MINIDOKA COUNTY HIGHWAY DISTRICT
RUPERT, IDAHO

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

GARALD PRICE & ASSOCIATES, PLLP

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Minidoka County Highway District

Opinions

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

In our opinion, except for the effects of the matter discussed in the Required Supplementary Information paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of Minidoka County Highway District, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Minidoka County 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 Minidoka County Highway District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Minidoka County 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 Minidoka County 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

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 opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The statistical section is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024, on our consideration of the district's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Minidoka County Highway District's internal control over financial reporting and compliance.

Price Dayley & Associates PLLP

Price, Dayley & Associates, PLLP
Burley, ID 83318
February 11, 2025

Minidoka County Highway District
Statement of Net Position
As of September 30, 2024

	Governmental Activities
ASSETS AND DEFERRED OUTLFOWS OF RESOURCES	
Current assets	
Cash, cash equivalents, and investments	$ 5,703,602
Property taxes receivable	44,431
Total current assets	5,748,033
Non-current assets	
Land and improvements	659,490
Buildings and improvements	373,464
Construction equipment	3,701,457
Transportation equipment	2,494,450
Roads and bridges	27,195,495
Signs	289,548
Less accumulated depreciation	(18,540,219)
Total non-current assets	16,173,685
Total assets	21,921,718
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outlflows - pensions	199,630
Total assets and deferred outflows of resoources	$ 22,121,348
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current liabilities	
Accounts payable	$ -
Accrued compensation	32,979
Accrued interest payable	-
Total current liabilities	32,979
Non-current liabilities	
Net pension liability	834,624
Total liabilities	867,603
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	15,150
NET POSITION	
Invested in capital assets, net of related debt	16,173,685
Restricted	
Road and bridge maintenance and construction	5,064,910
Unrestricted	-
Total net position	21,238,595
Total liabilities, deferred inflows of resources and net position	$ 22,121,348

The accompanying notes are an integral part of this basic financial statements

Minidoka County Highway District

Statement of Activities

As of September 30, 2024

Functions/Programs	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Assets: Primary Government Governmental Activities
Governmental activities:					
Salaries and benefits	$ 1,631,022	$ -	$ -	$ -	$ (1,631,022)
Administrative expense	158,637	-	-	-	(158,637)
Maintenance and repairs	3,247,441	-	-	-	(3,247,441)
Depreciation	788,642	-	-	-	(788,642)
Total governmental activities	$ 5,825,742	$ -	$ -	$ -	$ (5,825,742)

General Revenue:	
Taxes:	
Property taxes, levied for general purpose	$ 1,998,488
Highway users	3,055,009
Sales tax	686,270
Other	2,936,621
Proceeds from sale of assets	85,000
Investment and investment earnings	229,236
Total general revenues	8,990,624
Change in net position	3,164,882
Net position beginning	18,073,713
Net position ending	$ 21,238,595

The accompanying notes are an integral part of this basic financial statements

Minidoka County Highway District
Balance Sheet - Governmental Funds
As of September 30, 2024

		General Fund
ASSETS:		
Cash, cash equivalents, and investments	$	5,703,602
Property taxes receivable		44,431
Total assets		5,748,033
DEFERRED OUTFLOW OF RESOURCES:		-
Total assets and deferred outflow of resources	$	5,748,033
LIABILITIES:		
Accounts payable	$	-
Accrued salaries and benefits		-
Total Liabilities		-
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes		40,806
Total liabilities and deferred inflows of resources	$	40,806
FUND BALANCES:		
Committed for:		
Budgeted use of funds	$	5,707,228
Assigned		-
Unassigned		-
Total fund balance		5,707,228
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$	5,748,033

The accompanying notes are an integral part of this basic financial statements

Minidoka County Highway District

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

As of September 30, 2024

	General Fund
Revenues:	
Property taxes	$ 1,995,711
Highway users	3,055,008
Sales tax	686,271
Investment interest	229,236
Other	2,936,621
Total Revenues	8,902,847
Expenditures:	
Current:	
Public ways and facilities	
Salaries and benefits	1,564,148
Administrative expense	158,636
Maintenance and repairs	3,162,442
Debt Service:	
Principal	-
Interest	-
Infrastructure improvements	338,860
Capital outlays	482,875
Total Expenditures	5,706,961
Excess (Deficiency) of Revenues over Expenditures	3,195,886
Fund Balances, beginning	2,511,341
Fund Balances, ending	$ 5,707,228

The accompanying notes are an integral part of this basic financial statements

Minidoka County Highway District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

As of September 30, 2024

Total Governmental Fund Balance		$ 5,707,228
Amount reported for governmental activities in the Statement of Net are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental capital assets	34,713,904	
Less accumulated depreciation	(18,540,219)	
		16,173,685
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes and special assessments		40,806
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued compensation	(32,979)	
Accrued interest	-	
Net pension liability	(834,624)	
		(867,603)
Deferred outflows and inflows or resources related to pension are applicable to future periods and, therefore, not reported in the funds		
Deferred outflows of resources related to pension expense		199,630
Deferred inflows of resources related to pensions		(15,150)
Net Position of Governmental Activities		$ 21,238,595

The accompanying notes are an integral part of this basic financial statements

Minidoka County Highway District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

As of September 30, 2024

Net change in fund balances - total governmental funds		$ 3.195.886
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlay & infrastructure improvements as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	736.735	
Less current year depreciation	(788.642)	
Asset deletions	(156.670)	
Deletions of accumulated depreciation	156.670	
Gain or (loss) on sale of assets	85.000	
		33.093
Repayment of long-term debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Compensated absences current year	(32.979)	
Compensated absences prior year	25.274	
Lease retirement	-	
		(7.705)
Some property taxes will not be collected for several months after the District's fiscal year end. They are not considered available revenues in the governmental funds, but are recorded as deferred tax revenues. However, they are recorded as revenues in the Statement of Activities.		
The amount of deferred property taxes in the current year	40.806	
The amount of deferred property taxes in the prior year	(38.030)	
Net increase (decrease) in revenues for property taxes		2.776
In the governmental funds, pension contributions are considered expenditures while on the statement of activities the contributions are considered a deferred outflow.		
The amount of pension contributions in the current **year**	199.630	
The amount of pension contributions in the prior **year**	(338.661)	
		(139.031)
In the governmental funds, employer pension obligations are considered revenues while on the statement of activities the employer pension obligations are considered a deferred inflow.		
The amount of pension obligations in the current **year**	(15.150)	
The amount of pension obligations in the prior year	-	
		(15.150)
In the governmental funds, benefits earned net of employee contributions are not recognized as a revenue or as an expense.		
The amount of plan pension in the current year	(834.624)	
The amount of plan pension in the prior year	929.637	
		95.013
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities interest expense is		
The amount of accrued interest in the current year	-	
The amount of accrued interest in the prior year	-	
		-
Change in net position in governmental activities		$ 3.164.882

The accompanying notes are an integral part of this basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

GARALD PRICE & ASSOCIATES, PLLP

Note 1 – Summary of Significant Accounting Policies

Minidoka County Highway District (MCHD) was organized to have exclusive general supervision and jurisdiction over all highways within their district, with full power to construct, maintain, repair, and improve all highways within the district, whether directly by their own agents and employees or by contract; and except as otherwise provided.

The accompanying financial statements of MCHD have been prepared in conformity to generally accepted accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing accounting and financial reporting principles.

Financial Reporting Entity

The financial reporting entity, in conformity with GASB Statement 14 and 39, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. All entities associated with primary government are considered potential component units.

MCHD is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of the other state or local governments. Furthermore, there are no component units combined with MCHD financial statements because no organizational entities associated with MCHD are financially accountable and controlled by the elected governing board.

Government-Wide and Fund Financial Statements

The government-wide financial statements, which consist of the Statement of Net Position and the Statement of Activities, report information on all non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Primary government activities are to distinguish between the governmental and business type activities. *Governmental activities* generally are financed by taxes, intergovernmental revenues, and other nonexchange revenues. Governmental activities are reported separately from *business-type activities,* which are financed in whole or in part by fees and charges to external parties for goods and services.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting,* as is the fiduciary fund financial statement. 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 grantor or provider have been met. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, MCHD considers revenues to be available if they are collected within 30 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 resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

Property taxes, state aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues also arise when resources are received by MCHD before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and property taxes for which there is an enforceable legal claim for the fiscal year, have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the government fund financial statements.

Pensions - For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MCHD reports the following major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Restricted and unrestricted resources

When both restricted and unrestricted resources are available for use, it is MCHD's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

MCHD considers all highly liquid investments with a maturity of three months or less from the date of acquisition to be cash equivalents.

Investments

Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool (LGIP). State statute authorizes MCHD to invest in obligations of the U.S. Treasury, the State of Idaho, or county, city or other taxing district of the State of Idaho, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair value which approximates market value.

Investment Income

Investment income is composed of interest and net changes in the fair market value of applicable investments. Investment income is reported as earnings on investment in the fund financial statements.

Receivables

Receivables as stated in the balance sheet are considered collectible by the Board of Commissioners; accordingly, an allowance for uncollectible accounts is not considered necessary nor is one applied to receivables.

Property Taxes

Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of the property. In addition, the county maintains all the records and is responsible for remitting property tax amounts to the various taxing entities within the county boundaries.

All real property is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. Taxes on real property are a lien on the property and attach on July 1, of the year for which the taxes are levied.

Taxes on property for the county are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20. Twelve percent APR interest is charged, and two

percent penalties are assessed if a taxpayer fails to pay an installment on the due date. After a three-year waiting period, a tax deed is issued conveying the property to the county with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest, and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of taxation. The major classifications of personal property are commercial, mobile homes, marine, aircraft, and agricultural.

MCHD's property tax is levied each September on the market value as of December 1st of the prior calendar year. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as 'due to/due from' other funds.

Capital Assets

Capital assets include land and improvements, buildings and improvements, vehicles, furniture, equipment, and construction in progress. Infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Both are reported in the government–wide financial statements.

Capital assets are defined by MCHD as assets with an initial, individual cost of more than $25,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Included are ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets are recorded at the *acquisition value* plus ancillary charges at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets are depreciated using the straight-line method over the estimated useful life using the following as a guideline:

Buildings and improvements	50-75 years
Vehicles, furniture, and equipment	10-20 years
Infrastructure improvements	50-75 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

Accumulated unpaid vacation, sick pay and other employee benefit amounts are accrued when incurred.

Sick pay is contingent upon being sick. As of September 30, 2024, accumulated sick pay is $346,812.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets.

Contracts Payable - The long-term liability payments for MCHD's contracts payable are recorded in the Governmental Funds as expenditures.

Pensions

MCHD participates in the Public Employee Retirement System of Idaho (PERSI). PERSI is a multiple employer retirement plan with cost-sharing arrangements shared equally. All risks and costs, including benefit costs, are shared proportionately by the participating entities.

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions form Base Plan's fiduciary net position have been determined on the same basis as they 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.

Net Position

In the fund financial statements and government-wide statements, government funds report reservations of net assets for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

Other Activities – are funds from grants that are carried over into the next fiscal year without stipulation as to the time when funds must be expended. However, these funds have specific uses restricted by the grant award.

Government-Wide Financial Statements – MCHD reports net position in three categories –

Invested in capital assets – These amounts consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – These amounts consist of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – These amounts are the net amount of the assts, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of the net position.

Reserved balances reported are:
The government-wide statement of net position reports $21,238,595 net position, of which $16,173,685 is reported as Invested in capital assets, net of related debt. Also, reported as restricted of $5,064,910 for Road and bridge maintenance and construction.

Fund Balance Reporting

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which enhances the usefulness of fund balance information by providing a clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Fund Financial Statements – The District has adopted GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which redefines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balance as presented below:

Non-Spendable – These funds include amounts that cannot be spent because they are either not spendable or legally or contractually required to be maintained intact. The "not spendable for" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. Also included are long-term amounts of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification rather than non-spendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted – These funds are governed by externally enforceable restrictions. Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or enabling legislation.

Committed – These funds are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Also included should be contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - These funds are amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Treasurer is authorized by MCHD Commissioners to assign amounts for specific purposes.

Unassigned - These funds are the residual classification for the general fund and represent 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.

Order of Use of Fund Balance – MCHD's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for when specific purposes are determined.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information – Budgets are adopted on a basis consistent with governmental accounting principles utilizing the modified accrual basis of accounting. Annual appropriated revenue and expenditure budgets are adopted for general, special revenue, debt service and capital funds. All annual appropriations lapse at fiscal year-end. Expenditures may not legally exceed budgeted appropriations at the fund total level.

Budgetary Requirements

MCHD adheres to Highway District budget requirements in Title 40 Chapter 13 of Idaho Code. The provisions of the chapter include the following procedures to establish budgetary data which is reflected in these financial statements:

a. No later than the Tuesday following the first Monday in September, and prior to certifying an ad valorem levy to the County Commissioners, a budget shall be adopted.

b. A public hearing must be held on the budget, and a quorum of the District's Commissioners shall attend the budget adoption meeting. The budget shall be adopted by a favorable vote of a majority of the District's Commissioners.

c. Budgets for all funds are adopted on a basis consistent with general accepted accounting principles. Uncommitted appropriations lapse at year end.

d. There is no provision in Title 40 Chapter 13 for budget augmentations.

Note 3 – Cash, Cash Equivalents, and Investments

	Amount
Deposits with Financial Institutions	$ 56,450
Local Government Investment Pool	5,833,807
Total cash and cash equivalents	$ 5,890,257

On September 30, 2024, the carrying amount of MCHD's deposits and investments was $2,703,602, and the bank balance was $5,890,257. The difference is attributed to checks and deposits in transit of $186,655.

MCHD complies with Idaho Statutes, Title 67, Chapter 12 in handling its depository and investing transactions. MCHD funds are deposited in qualified depositories as defined by state statutes.

Custodial credit risk - Custodial credit risk for cash deposits is the risk that, in the event of a bank failure, a governments' deposits may not be returned to it. MCHD does not have a formal deposit policy for custodial credit risk. As of September 30, 2024, $56,450 of the $56,450 bank deposits were insured by FDIC.

Cash Equivalents and Investments

As of September 30, 2024, MCHD had the following cash equivalents:

		Cash equivalent maturities (in Years)			
Cash Equivalent Type	Fair Value	Less than 1	1 thru 5	5 thru 10	More than 10
Idaho State Treasurere (LGIP)	$ 5,833,807			$ 5,833,807	$ 5,833,807

As of September 30, 2024, MCHD's investment consisted of $5,833,807 in the LGIP.

Idaho Statutes authorize highway districts to invest in obligations of the United States Treasure, 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 State of Idaho's Local Government Investment Pool (LGIP). MCHD has adopted an investment policy that complies with Idaho statutes. Investments are stated at fair value which approximates market value.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MCHD manages its exposure to interest rate risk by complying with Idaho statutes which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested.

Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. MCHD's policy for reducing its exposure to credit risk is to comply with Idaho statutes and related rules.

As of September 30, 2024, MCHD has the following cash equivalent investments subject to credit risk:

		Credit Quality Ratings		
			Less than	
Cash Equivalent Type	Fair Value	AA/A	A	Unrated
Idaho State Treasurere (LGIP)	$ 5,833,807			$ 5,833,807

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. MCHD's policy for managing this risk is to comply with the Idaho statutes and related rules.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of cash equivalents or collateral securities that are in the possession of an outside party. MCHD's policy for managing this risk is to comply with Idaho statutes and related rules. MCHD places no other limit on the amount of cash equivalents to be held by counterparties.

As of September 30, 2024, $5,890,257 of the government's bank balance of $5,833,807 was exposed to custodial credit risk as follows:

Depository Account	Bank Balance
Insured Collateralized:	$ 56,450
Collateral Held by agent in the MCHD's name	-
Collateral held by pledging bank's trust department Not in MCHD's name	-
Uninsured and Uncollateralized	5,833,807
Total Deposits	$ 5,890,257

Note 4 – Receivables

Receivables as of year-end for MCHD's major fund are as follows:

	General Fund
Property Taxes	$ 44,431

Government funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year deferred revenue reported in the governmental funds was as follows:

	Unavailable
Delinquent property taxes receivable	$ 40,806

Note 5 – Capital Assets

Capital assets, which include property plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The accounts and records of the capital assets include only assets with a purchase price greater than $25,000. The following presents the detail of changes in capital assets for the fiscal year:

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
Property & Equipment				
Land & Improvements	659,490			659,490
Buildings & Improvements	323,249	50,215		373,464
Office Equipment	-			-
Equipment - Construction	3,415,679	425,778	140,000	3,701,457
Vehicles	2,454,023	57,097	16,670	2,494,450
Roads and Bridges	26,906,850	288,645		27,195,495
Signs	289,548			289,548
Construction in progress	-			-
Totals	34,048,839	821,735	156,670	34,713,904
Less Accumulated Depreciation				
Land & Improvements	-			-
Buildings & Improvements	104,081	7,628		111,709
Equipment - Construction	2,032,371	225,890	140,000	2,118,261
Vehicles	1,451,546	185,814	16,670	1,620,690
Roads and Bridges	14,030,701	369,310		14,400,011
Signs	289,548			289,548
Totals	17,908,247	788,642	156,670	18,540,219
Capital assets, net	16,140,592	33,093	-	16,173,685

Infrastructure improvements consist of Roads and Bridges projects completed by year end.

Projects completed during the fiscal year:
Bridge Project 950 W 370 S $ 288,645

Note 6 – Contracts Payable

There is no long-term debt as of September 30, 2024.

Note 7 – Deferred Revenues

Deferred Revenue includes amounts not recognized as income during the 2023-2024 year. These amounts would include property taxes and reimbursements from the State of Idaho.

Note 8 – Risk Management

MCHD purchases commercial insurance to cover the risk of property loss and legal liability through a local agent. The insurer provides a full schedule of coverage to meet various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, and natural disasters.

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

Note 9 – Expenditures over Budget in Major Fund:

There were budget expenditures that exceeded appropriations in the following funds:

Tax share to cities	$ 211

Note 10 – Other Revenue

Other revenue consists of a few items; Project Costs that were reimbursed throughout the year; Rents & refund payments; & MCHD's Penalties & Interest remitted by Minidoka County for MCHD's portion of property tax. A major difference in other revenue this year was revenue from the Idaho Transportation Department. The Idaho legislature passed bill 308 for fiscal year 2021 which provided Idaho Transportation Department with the ability to appropriate funds from the General Fund to the Highway Districts along with other programs.

Idaho Transportation Department	$2,887,010
Project Cost Reimbursement	18,370
Rents, refunds & miscellaneous	22,612
Penalties & Interest	8,629
Total	$2,936,621

NOTE 10 - DEFINED BENEFIT 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 statue 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 statue 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% general employees and 13.26% for police and firefighters. The District contributions required and paid were $125,937 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 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 .0002231231 percent.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2024, the District recognized pension expense (revenue) of $125,937.26. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ -	$ 15,150
Changes in assumptions or other inputs	33,064	
Net difference between projected and actual earnings on pension plan investments	132,880	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		-
Employer contributions made subsequent to the measurement date	33,687	-
Total as of September 30, 2024	$ 199,630	$ 15,150

$33,687 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

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

Year Ended September 30,	
2025	$ 41,194
2026	155,618
2027	(26,836)
2028	(19,182)
2029	-

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 indvidual between entry age and assumed exit age. PERSI amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period permitted under *Idaho Code* is 25 years.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

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 increase	3.05%
Salary inflation	3.05%
Investment return	6.35% net of investment expenses
Cost of living adjustments	1.00%

Contributing Member, 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 - Female 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 other than 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	100.0%	100.0%

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension	1,586,046	834,624	220,904

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2024, the District reported no payables to the defined benefit pension plan for legally required employer contributions and nothing for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

REQUIRED
SUPPLEMENTARY INFORMATION

Minidoka County Highway District
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	$ 1,799,518	1,799,518	1,842,596	43,078
Ag Equipment Property Tax Replacement	67,957	67,957	67,957	-
Personal Property Tax Replacement	24,563	24,563	24,563	-
Joint local highway jurisdiction	60,000	60,000	60,597	597
Highway users	2,060,000	2,060,000	2,358,923	298,923
Hwy Users HB312	635,000	635,000	696,086	61,086
Sales tax	525,000	525,000	686,271	161,271
Penalties and Interest	5,000	5,000	8,629	3,629
Investment interest	113,462	113,462	229,236	115,774
Rents and refunds	8,000	8,000	22,612	14,612
Projected Cost Reimbursements	4,000	4,000	18,370	14,370
Disaster & General Fund	1,233,000	1,233,000	2,887,010	1,654,010
Total Revenues	6,535,500	6,535,500	8,902,849	2,367,349
Expenditures				
Current				
Salaries & wages	1,696,870	1,696,870	1,544,630	152,240
Treasurer	6,000	6,000	6,000	-
Water over road code enforcement officer	14,000	14,000	13,518	482
Other insurance	114,000	114,000	89,086	24,914
Gas, Oil, & Diesel	400,000	400,000	238,342	161,658
Miscellaneous	34,500	34,500	23,348	11,152
Administraive Expenses	14,000	14,000	10,836	3,164
Telephone & Utilities	29,000	29,000	22,610	6,390
Professional Fees	14,800	14,800	12,755	2,045
Parts, Supplies and Repairs	120,000	120,000	117,534	2,466
Signs and traffic control	15,000	15,000	14,078	922
Tires	50,000	50,000	49,427	573
Weed Control	80,000	80,000	78,546	1,454
Road & Bridge Maintenance	5,260,000	5,260,000	3,053,268	2,206,732
Urban Renewals	24,800	24,800	18,251	6,549
Tax share to cities	13,000	13,000	13,211	(211)
Debt service				
Principle	-	-	-	-
Interest	-	-	-	-
Contingency reserve	647,530	647,530	-	647,530
Capital improvements	402,000	402,000	401,521	479
Total expenditures	8,935,500	8,935,500	5,706,961	3,228,539
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(2,400,000)	(2,400,000)	3,195,888	(861,190)
Fund balance, October 1,	2,400,000	2,400,000	2,511,341	111,341
Fund balance, September 30,	$ -	$ -	$ 5,707,229	$ 5,707,229

Minidoka County Highway District
Required Supplementary Information
September 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.02231231%	0.02329526%	0.02536428%	0.0139201%	0.5306400%	0.0273858%	0.0277757%	0.02882480%	0.02986823%	0.03021750%
Employer's proportionate share of the net pension liability/(asset)	$ 834,624	929,637	999,018	(19,891)	624,853	403,945	436,586	394,541	393,238	222,448
Employer's covered-employee payroll ^	$ 1,106,801	1,040,718	1,011,675	949,904	956,793	919,950	863,458	862,694	843,039	836,431
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.41%	89.33%	98.75%	-2.09%	65.31%	43.91%	50.56%	45.73%	46.65%	26.59%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

^ For the fiscal year ended on the date shown.

Data reported is measured as of June 30, 2024 (PERSI Year End).

GARALD PRICE & ASSOCIATES, PLLP

Minidoka County Highway District
Required Supplementary Information
September 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 125,937	122,223	120,794	113,419	114,241	105,592	97,740	97,657	95,432	94,684
Contributions in relation to the statutorily required contribution	$ 125,937	122,223	120,794	113,419	114,241	105,592	97,740	97,657	95,432	94,684
Contributions (deficiency) excess	$ -	-	-	-	-	-	-	-	-	-
Employer's covered- employee payroll ^	$ 1,106,801	1,040,718	1,011,675	949,904	956,793	919,950	863,428	862,694	843,039	836,431
Contributions as a percentage of the covered-employee payroll	11.38%	11.74%	11.94%	11.94%	11.94%	11.48%	11.32%	11.32%	11.32%	11.32%

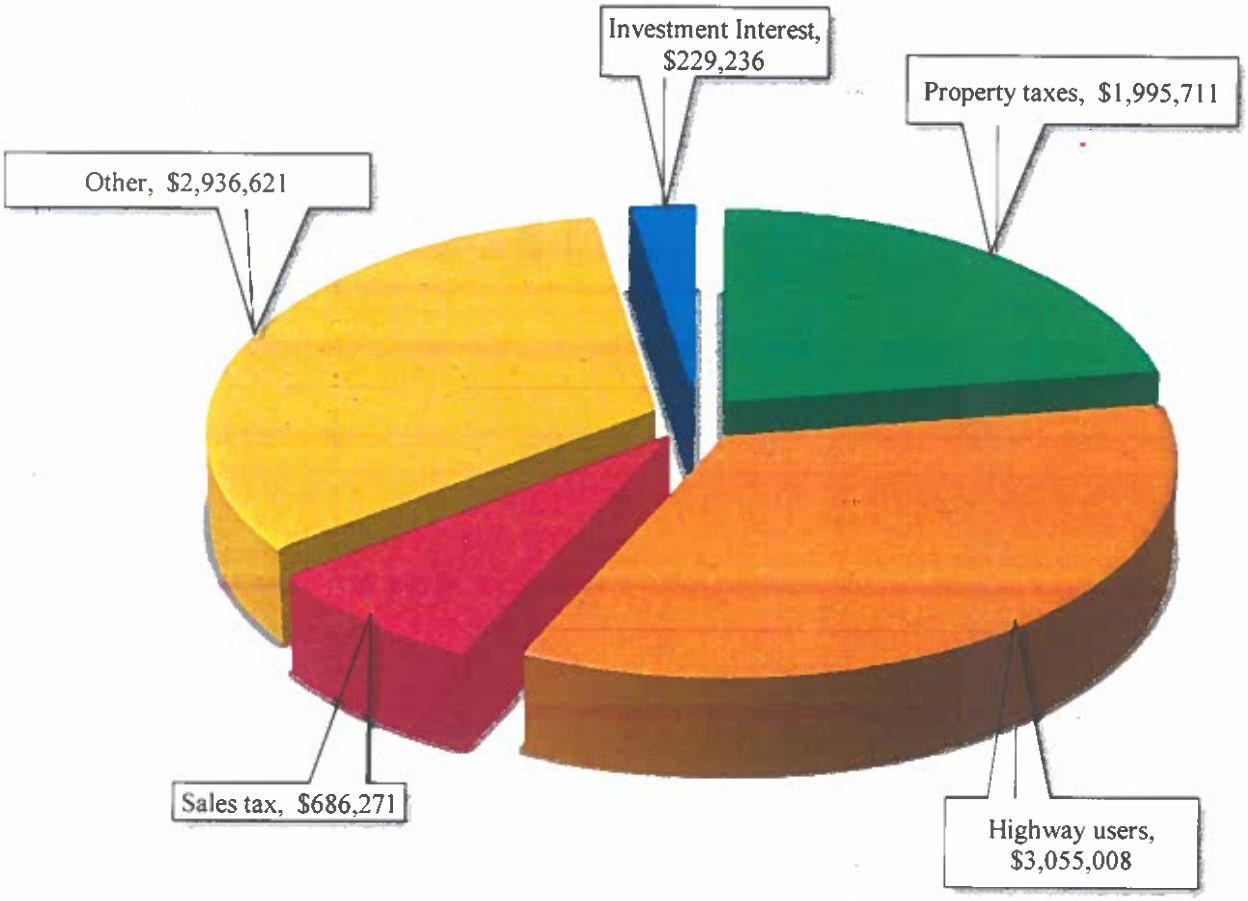
^ For the fiscal year ended on the date shown.

Data reported is measured as of September 30, 2024 (District Year End)

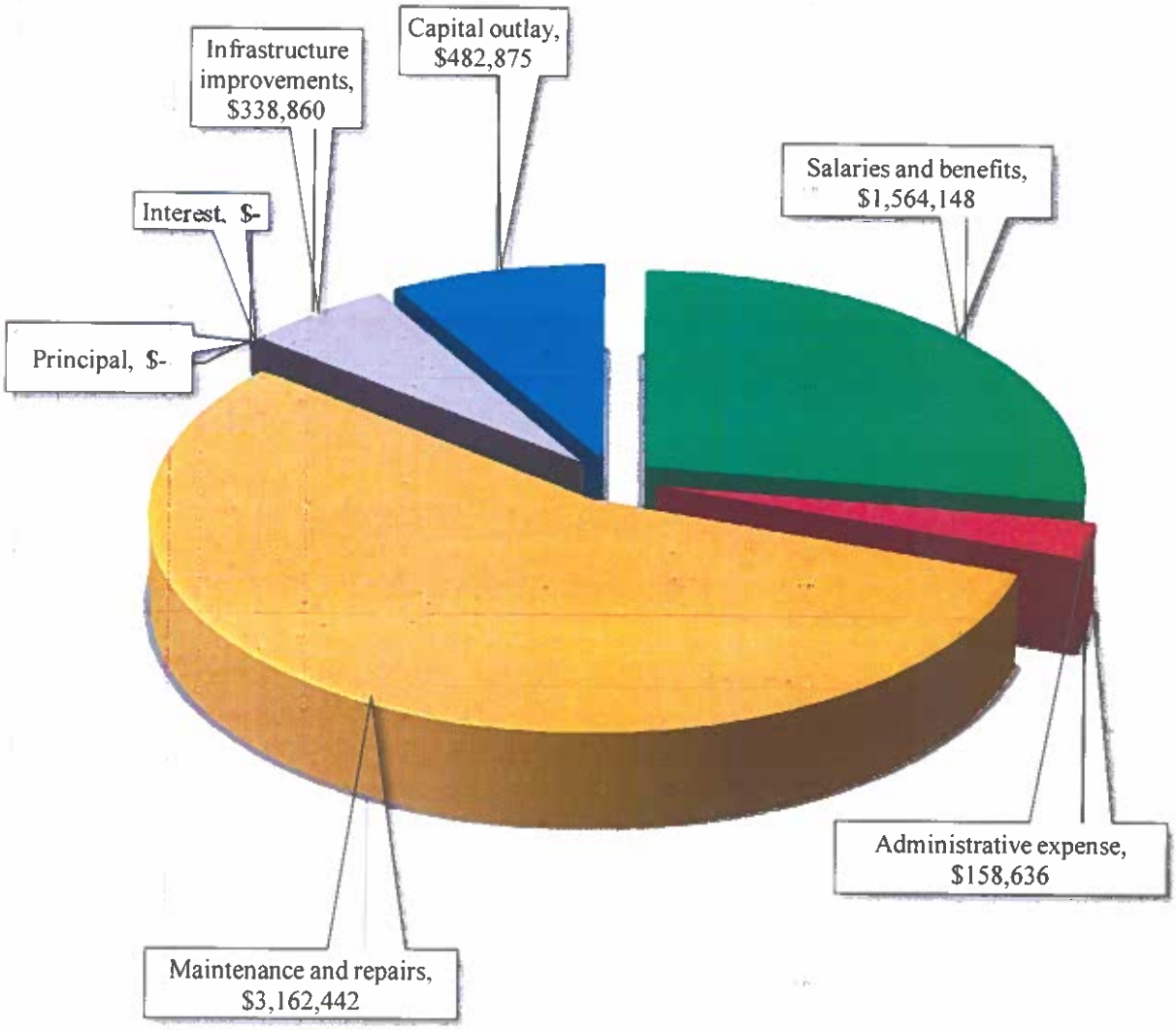
GARALD PRICE & ASSOCIATES, PLLP

OPTIONAL SUPPLEMENTARY INFORMATION

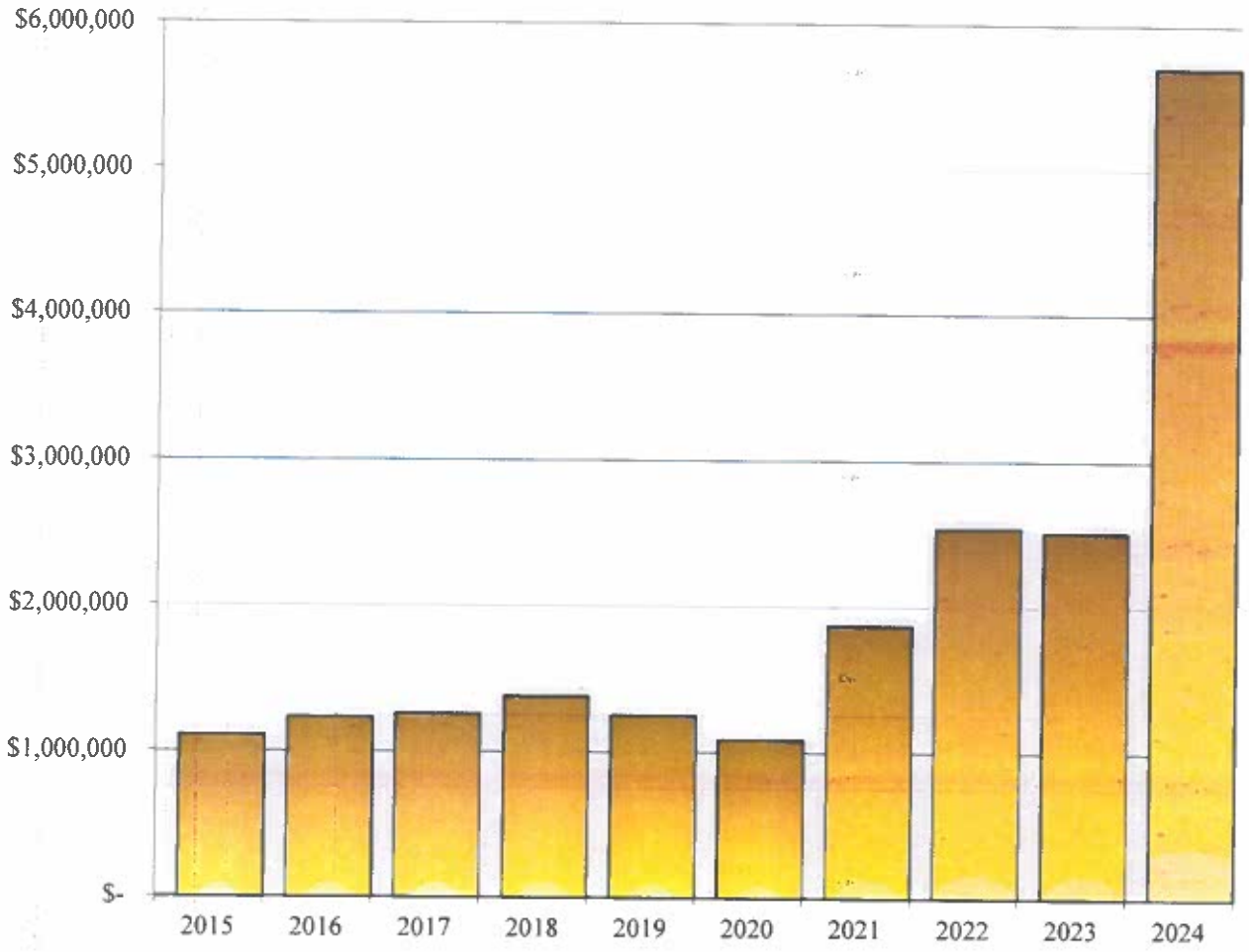
Minidoka County Highway District
General Fund Revenues



Minidoka County Highway District
General Fund Expenditures



Minidoka County Highway District
Fund Balance Trend- Governmental Funds



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"Making life less taxing since 1978"

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 Commissioners
Minidoka County Highway District

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 governmental activities, major fund, and aggregate remaining fund information of Minidoka County Highway District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Minidoka County Highway District's basic financial statements, and have issued our report thereon dated February 11, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Minidoka County Highway District's internal control over financial reporting (internal control) as a basis for designing 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 Minidoka County Highway District's internal control. Accordingly, we do not express an opinion on the effectiveness of Minidoka County Highway District's internal control.

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

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

described in the accompanying schedule of findings as items 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

Minidoka County Highway District's Response to Findings

Minidoka County Highway District's response to the findings identified in our audit is described in the accompanying schedule of findings. Minidoka County Highway District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Dayley & Associates

Price, Dayley & Associates, PLLP

Burley, Idaho 83318
February 11, 2025

Minidoka County Highway District
Rupert, Idaho
SCHEDULE OF FINDINGS
For the year ended September 30, 2024

SECTION I – Summary of Auditor's Results

Financial Statement Audit

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	1 reported

SECTION II – Financial Statement Findings

Finding 2024-001: Preparation of Financial Statements

Criteria: The district must issue an annual financial statement and therefore management is responsible for the preparation of the financial statement. A good system of internal controls allows 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 and management are competent, capable and perform daily and monthly internal control functions very well. Their controls and expertise are limited, however, in the drafting of financial statements and disclosures in accordance with generally accepted accounting principles, specifically with full accrual basis statements required by GASB 34. The auditors were requested to draft the County's financial statements and accompanying notes to the financial statements.

Cause: This condition was caused by the district's decision that it is more cost effective to outsource the drafting of its annual financial statements to the auditors than to incur the time and expense for the government to perform this task internally.

Effect: The district's management would struggle to timely prevent, detect, and correct material misstatements in a financial statement and disclosures drafted for them.

Recommendation: This is not unusual in a District this size. However, 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.

Response: Minidoka County Highway District has traditionally engaged the auditor to assist them to prepare the annual financial statement. Although this is not the perfect solution it is most likely the most practical. The district agrees having an internal control system over financial reporting is very important but the resources and cost benefit of implementing these controls are not in place to effectively implement these changes.