EAST SIDE HIGHWAY DISTRICT

FINANCIAL STATEMENT
SEPTEMBER 30, 2024

East Side Highway District
September 30, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MAGNUSON • McHUGH • DOUGHERTY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Commissioners of
East Side Highway District
Coeur d'Alene, ID 83814

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of East Side Highway District, as of September 30, 2024, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 East Side Highway District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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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 GAS 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 GAS, 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 East Side Highway District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Side Highway District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and certain GASB No. 68 pension be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

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Required Supplementary Information (Concluded)

Management has omitted the 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 opinions on the basic financial statements are 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 March 6, 2025 on our consideration of East Side 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 East Side Highway District's internal control over financial reporting and compliance.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

March 6, 2025

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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

East Side Highway District

STATEMENT OF NET POSITION
September 30, 2024

ASSETS	
Cash and investments	$ 4,211,820
Receivables	668,186
Prepaid expenses	10,704
Land	338,348
Capital assets, net of accumulated depreciation	12,906,425
Total assets	18,135,483
DEFERRED OUTFLOWS OF RESOURCES	
Proportionate share of collective deferred outflows of resources	349,034
Total deferred outflows of resources	349,034
LIABILITIES	
Accounts payable	30,749
Accrued interest payable	668
Long-term debt:	
Compensated absences, due in more than one year	159,701
Net pension liability	1,192,699
Total liabilities	1,383,817
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-traffic mitigation fees	77,500
Total deferred inflows of resources	77,500
NET POSITION	
Net investment in capital assets	13,244,773
Restricted - highway user	107,549
Unrestricted	3,670,878
Total net position	$ 17,023,200

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

East Side Highway District

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

EXPENSES	
Highway construction and maintenance:	
Administrative	$ 407,019
Labor	1,751,182
Operations	627,748
Maintenance	2,025,078
Construction	207,560
Depreciation expense	1,124,592
Interest expense	1,336
Change in net pension liability	284,960
Unallocated actual PERSI contributions	(166,271)
Total program expenses	6,263,204
PROGRAM REVENUES	
Capital grants and donations of roads	156,557
Total program revenues	156,557
Net program (expense)	(6,106,647)
GENERAL REVENUES	
Taxes and assessments	1,686,793
Highway user	3,208,713
Federal forest funds	51,222
Sales tax	370,895
Other	122,240
Interest	183,516
Traffic mitigation fees	33,000
Penalty and interest	141
Total general revenues	5,656,520
Change in net position	(450,127)
Net position - beginning	17,445,534
Error correction	27,793
Restated fund balances	17,473,327
Net position - ending	$ 17,023,200

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

East Side Highway District

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

ASSETS		
Cash and investments	$	4,211,820
Receivables:		
Taxes		48,934
Sales tax		27,978
Governmental		443,919
Grant		6,253
Interest		16,062
Other		125,040
Prepaid expenses		10,704
Total assets	$	4,890,710
LIABILITIES		
Accounts payable	$	30,749
Total liabilities		30,749
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes		38,943
Unavailable revenue - traffic mitigation fees		77,500
Total deferred inflows of resources		116,443
FUND BALANCE		
Non-spendable		10,704
Restricted - highway user		107,549
Committed for road improvements		241,642
Unassigned		4,383,623
Total fund balance		4,743,518
Total liabilities, deferred inflows of resources and fund balance	$	4,890,710

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

East Side Highway District

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balances - Governmental funds, September 30, 2024		$ 4,743,518
Cost of capital assets, September 30, 2024	$ 25,304,976	
Less: Accumulated depreciation, September 30, 2024		
Roads and right of ways	(6,187,217)	
Buildings	(564,164)	
Licensed equipment	(2,409,151)	
Unlicensed equipment	(2,892,061)	
Shop tools/equipment	(7,610)	13,244,773
Elimination of unavailable inflows of resources - property taxes		38,943
Long-term liabilities at September 30, 2024		
Compensated absences	(159,701)	
Accrued interest payable	(668)	(160,369)
Pension liabilities/assets and deferred outflows of resources and deferred inflows of resources related to pensions:		
District's proportionate share of the net pension liability		(1,192,699)
Proportionate share of collective deferred outflows of resources		327,385
Proportionate share of collective deferred inflows of resources		21,649
Net position, September 30, 2024		$ 17,023,200

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

East Side Highway District

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2024

REVENUE		
Taxes and assessments	$	1,694,625
Highway user		3,208,713
Federal forest funds		51,222
Sales tax		370,895
Other		122,240
Interest		183,516
Federal and State grants		156,557
Traffic mitigation fees		33,000
Penalty and interest		141
Total revenues		5,820,909
EXPENDITURES		
Administrative		407,019
Labor		1,761,034
Operations		627,748
Maintenance		2,025,078
Construction		207,560
Capital outlay		921,949
Debt service:		
Principal payments		34,707
Interest		1,336
Total expenditures		5,986,431
Net change in fund balances		(165,522)
Fund balances - beginning		4,881,247
Error correction		27,793
Restated fund balances		4,909,040
Fund balances - ending	$	4,743,518

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

East Side Highway District

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Total net changes in fund balances for the year ended September 30, 2024	$	(165,522)
Add: Capital outlay, which is considered expenditures		921,949
Less: Depreciation expense		(1,124,592)
Add: Financing agreement and other debt payments considered as an expenditure		34,707
Add: Change in compensated absence accrual		9,852
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis		(7,832)
Less: Change in net pension liability		(118,689)
Change in net position for the year ended September 30, 2024	$	(450,127)

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

East Side Highway District (the "District") was formed in 1971 by an act of the State Legislature, consolidating nine highway districts and the Kootenai County Road Department into four county highway districts, separate from one another and independent of the county commissioners.

Reporting Entity – A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For East Side Highway District, this includes general operations.

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of debt, or the levying of taxes. The District has no component units.

The financial statements of East Side Highway District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below:

B. Basis of Presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

C. Basis of Presentation – fund financial statements

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only has the following fund type:

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The District has one governmental fund: the general fund.

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the State of Idaho.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

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

The District does not charge indirect expenses to programs or functions. Program revenues include charges for services and grants that are restricted to a particular function. Generally, restricted revenues are used first to pay expenses incurred when both restricted and unrestricted funds are available. Revenues that are not received from a specific purpose and classified as program revenues are reported as general revenues. These include all property taxes, entitlement revenue, investment earnings, etc.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. When applicable, the fair value of donated assets used during the year is reported in the operating statement as an expense with a like amount reported as donated assets revenue.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

In the general fund, cash received by the District is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements.

During the fiscal year ended September 30, 2024, investments were limited to the Idaho State Investment Pool and the Diversified Bond Fund. The Idaho State Investment Pool and Diversified Bond Fund are investment pools that allow districts within the State of Idaho to pool their funds for investment purposes. Investments in the Idaho State Investment Pool and Diversified Bond fund are valued at cost, which materially equals market value.

For presentation in the financial statements, investments in the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District, are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Capital and Intangible Assets

General capital and intangible assets usually result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements.

All capital and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Land and construction in process are not depreciated. The other listed capital and intangible assets are depreciated and amortized using the straight-line method over the following useful lives:

Description	Estimated Lives
Roads and right-of-ways	30 years
Buildings	40 years
Vehicles/trailers	10 – 20 years
Office equipment	5 years
Equipment	7 years
Improvements	10 – 15 years

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." All District employees accumulate time off with pay for vacation and illness each pay period. While sick hours are accrued at a uniform rate among all employees, vacation accrual is based on length of service. Vacation hours are payable to employees when used at the employee's current rate of pay. Any unused vacation hours will be paid for on September 30th of the year following that in which it was earned, and at the rate in which it was earned. Therefore, the employee's vacation bank cannot exceed their accrual rate by more than two years.

Sick leave accrual and end of employment payout: Sick leave can be accrued up to the maximum of 816 hours. Once the sick leave balance reaches between 720 – 816 hours, the employee has two options for the 96 hours that could be accrued during the year. Under both options, all unused sick leave will be compensated at either 33.33% or 41% of the balance at the current hourly rate. Once an employee signs the form choosing their option, it cannot be changed.

Payout Option 1: The amount of hours over 720 will be paid annually at 33.33%, and 33% of their sick leave balance when leaving the District's employment.

Payout Option 2: The amount of hours over 720 will be banked for the employee at a rate of 41% annually. When leaving the District's employment, the employee will receive 41% of their sick leave, plus the amount banked over the years.

The entire compensated absence liability is reported on the government-wide financial statements.

H. Accrued Liabilities and Long-term Obligations

All payables accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and traffic mitigation fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports deferred inflows of resources from two sources: traffic mitigation fees, and the proportionate share of collective deferred inflows of resources accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

J. Fund Balance

The District has adopted GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify, and report amounts in the appropriate fund balance classifications. The District’s accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of non-spendable, restricted, committed, assigned, or unassigned.

The District reports the following classifications:

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

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance (Concluded)

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

K. Fund Balance Flow Assumptions

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

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

L. Net Position Flow Assumptions

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Extraordinary and Special items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended September 30, 2024.

N. Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Property Taxes

The District's property tax is levied each November on the assessed value listed as of the prior September for all property located in the District. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and June.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 the 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.

(Continued)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was amended in the current fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The District publishes a proposed budget for public review.

b) Public hearings are set to obtain taxpayer comments.

c) Prior to October 1, the budget is adopted by resolution of the Board of Commissioners and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

NOTE 3: CASH AND INVESTMENTS

General:

State statutes authorize the District's investments and deposits. The District is authorized to invest in demand deposits, savings accounts, U.S. government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool, and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial credit risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the District's deposits and investments may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of September 30, 2024:

(Continued)

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Deposits without exposure to custodial credit risk:	
Amounts insured by FDIC or other agencies collateralized with securities held by the agency in the District's name	$ 250,000
Funds held in the District's name by the State Diversified Bond Fund	1,566,022
Funds Held in the District's name by the Idaho State Investment Pool	2,421,293
Total deposits without exposure to custodial credit risk	4,237,315
Deposits with exposure to custodial credit risk:	
Amounts not insured by FDIC	161,131
Total deposits with exposure to custodial credit risk	161,131
Total deposits	$ 4,398,446

Cash and cash equivalents at September 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 4,211,820
Total cash and investments	$ 4,211,820

Cash and investments at September 30, 2024 consist of the following:

Cash:	
Deposit with financial institutions	$ 224,505
Investments:	
State Diversified Bond Fund	1,566,022
Idaho State Investment Pool	2,421,293
Total cash and investments	$ 4,211,820

Fair value:

The District's investments in 2a-7-like pools are valued based upon the value of pool shares. The District invests in two 2a-7-like pool, the Idaho State Investment Pool and State Diversified Bond Fund. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool and State Diversified Bond Fund is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

(Continued)

NOTE 3: CASH AND INVESTMENTS (CONCLUDED)

The balance that the District has in the Idaho State Investment Pool is carried at cost which approximates fair market value.

The District considers funds held in the Idaho State Investment Pool to be cash equivalents, as the District is able to liquidate their account at any time.

Credit risk:

The Idaho State Investment Pool and the State Diversified Bond Fund does not have an established credit rating but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. The District does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

NOTE 4: GOVERNMENTAL RECEIVABLES

Governmental receivables consisted of the following as of September 30, 2024:

Highway user	$ 443,919
Total	$ 443,919

NOTE 5: OTHER RECEIVABLES

Traffic mitigation fee receivables – The District entered into Road Development Agreements with individuals (developers) for the purpose of requiring road improvements pursuant to a subdivision development. The individuals (developers) desire to record a subdivision plat of real property dedicating public right-of-way and providing for certain road improvements. The developer agrees to construct road improvements as required pursuant to applicable Highway District Standards, provided, however, that in lieu of such construction, agree to pay $3,500 for each lot owned to the District for road improvements and full satisfaction of any obligation to construct the improvements, or when any portion of said lots are sold, or otherwise conveyed. If the lots are not sold within five (5) years of the date of the recording of the plat, the developer agrees to immediately pay any balance due for the unsold lots in cash to the District for the improvements. The amount due relating to these traffic mitigation fees as of September 30, 2024, amounted to $77,500. These receivables and related deferred revenue will be recognized as income when the fees are received, or the lots are sold.

(Continued)

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 338,348	$ -	$ -	$ -	$ 338,348
Construction in progress	173,940	34,037	-	(207,977)	-
Total, capital assets not being depreciated	512,288	34,037	-	(207,977)	338,348
Capital assets, being depreciated:					
Roads and right of ways	15,817,526	54,913	-	-	15,872,439
Buildings	1,487,218	-	-	207,977	1,695,195
Licensed equipment	3,141,321	805,799	-	-	3,947,120
Unlicensed equipment	3,413,664	27,200	-	-	3,440,864
Shop tools/equipment	11,010	-	-	-	11,010
Total capital assets being depreciated	23,870,739	887,912	-	207,977	24,966,628
Less accumulated depreciation for:					
Roads and right of ways	5,488,006	699,211	-	-	6,187,217
Buildings	523,998	40,166	-	-	564,164
Licensed equipment	2,161,207	247,944	-	-	2,409,151
Unlicensed equipment	2,755,390	136,671	-	-	2,892,061
Shop tools/equipment	7,010	600	-	-	7,610
Total accumulated depreciation	10,935,611	1,124,592	-	-	12,060,203
Capital assets, being depreciated, net	12,935,128	(236,680)	-	207,977	12,906,425
Governmental activities capital assets, net	$13,447,416	$ (202,643)	$ -	$ -	$ 13,244,773

Depreciation expense of $1,124,592 for the year ended September 30, 2024, was charged to the highway construction and maintenance governmental function.

NOTE 7: FINANCING AGREEMENT PAYABLE

On February 12, 2018, the District entered into a debt financing agreement for a 2017 Caterpillar Motor Grader with repayment terms of three yearly payments of $43,622.87 and a balloon payment of $135,000 at an interest rate of 3.95%. In addition, the District made a down payment of $17,500.

On March 17, 2021, the District refinanced the above agreement with terms of four yearly payments of $36,042.50 at an interest rate of 3.85% due on April 1st. As of September 30, 2024, the finance agreement fully matured.

(Continued)

NOTE 8: CHANGES IN LONG-TERM DEBT

	Beginning Balance	Issued	Retired	Ending Balance	Amount due in one year
Compensated absences	$169,553	$ -	$ (9,852)	$ 159,701	$ -
Financing agreement payable	34,707	-	(34,707)	-	-
Total general long-term debt	$204,260	$ -	$ (44,559)	$ 159,701	$ -

NOTE 9: DEFINED BENEFIT PENSION PLANS

Plan Description

The East Side 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 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.

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 and earnings from investments. 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. The East Side Highway District contributions were $166,271 for the year ended September 30, 2024.

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

At September 30, 2024, the East Side 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. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was 0.03188485 percent.

For the year ended September 30, 2024, the District recognized pension expense (revenue) of $284,960. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,649	$ -
Changes of assumptions	47,249	-
Net difference between projected and actual earnings on pension plan investments	189,889	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	60,293	-
East Side Highway District's contributions subsequent to the measurement"	29,954	-
Total	$ 349,034	$ -

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

$29,954 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, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2022, the beginning of the measurement period ended June 30, 2023, is 4.6 and 4.4 years for the measurement period June 30, 2024.

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

Year ended September 30:	
2025	58,867
2026	222,382
2027	(38,349)
2028	(27,411)

Actuarial Assumptions

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

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost-of-living (COLA) adjustments	1.00%

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions (Concluded)

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.

	2024	
Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100%	100%

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLANS (CONCLUDED)

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%)
District's net pension liability (asset)	$ 2,266,500	$ 1,192,699	$ 315,678

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

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

Payables to the Pension Plan

At September 30, 2024, the East Side Highway District reported no payables to the defined benefit pension plan for legally required employer contributions. The East Side Highway District also reported no legally required employee contributions withheld from employee wages but not yet remitted to PERSI.

NOTE 10: RISK MANAGEMENT

The East Side Highway District Commissioners have entered into contract with an outside provider to administer a Cafeteria Plan for employees to help offset rising health care premiums.

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District contracts with an insurance company for property insurance and general liability insurance.

(Continued)

NOTE 10: RISK MANAGEMENT (CONCLUDED)

The District minimizes losses that could arise from the first two risks by purchasing commercial insurance through the Idaho Counties Risk Management Program (ICRMP), a public risk pool in which ICRMP acts as an underwriter and collector or premiums paid by the pool's participants.

An outside insurance company protects professional liability with a $2,000,000 liability and a $3,000,000 umbrella. Errors and omissions liability has a $2,000,000 liability with $2,000,000 in the aggregate annually per insured. Additionally, crime, boiler and machinery insurance is maintained. Automobile liability has a $2,000,000 single limit of liability.

The District minimizes losses from the third risk by participating in the State of Idaho's Workers' Compensation System. The Workman's Compensation Insurance Policy is a retrospectively rate policy. The current premiums are expended as paid and no provision is made for any adjustments that may arise as a result of an audit of the policy. The District pays the State Worker's Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs.

Settlements have not exceeded insurance coverage for each of the past three years.

NOTE 11: FUND BALANCE RESTRICTIONS AND DESIGNATIONS

The District maintains $241,642 in committed funds from traffic mitigation fees designated for various road improvements. The District also maintains $107,549 in restricted highway user funds.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Grant Funds:

FLAP Yellowstone Trail Road (Federal): Segment 1 is a $9M dollar project. We expect construction in 2026-2027, and our match is $515K.

Gravel Roads Program (State): This will be an ongoing grant pursuit because a number of our gravel roads fail to meet minimum standards. Having an adequate road base is a vital component to a successful Road Stabilization Program.

Bridges:

The Leading Idaho Local Bridge Program (LILB) is funding the removal of Springston Bridge. LHTAC is administering the project and has started design. The State does not require a match contribution. The removal is estimated at $1M.

We are approved for LILB funding to replace the Canyon Road Bridge with no match requirement. Construction may start in 2026, depending on several factors. LHTAC is administrating this project. The construction is estimated at $13M.

(Continued)

NOTE 12: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Bridges (Concluded):

Miscellaneous Bridges: Scour repair by District crews is planned for the Frontage Road Bridge over Wolf Lodge Creek, pending low water conditions. The maintenance work for LaTour Creek, Dudley Creek, and Bull Run bridges will most likely be contracted. We anticipate spending about $135K on these projects. These projects are completely dependent on legislative funding. Pipe arches will replace failing bridges or culverts on South Benewah Road ($40K), Wolf Lodge Creek Road ($100K), and Fern Creek ($68K) over the next 2-4 years.

Road Stabilization Program: The District's program to apply road stabilization products to selected roads continues. The District has addressed material cost increases through several strategies, including purchasing products via railcar, adjusting shot rates, acquiring our own tanker trailer, and modifying equipment to enable in-house product application. This product functions at an optimal level when applied to an appropriate roadbed, and to avoid wet season slimy type conditions, we need to advance the gravel application prior to applying this product.

Maintenance Programs: Surfacing applications on the following roads in the 2025 - 2026 construction season:

Chipseal: 23.25 Miles

Road	Feet	Cost (anticipated)
Yellowstone Trail	4,855	$17,195
French Gulch Road	9,165	$41,956
Fernan Hill Road	3,601	$15,217
Galena	1,200	$5,071
Hill	1,800	$7,606
Carlin Bay Road	21,206	$97,724
Stowe	260	$1,144
Burma Road	22,000	$101,383
O'Gara Road	38,900	$151,548
Medimont Road	9,870	$22,312
Wolf Lodge (Frontage)	4,600	$20,248

Overlays: 3.75 Miles

Road	Segment	Feet	Cost (anticipated)
Yellowstone Trail	E. Bonnell to Landings	7,510	$301,062
Yellowstone Trail	Top/Gravel to Wolf Lodge	6,600	$264,582
Springview	Partial edge mill	1,420	$77,625
Lilly	Mill +2"	616	$16,035
Gunnison	Gutter, mill, overlay	662	$30,157
Royal Ann	Level + 2"	793	$36,125
Cherry Hill	Edge mill + overlay	1,140	$44,513
Johnson	Overlay edge	1,080	$49,199

(Continued)

NOTE 12: COMMITMENTS AND CONTINGENCIES (CONCLUDED)

Equipment Program: The District continues to replace aged equipment. Some equipment purchases are in process and/or ordered with pending delivery over a five-year period. Financing options will be discussed and determined in the budgeting process. Further replacements depend on ongoing General Fund appropriations by the State Legislature. The cost of equipment has risen significantly due to inflation.

Expected future equipment purchases:

- WS47, plow, wing, and sander $385,000
- WS47 single axel, plow, wing, and deicer $430,000
- F550 upfitting $100,000
- Miscellaneous unlicensed $26,523

NOTE 13: ERROR CORRECTION

During the year ended September 30, 2024, the District restated beginning fund balance in the Governmental Funds and beginning net position in the Government Wide Statement of Activities to properly record sales tax receivable in the prior year, in the amount of $27,793.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

East Side Highway District

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance With Final Budget
REVENUES				
Taxes and assessments	$ 1,641,564	$ 1,641,564	$ 1,694,625	$ 53,061
Transfer to Cities - property taxes	75,045	75,045	-	(75,045)
Highway user	2,404,537	3,424,108	3,208,713	(215,395)
Federal forest funds	50,000	51,222	51,222	-
Sales tax	379,955	382,066	370,895	(11,171)
Other	75,220	86,254	122,240	35,986
Interest	80,000	135,000	183,516	48,516
Federal and State grants	133,780	864,356	156,557	(707,799)
Traffic mitigation fees	7,500	25,500	33,000	7,500
Penalty and interest	12,500	12,500	141	(12,359)
Total revenues	4,860,101	6,697,615	5,820,909	(876,706)
EXPENDITURES				
Administrative	411,010	436,265	407,019	29,246
Labor	1,820,411	1,849,761	1,761,034	88,727
Operations	645,070	765,070	627,748	137,322
Maintenance	1,815,500	2,741,500	2,025,078	716,422
Construction	61,280	258,755	207,560	51,195
Capital expense	391,500	947,052	921,949	25,103
Transfer to Cities	75,045	75,045	-	75,045
Debt service:				
Principal payments	34,706	36,043	34,707	1,336
Interest	1,336	-	1,336	(1,336)
Total expenditures	5,255,858	7,109,491	5,986,431	1,123,060
Net change in fund balances	(395,757)	(411,876)	(165,522)	246,354
Fund balances - beginning	1,273,063	2,256,678	4,881,247	2,624,569
Error correction	-	-	27,793	27,793
Restated fund balances	1,273,063	2,256,678	4,909,040	2,652,362
Fund balances - ending	$ 877,306	$ 1,844,802	$ 4,743,518	$ 2,898,716

East Side Highway District

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2024

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

	2024	2023
Employer's portion of the net pension liability	0.0318849%	0.0288092%
Employer's proportionate share of the net pension liability (asset)	$ 1,192,699	$ 1,149,679
Employer's covered-employee payroll	$ 1,462,081	$ 1,350,462
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	81.58%	85.13%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%

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

Data reported is measured as of June 30, 2024 (measurement date).

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

	2024	2023
Statutorily required contribution	$ 166,271	$ 158,660
Contributions in relation to the statutorily required contribution	166,271	158,660
Contribution deficiency (excess)	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ 1,462,081	$ 1,350,462
Contributions as a percentage of covered-employee payroll	11.37%	11.75%

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

Data reported is reported as of September 30, 2024.

2022	2021	2020	2019	2018	2017	2016	2015
0.0309385%	0.0299346%	0.0321949%	0.0325622%	0.0307341%	0.0307550%	0.0298796%	0.0314047%
$ 1,218,592	$ (23,642)	$ 747,608	$ 371,688	$ 453,333	$ 483,416	$ 605,705	$ 413,549
$ 1,250,240	$ 1,122,932	$ 1,165,060	$ 1,111,474	$ 1,019,292	$ 962,541	$ 889,112	$ 876,246
97.47%	-2.11%	64.17%	33.44%	44.48%	50.22%	68.12%	47.20%
83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

2022	2021	2020	2019	2018	2017	2016	2015
$ 149,279	$ 134,079	$ 139,108	$ 127,511	$ 115,384	$ 108,960	$ 100,647	$ 99,191
149,279	134,079	139,108	127,511	115,384	108,960	100,647	99,191
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 1,250,240	$ 1,122,932	$ 1,165,060	$ 1,111,474	$ 1,019,292	$ 962,541	$ 889,112	$ 876,246
11.94%	11.94%	11.94%	11.47%	11.32%	11.32%	11.32%	11.32%

REPORT REQUIRED BY GAO

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*

INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Commissioners of
East Side Highway District
Coeur d'Alene, ID 83814

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities and each major fund of East Side Highway District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise East Side Highway District's basic financial statements, and have issued our report thereon dated March 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Side Highway District's internal control over financial reporting (internal control) as a basis for designing 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 East Side Highway District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Side 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 East Side Highway District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Side 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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* (CONCLUDED)

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 East Side Highway District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Side Highway District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

March 6, 2025

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