Deer Creek Highway District

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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Independent Auditor's Report

Board of Commissioners
Deer Creek Highway District
White Bird, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the fund information of Deer Creek Highway District (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 fund information of Deer Creek Highway District, 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.

Responsibilities of Management 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 Deer Creek Highway District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 polices 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 judgement, 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 24 thru 26 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 June 2, 2025, on our consideration of Deer Creek Highway 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 Deer Creek Highway District's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
June 2, 2025

Deer Creek Highway District
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 613,387
Receivables, Net	
Interest Receivable	16
Prepaid Expenses	13,298
Total Current Assets	626,701
Noncurrent Assets:	
Capital Assets:	
Buildings, net	24,829
Equipment, net	168,149
Improvements, net	425,280
Capital Assets, net	618,258
Total Assets	1,244,959
Deferred Outflows	
Pension Related Items	14,205
Total Deferred Outflows	14,205
Liabilities	
Current Liabilities:	
Accounts Payable	8,483
Accrued Payroll	11,802
Total Current Liabilities	20,285
Long-term Liabilities:	
Portion Due or Payable After One Year:	
Compensated Absences	1,227
Net Pension Liability	59,507
Total Long-term Liabilities	60,734
Total Liabilities	81,019
Deferred Inflows	
Pension Related Items	8,244
Total Deferred Inflows	8,244
Net Position	
Invested in Capital Assets, Net of Related Debt	618,258
Unrestricted	551,643
Total Net Position	$ 1,169,901

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

Deer Creek Highway District
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 - Governmental Activities
Primary Government:					
Governmental Activities:					
Highways and streets	$ 463,506	$ 9,900	$ -	$ -	$ (453,606)
Total Governmental Activities	463,506	9,900	-	-	(453,606)
Total Primary Government	$ 463,506	$ 9,900	$ -	$ -	(453,606)
General Revenues:					
Intergovernmental					466,960
Other Income					25
Gain/(Loss) on Sale of Equipment					1,000
Unrestricted Investment Earnings					6,914
Total General Revenues and Special Items					474,899
Change in Net Position					21,293
Net Position, Beginning of Year					1,148,608
Net Position, End of Year					$ 1,169,901

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

Deer Creek Highway District
Balance Sheet -
Governmental Funds
September 30, 2024

Assets	
Cash and Cash Equivalents	$613,387
Receivables, Net	
Interest Receivable	16
Prepaid Expenses	13,298
Total Assets	$626,701
Liabilities, Deferred Inflows and Fund Balances	
Liabilities	
Accounts Payable	$ 8,483
Accrued Payroll	11,802
Total Liabilities	20,285
Fund Balance	
Nonspendable	13,298
Unassigned	593,118
Total Fund Balance	606,416
Total Liabilities, Deferred Inflows and Fund Balance	$626,701

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

Deer Creek Highway District
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 606,416
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
and, therefore, are not reported in governmental funds. Those assets consist of:		
Buildings, Net of $55,653 Accumulated Depreciation	$ 24,829	
Improvements, Net of $567,357 Accumulated Depreciation	425,280	
Equipment, Net of $920,242 Accumulated Depreciation	168,149	
		618,258
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated Absences		(1,227)
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	$ (59,507)	
Pension Related Deferred Inflows	(8,244)	
Pension Related Deferred Outflows	14,205	
		(53,546)
Total Net Position-Governmental Activities		$1,169,901

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

Deer Creek Highway District
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2024

Revenues	
Intergovernmental	$ 466,960
Charges for Service	9,900
Miscellaneous	6,939
Total Revenues	483,799
Expenditures	
Current:	
Highways and Streets	381,017
Capital Outlay	66,738
Total Expenditures	447,755
Revenues over (under) expenditures	36,044
Other Financing Sources(Uses)	
Gain/(Loss) on Sale of Equipment	1,000
Total other financing sources (uses)	1,000
Net change in fund balances	37,044
Fund Balances - Beginning	569,372
Fund Balances - Ending	$ 606,416

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

Deer Creek 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

Total Net Change in Fund Balance - Governmental Funds		$ 37,044
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. In the current		
Capital Outlay	$ 66,738	
Depreciation	(77,095)	
		(10,357)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Changes in long-term liabilities at year-end consist of:		
Compensated Absences		1,421
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		(6,815)
Change in Net Position of Governmental Activities		$ 21,293

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Deer Creek Highway District (the District), which has responsibility and control over all activities related to the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. The independently elected board of commissioners governs the District and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

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. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. The emphasis of fund financial statements is on major governmental funds. If the District had more than one fund and they were considered nonmajor, all remaining governmental funds would be aggregated and reported as nonmajor funds.

The District reports the following major governmental fund:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District.

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 Balance Sheet:

- *Nonspendable.* Prepaid expenditures and inventory that are permanently precluded from conversion to cash.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (restricted, committed and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the District's highest level of decision-making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

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 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.

C. Assets and Liabilities

Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk. All demand deposits, cash on hand, and investments with an original maturity of three months or less are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade and tax receivables are shown net of an allowance for uncollectible.

Accounts Payable

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

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 are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings	$ 5,000	Straight-Line	10-40 Years
Improvements	$ 5,000	Straight-Line	8-40 Years
Equipment	$ 5,000	Straight-Line	5-20 Years

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 was $483,811 and the respective bank balances totaled $484,920. $270,467 of the bank balance was insured or collateralized with pooled 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, $214,453 of the District's deposits were not 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 were exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk for deposits.

Custodial Credit Risk – Investments

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

It is the District's policy to limit investments to the safest types of securities and to diversify the District's investment portfolio so that potential losses on securities will be minimized. 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 Type	Fair Value	Less Than 1	1-5
State Treasurer's Investment Pool	$ 129,576	$ 129,576	$ -

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

Cash and cash equivalents	$ 483,811
Investments	129,576
	$ 613,387

3. 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.

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular district employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Employees can also earn comp time that is reimbursed in the event of termination.

Changes in compensated absences for the year ended September 30, 2024, are as follows:

	9/30/2023	Increase	Decrease	9/30/2024	Current
Vacation	$ 2,648	$ 3,100	$ 4,521	$ 1,227	$ 1,227

5. CAPITAL ASSETS

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

	9/30/2023	Additions	Disposals	9/30/2024
Capital Assets Being Depreciated:				
Buildings	$ 80,482	$ -	$ -	$ 80,482
Improvements	992,637	-	-	992,637
Equipment	1,034,153	66,738	(12,500)	1,088,391
Total Capital Assets Being Depreciated	2,078,837	66,738	(12,500)	2,161,510
Accumulated Depreciation For:				
Buildings	51,937	3,716	-	55,653
Improvements	540,167	27,190	-	567,357
Equipment	886,554	46,189	(12,500)	920,242
Total Accum. Depr.	1,325,886	77,095	(12,500)	1,543,252
Net Depreciable Assets	752,951	(10,357)	-	618,258
Capital Assets - Net	$ 752,951	$ (10,357)	$ -	$ 618,258

6. PENSION PLAN

Plan Description

Deer Creek Highway 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 of 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 7.16% for general employees and 9.13% for public safety. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. Deer Creek Highway District's contributions were $8,716 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, Deer Creek Highway District 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. Deer Creek Highway District's proportion of the net pension liability was based on Deer Creek Highway 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, Deer Creek Highway District's proportion was 0.00015908 percent.

For the year ended September 30, 2024, Deer Creek Highway District recognized pension expense/(revenue) of $8,849. At September 30, 2024, Deer Creek Highway 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	$ 9,474	$ -
Changes in assumptions or other inputs	2,358	-
Net difference between projected and actual earnings on pension plan investments	-	1,080
Changes in the employer's proportion and differences between the employer's	-	7,164
Deer Creek Highway District's contributions subsequent to the measurement date	2,373	-
Total	$ 14,205	$ 8,244

$2,373 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 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
2024	$ 3,753
2025	9,538
2026	(3,470)
2027	(2,925)

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	DB Plans
Fixed Income	30.0%
US/Global Equity	55.0%
International Equity	15.0%
Cash	0.0%
Total	100.0%

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)	$ 113,082	$ 59,507	$ 15,750

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.

7. OTHER COMMITMENTS

The District has credit cards available for use. Available credit totaled $21,000 as of September 30, 2024. There was an outstanding balance of $0 at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

Deer Creek Highway District
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Forest Funds	$ 199,000	$ 199,000	$ 175,181	$ (23,819)
Highway User's Revenue	193,000	193,000	291,535	98,535
Inventory Phase - Out	-	-	244	244
Charges for Service	-	-	9,900	9,900
Interest Earned	11,400	11,400	6,914	(4,486)
Miscellaneous Income	24,100	24,100	25	(24,075)
Total Revenues	427,500	427,500	483,799	56,299
Expenditures				
Current:				
Administration	47,272	47,272	53,336	(6,064)
Insurance	13,150	13,150	10,665	2,485
Professional Services	10,500	10,500	7,356	3,144
Road Maintenance	386,785	386,785	309,660	77,125
Capital Outlay	-	-	66,738	(66,738)
Reserve	664,996	664,996	-	664,996
Total Expenditures	1,122,703	1,122,703	447,755	674,948
Revenues over (under) expenditures	(695,203)	(695,203)	36,044	731,247
Other Financing Sources(Uses)				
Gain/(Loss) on Sale of Equipment	-	-	1,000	1,000
Total other financing sources (uses)	-	-	1,000	1,000
Net change in fund balances	(695,203)	(695,203)	37,044	732,247
Fund Balances - Beginning	695,203	695,203	569,372	(125,831)
Fund Balances - Ending	$ -	$ -	$ 606,416	$ 606,416

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

B. Public hearings are conducted to obtain taxpayer comments.

C. Prior to September 1, the budget is legally passed.

D. The Board of Commissioners, by following the same budgetary procedures used to adopt the original budget, may amend it to a greater amount if additional revenue will accrue to the District as a result of increases in state or federal grants or allocations, or as a result of an increase in revenues from any source other than advalorem tax revenues.

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

F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.

G. Expenditures may not legally exceed budgeted appropriations at the fund level. The District does not use the encumbrance method of accounting.

Deer Creek Highway District
Schedule of Required Supplemental Information
Public Employees 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	0.0015908%	$ 59,507	$ 78,173	76.12%	85.54%
2023	0.0018732%	$ 74,754	$ 79,573	93.94%	25.00%
2022	0.0019044%	$ 75,011	$ 76,164	98.49%	83.09%
2021	0.0021776%	$ (1,720)	$ 74,244	-2.32%	88.22%
2020	0.0024844%	$ 57,691	$ 95,493	60.41%	88.22%
2019	0.0021244%	$ 24,249	$ 73,819	32.85%	93.79%
2018	0.0027074%	$ 39,935	$ 75,968	52.57%	91.69%
2017	0.0034984%	$ 54,989	$ 108,347	50.75%	90.68%
2016	0.0034028%	$ 68,980	$ 100,156	68.87%	87.26%
2015	0.0031159%	$ 41,031	$ 94,763	43.30%	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 Contribution	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	$ 8,849	$ 8,849	-	$ 78,173	11.32%
2023	$ 9,398	$ 9,398	-	$ 79,573	11.81%
2022	$ 9,094	$ 9,094	-	$ 76,164	11.94%
2021	$ 8,864	$ 8,864	-	$ 74,244	11.94%
2020	$ 11,402	$ 11,402	-	$ 95,493	11.94%
2019	$ 8,435	$ 8,435	-	$ 73,819	11.43%
2018	$ 8,600	$ 8,600	-	$ 75,968	11.32%
2017	$ 12,265	$ 12,265	-	$ 108,347	11.32%
2016	$ 11,338	$ 11,338	-	$ 100,156	11.32%
2015	$ 10,727	$ 10,727	-	$ 94,763	11.32%

Data reported is measured as of September 30, 2024

FEDERAL REPORT

ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS
Zwygart John & Associates CPAs, PLLC
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Phone: 208-459-4649 ◆ FAX: 208-229-0404

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Deer Creek Highway District
White Bird, 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 fund information of Deer Creek Highway District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Deer Creek Highway District's basic financial statements and have issued our report thereon dated June 2, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Deer Creek Highway 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 Deer Creek Highway District's internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Creek Highway 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, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Deer Creek Highway District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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
June 2, 2025