HAGERMAN HIGHWAY DISTRICT NO. 3
Hagerman, Gooding County, Idaho

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners

Hagerman Highway District No. 3
Hagerman, Idaho

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and fund information of Hagerman Highway District No. 3 (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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and fund information of the District, as of September 30, 2024, the respective changes in cash basis financial position, and the budgetary comparison for the general fund for the year then ended in accordance with the cash basis of accounting described in Note 1.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's 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 the District's internal control over financial reporting and compliance.

Coleman, Lopes & Co pllc

January 13, 2025

HAGERMAN HIGHWAY DISTRICT NO. 3
HAGERMAN, GOODING COUNTY, IDAHO
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET - CASH BASIS
SEPTEMBER 30, 2024

	Governmental Funds Governmental Activities	Adjustments	Statement of Net Position
ASSETS:			
Cash and Equivalents	$ 1,035,418	-	$ 1,035,418
Total Assets	1,035,418	-	1,035,418
FUND BALANCE/NET POSITION:			
Fund Balance:			
Unassigned	1,035,418	(1,035,418)	
Total Fund Balance	1,035,418	(1,035,418)	
NET POSITION:			
Unrestricted		1,035,418	1,035,418
Total Net Position		$ 1,035,418	$ 1,035,418

(The notes to the financial statements are an integral part of this statement)

HAGERMAN HIGHWAY DISTRICT NO. 3
HAGERMAN, GOODING COUNTY, IDAHO
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - CASH BASIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Governmental Funds		Statement of
	General Fund	Adjustments	Activities
CASH DISBURSEMENTS:			
Salaries & Wages	$ 146,424	$ -	$ 146,424
Payroll Taxes	11,201	-	11,201
Employee Benefits	23,119	-	23,119
Fuel	18,151	-	18,151
Grant Expense	2,000,000	-	2,000,000
Road Maintenance	331,174	-	331,174
Repairs and Maintenance	21,117	-	21,117
Utilities	5,664	-	5,664
Administration	7,185	-	7,185
Miscellaneous	12,109		12,109
Professional Fees	10,082	-	10,082
Insurance	13,690	-	13,690
Debt Service:		-	
Principal	48,023	-	48,023
Interest	3,096	-	3,096
Total Cash Disbursements	2,651,035	-	2,651,035
GENERAL RECEIPTS:			
Property Taxes	188,240	-	188,240
Penalty & Interest on Delinquent Tax	651	-	651
Highway User Receipts	688,443	-	688,443
Sales Tax	22,936	-	22,936
Revenue in Lieu of Taxes	4,201	-	4,201
Grant Income	2,000,000	-	2,000,000
Investment Redemption	160,552	-	160,552
Earnings on Investments	85,299	-	85,299
Miscellaneous Receipts	14,059	-	14,059
Total General Receipts	3,164,381	-	3,164,381
Excess (Deficiency) of Receipts Over (Under) Disbursements	513,346	-	513,346
FUND BALANCE/NET POSITION:			
Beginning of the year	522,072	-	522,072
End of the year	$ 1,035,418	$ -	$ 1,035,418

(The notes to the financial statements are an integral part of this statement)

HAGERMAN HIGHWAY DISTRICT NO. 3
HAGERMAN, GOODING COUNTY, IDAHO
BUDGETARY COMPARISON STATEMENT - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	2024		Variance
	Original/Final Budget	Actual (Budget Basis)	Favorable (Unfavorable)
RECEIPTS:			
Property Taxes	$ 217,524	$ 188,891	$ (28,633)
Highway Users Receipts	518,302	688,443	170,141
Sales Tax	-	22,936	22,936
Revenue in Lieu of Taxes	3,833	4,201	368
Earnings on Investments	28,000	85,299	57,299
LHTAC Grant Funds	2,000,000	2,000,000	-
Carryover	86,962	-	(86,962)
Miscellaneous Receipts	500	14,059	13,559
Investment Redemption	-	160,552	160,552
Total General Revenues	2,855,121	3,164,381	309,260
DISBURSEMENTS:			
Salaries and Wages	141,980	146,424	(4,444)
Payroll Taxes	-	11,201	(11,201)
Employee Benefits	34,000	23,119	10,881
Fuel	-	18,151	(18,151)
Grant Expense	2,000,000	2,000,000	-
Road Maintenance	323,000	331,174	(8,174)
Repairs and Maintenance	137,680	21,117	116,563
Utilities	6,825	5,664	1,161
Professional Fees	24,400	10,082	14,318
Administration	11,000	7,185	3,815
Insurance	7,423	13,690	(6,267)
Miscellaneous	-	12,109	(12,109)
Capital Outlay	81,851	-	81,851
Carryforward	86,962	-	86,962
Debt Service:			
Principal	-	48,023	(48,023)
Interest	-	3,096	(3,096)
Total Expenditures	2,855,121	2,651,035	204,086
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	513,346	513,346
FUND BALANCE/NET POSITION:			
Beginning of the year	522,072	522,072	-
End of the year	$ 522,072	$ 1,035,418	$ 513,346

(The notes to the financial statements are an integral part of this statement)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY – The Hagerman Highway District No. 3 (the "District") is a Highway District consisting of patrons from portions of Gooding County. The Board of Commissioners (the "Board"), a three-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to road and bridge construction and maintenance within the jurisdiction of the local independent highway district. The District receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the governmental entity. The District's funds are grouped into one governmental fund for financial statement presentation purposes. The District has no other funds.

The statement of activities demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function. *Program receipts* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program receipts are reported instead as *general receipts.*

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION – The government-wide and governmental fund financial statements are presented in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of American (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position or fund balances arising from cash transactions are reported in the statements of net position

and balance sheet. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash basis presentation.

The District reports the following major governmental funds:

> *General Fund* - The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

Amounts reported as *program receipts* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts. Likewise, general receipts include all taxes.

Governmental fund balances and net position are equal to cash and cash equivalent balances. 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. The District classifies and reports 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 assignments of nonspendable,
restricted, committed, assigned or unassigned. The District permits funds to be expended in the following order: Nonspendable, Restricted, Committed, Assigned and Unassigned. The District reports the following classifications:

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

Cash and Cash Equivalents

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

State statute authorizes the District to invest in any securities of the state or the United States or in time certificates of deposit of authorized public depositories.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION – Annual budgets are adopted on a basis consistent with the cash basis of accounting for the general fund. All annual appropriations lapse at fiscal year end.

The Board of Commissioners follows these procedures in establishing the budgetary data reflected in the financial statements:

1) At least 28 days prior to the levy election, the District publishes a proposed budget for public review.
2) Public hearings are set to obtain taxpayer comments.
3) At least 14 days prior to the levy election, the final budget is adopted by resolution of the board and published.
4) Prior to September 7, the final budget is filed with the county commissioners.
5) At least 120 days prior to the close of the fiscal year, a revised budget is prepared, adopted and published reflecting updated information received through that date. This is also filed with the county.

Fund	Budgeted Appropriations (Expenditures)
General	$ 2,855,121

Uncommitted appropriations lapse at year-end and commitments are reappropriated in the next year's budget.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Following is a summary of the District's deposit and investment balances as of September 30, 2024:

	Cash and Investments
Bank Deposits – Insured	250,000
Bank Deposits – Uninsured	3,463
Local Growth Investment Pool	781,955
Certificate of Deposit – Uninsured	307,383
Total $	1,342,801

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not

have a deposit policy for custodial credit risk. As of September 30, 2024, $310,846 of the District's bank balance of $1,342,801 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Certificates of Deposit – The certificates of deposit are considered investments due to the original maturities exceeding three months from the date of acquisition. As they are not considered cash, they are not included in the statement of net position.

Local Growth Investment Pool - The District invests in the State of Idaho's Local Growth Investment Pool (LGIP). The Idaho State Treasurer's Office is the custodian for the cash and investments in the pool and is responsible for managing the custodial credit risk associated with its bank deposits. Idaho statutes authorize highway districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, repurchase agreements, interest -bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in State depositories, accounts in financial institutions and the LGIP. Hagerman Highway District has adopted an investment policy that Complies with State statutes.

The LGIP is invested in accordance with Idaho Code 67-1210 and 67-1210A. The State Treasurer is a custodian of the LGIP and no other regulatory oversight for the pool is established. The District's monies placed with the LGIP for participation in the State's investment pool represent an interest in the pool rather than ownership of specific securities and are recorded at fair value totaling $781,955 as of September 30, 2024.

Interest Rate Risk - The district has an investment policy that limits the maturities on individual investments to no more than one year. Approval is required by the District's Board prior to any investment exceeding one year. The District investment policy limits investments to areas prescribed by Idaho Code 67-1210 and 67-1210A.

Credit Risk - The investments of the District are not rated and the District does not have a policy regarding rated investments except for those expressly stated in Idaho Code 67-1210A.

Concentration of Credit Risk - When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The District has no policy limiting the amount it may invest in any one issuer.

B. PROPERTY TAX

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. The lien date is effective January 1

of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2023, upon which the 2023 levy was based, was $322,157,486.

Under Idaho Code Section 40-801 the District's maintenance and operation levy may not exceed .2% of the actual or adjusted market value for assessment purposes as of December 31 of the previous year. The District's actual levy was 0.0618384% of the total District adjusted market valuation.

Taxes are due in two equal installments on December 20 and June 20 following the levy date.

Note 4: OTHER INFORMATION

A. RISK MANAGEMENT

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 for which the District carries commercial insurance. Amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 5: PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of July 1, 2023, it was 6.71% for general employees and 9.83% for police and firefighters. As of July 1, 2024, it was 7.18% for general employees and 10.83% for police and firefighters. 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 as of July 1, 2023 and 11.96% for general employees and 14.65% for police and firefighters as of July 1, 2024. The District's contributions were $15,961 for the year ended September 30, 2024.

NOTE 6: SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 13, 2025, the date on which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Hagerman Highway District No. 3
Hagerman, 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 fund information of Hagerman Highway District No. 3 (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 and have issued our report thereon dated January 13, 2025,. The financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-01 and 2024-02 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Coleman, Lopes & Co pllc

January 13, 2025

HAGERMAN HIGHWAY DISTRICT NO. 2

HAGERMAN, GOODING COUNTY, IDAHO

SCHEDULE OF FINDINGS AND RESPONSES

SEPTEMBER 30, 2024

Finding 2024-01 – Segregation of Duties

Criteria	A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping and reconciliation functions.
Condition	The District does not separate duties in the accounting department.
Cause	There is only one office employee.
Effect	Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.
Recommendation	While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, recordkeeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.
Views of Responsible Officials	The District agrees that having an internal control system over financial reporting is an important part of the District's overall internal control process. The District has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended September 30, 2024.

HAGERMAN HIGHWAY DISTRICT NO. 2

HAGERMAN, GOODING COUNTY, IDAHO

SCHEDULE OF FINDINGS AND RESPONSES

SEPTEMBER 30, 2024

Finding 2023-02 – Preparation of Financial Statements and Adjustments

Criteria	A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements, and the ability to internally prepare their financial statements.
Condition	The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the District's financial statements and accompanying notes to the financial statements and related adjustments.
Cause	The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.
Effect	The financial disclosures in the financial statements could be incomplete.
Recommendation	This circumstance is not unusual in a District this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.
Views of Responsible Officials	The District agrees that having an internal control system over financial reporting is an important part of the District's overall internal control process. The District has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended September 30, 2024.