29,472,999

Depreciation expense was charged to the functions of the District as follows:

Governmental Activities:	
Highway and Streets	$ 1,789,783

11. JOINT VENTURE

Highway District No. 4 has a 33 1/3% investment in MOJO. MOJO was formed with Notus-Parma Highway District and Golden Gate Highway District to operate a gravel pit.

The following summary financial information as of, and for the fiscal year ended September 30, 2024, for MOJO was taken from their financial statements:

	MOJO
Cash	$ 21,387
Other Assets	137,270
Total Assets	158,657
Total Liabilities	1,102
Total Net Position	$ 154,099
Total Revenues	$ 19,648
Total Expenses	29,394
Operating Income (Loss)	$ (9,746)

12. TAX ABATEMENT

Canyon County entered in to a property tax abatement with several local businesses under Idaho Code 63-602NN.

For the year ended September 30, 2024 Canyon County abated $42,435 of property taxes from certain business tax levy, which they were note required to pay.

13. RESTATEMENT

In the prior year certain liabilities were overstated. This caused the Fund Balance and Net Position to be understated. Both were restated in the current year as follows:

	Governmental Activities
Net Position, Beginning - As Previously Stated	$40,933,659
Increase in Net Position due to Overstated Accounts Payable	54,230
Net Position, Beginning - Restated	$40,987,889

	Governmental Funds
Fund Balance, Beginning - As Previously Stated	$17,930,368
Increase in Fund Balance due to Overstated Accounts Payable	54,230
Fund Balance, Beginning - Restated	$17,984,598

REQUIRED SUPPLEMENTARY INFORMATION

Highway District No. 4
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Taxes	$ 8,677,960	8,677,960	$ 8,863,169	$ 185,209
Intergovernmental	6,765,249	6,765,249	9,524,710	2,759,461
Special Assessments	800	800	0	(800)
Miscellaneous	3,302,600	3,302,600	1,184,612	(2,117,988)
Total Revenues	18,746,609	18,746,609	19,572,491	825,882
Expenditures				
Current:				
Highways and Streets	21,176,400	21,176,400	13,092,097	8,084,303
Capital Outlay	5,230,400	5,230,400	1,565,337	3,665,063
Contingency	9,388,509	9,388,509	-	9,388,509
Total Expenditures	35,795,309	35,795,309	14,657,434	21,137,875
Excess (Deficiency) of Revenues Over Expenditures	(17,048,700)	(17,048,700)	4,915,057	21,963,757
Other Financing Sources (Uses)				
Net Income (Loss) in Joint Venture Investment	-	-	726	726
Gain on Sale of Capital Assets	-	-	4,150	4,150
Total Other Financing Sources (Uses)	-	-	4,876	4,876
Net Change in Fund Balances	(17,048,700)	(17,048,700)	4,919,933	21,968,633
Fund Balances - Beginning	17,048,700	17,048,700	17,930,368	881,668
Fund Balances - Ending	$ -	$ -	$ 22,850,301	$ 22,850,301

Highway District No. 4
Notes to Required Supplementary Information
For the Year Ended September 30, 2024

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1. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to September 1, the Board of Directors prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at the District Office to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of resolution.

D. The District is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The District, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.

E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

Highway District No. 4
Schedules of Required Supplemental Information - Pension
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the District's Proportionate Share of Net Pension Liability

Year	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered-employee payroll	District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.0514988%	$ 1,926,388	2,644,174	72.85%	85.54%
2023	0.0470412%	1,877,259	2,106,468	89.12%	83.83%
2022	0.0461870%	1,819,193	1,849,190	98.38%	83.09%
2021	0.0435114%	(34,364)	1,722,018	-2.00%	100.36%
2020	0.0450230%	1,045,494	1,603,660	65.19%	88.22%
2019	0.0457550%	522,281	1,583,508	32.98%	93.79%
2018	0.0449409%	662,886	1,469,447	45.11%	91.69%
2017	0.0459980%	723,010	1,434,000	50.42%	90.68%
2016	0.0476918%	966,786	1,348,499	71.69%	87.26%
2015	0.0454641%	598,688	1,260,679	47.49%	91.38%

Data reported is measured as of June 30, 2024.

Schedule of District Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 299,715	$ 299,715	-	$ 2,644,174	11.33%
2023	247,567	247,567	-	2,106,468	11.75%
2022	220,793	220,793	-	1,849,190	11.94%
2021	205,609	205,609	-	1,722,018	11.94%
2020	191,477	191,477	-	1,603,660	11.94%
2019	181,202	181,202	-	1,583,508	11.44%
2018	166,341	166,341	-	1,469,447	11.32%
2017	162,329	162,329	-	1,434,000	11.32%
2016	152,650	152,650	-	1,348,499	11.32%
2015	142,706	142,706	-	1,260,679	11.32%

Data reported is measured as of September 30, 2024.

SUPPLEMENTAL INFORMATION

Highway District No. 4
Supplemental Schedule of Revenues by Source-
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Taxes			
Current	$ 8,737,960	$ 8,840,192	$ 102,232
Penalties and Interest	40,000	32,921	(7,079)
Allocated to other taxing units	(100,000)	(9,944)	90,056
Total Taxes	8,677,960	8,863,169	185,209
Intergovernmental			
Grant	887,549	193,600	(693,949)
Impact Fees	840,300	553,965	(286,335)
Inventory Phase-Out	1,060,000	1,170,996	110,996
Highway Users	3,900,000	7,493,231	3,593,231
Total Intergovernmental	6,687,849	9,411,792	2,723,943
Special Assessments			
LID	800	0	(800)
Miscellaneous			
Sale of Material, Roadwork	904,900	313,422	(591,478)
Miscellaneous	2,014,500	47,025	(1,967,475)
Interest	383,200	824,165	440,965
Permit, Plat and Other Road Fees	77,400	112,918	35,518
Total Miscellaneous	3,380,000	1,297,530	(2,082,470)
Gain/(Loss) on Sale of Assets	-	4,150	4,150
Gain/(Loss) on Joint Venture	-	726	726
Total Revenue	$ 18,746,609	$ 19,577,367	$ 830,758

Highway District No. 4
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year EndedSeptember 30, 2024

	Budget	Actual	Variance
Personal Services			
Salaries	3,036,400	2,870,452	$ 165,948
Personnel Benefits	1,523,100	1,291,748	231,352
Total Personal Services	4,559,500	4,162,200	397,300
Supplies			
Office Expense	190,200	124,806	65,394
Shop Supplies	52,300	45,839	6,461
Total Supplies	242,500	170,645	71,855
Other Services and Charges			
Commissioner Expenses	43,600	0	43,600
Professional Services	2,966,600	957,967	2,008,633
Insurance	94,300	206,735	(112,435)
General Road Maintenance	8,031,700	5,893,069	2,138,631
Weed Control	149,400	139,915	9,485
Repairs	368,500	248,752	119,748
Fuel	476,800	248,110	228,690
Rent	234,000	138,594	95,406
Bridge Maintenance	3,573,000	590,246	2,982,754
Signs	120,400	68,653	51,747
Miscellaneous	151,000	165,901	(14,901)
Buildings Maintenance	165,100	101,310	63,790
Total Other Services and Charges	16,374,400	8,759,252	7,615,148
Capital Outlay			
Right-of-Way Acquisition	818,000	15,751	802,249
Land/Building/Equipment	4,412,400	1,549,586	2,862,814
Total Capital Outlay	5,230,400	1,565,337	3,665,063
Contingency	9,388,509	-	9,388,509
Total Expenditures	$ 35,795,309	$ 14,657,434	$ 21,137,875

FEDERAL REPORTS

ZWYGART JOHN
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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*

The Honorable Commissioners
Highway District No. 4
Caldwell, 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 Highway District No. 4, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Highway District No. 4's basic financial statements and have issued our report thereon dated April 17, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Highway District No. 4'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 Highway District No. 4's internal control. Accordingly, we do not express an opinion on the effectiveness of the Highway District No. 4'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. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Highway District No. 4'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*.

Response to Findings

Highway District No. 4's response to the findings identified in our audit are 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.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
April 17, 2025

Finding 2024-001

Material Weakness in Internal Control Over Financial Reporting—Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual that reconciles the bank accounts is also a signer on the bank accounts.

Context: We observed inadequate segregation of duties by reviewing an organizational chart, observing the bank reconciliation and review process, and through interviews of personnel and management.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the cash reconciliation activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Recommendation: Management and the council should consider a formal evaluation of their risks associated with this lack of duties segregation over cash reconciliation. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with a lack of segregation of duties, such as providing increased council oversight and an independent reconciliation of accounts. For example, the entity might consider soliciting the assistance of independent labor to perform certain functions including daily balancing and monthly reconciliations.

Management's Response: Management will work to put controls in place to make sure that the bank reconciliations are being done by someone who is not a signer on the accounts.