WENDELL HIGHWAY DISTRICT

Basic Financial Statements

September 30, 2024

WENDELL HIGHWAY DISTRICT

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Title Page	
Table of Contents	2
FINANCIAL SECTION	
Independent Auditor's Report	3 - 4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	11
Notes to the Financial Statements	12 - 21
Required Supplemental Information:	
Schedule of Employer's Share of Net Pension Liability & Schedule of Employer Contributions	23
Independent Auditor's Report on Compliance and Internal Control	24 - 25
Schedule of Findings and Responses	26

FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Wendell Highway District
Wendell, Idaho

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 the 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability and of employer contributions, as listed in the table of contents, 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.

Other Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 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 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.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull P.A.

Burley, Idaho
December 26, 2024

WENDELL HIGHWAY DISTRICT

Statement of Net Position
September 30, 2024

	Governmental Activities
ASSETS	
Cash & Investments	$ 1,732,024
Receivables:	
Property Taxes	18,205
Accrued Interest	9,451
Prepaid Expenses	9,191
Inventory - Note 1	-
Restricted Cash	-
Other Receivables	-
Due From Other Governments - Note 2	154,987
Capital Assets - Note 4:	
Land	880,320
Other Capital Assets, Net of Depreciation	1,700,491
Other Assets, Net of Amortization	-
Total assets	4,504,669
DEFERRED OUTFLOWS OF RESOURCES	
Pension obligations	48,030
Total Deferred Outflows of Resources	48,030
Total assets and deferred outflows	4,552,699
LIABILITIES	
Accounts Payable and Accrued Expenses	87,380
Interest Payable	-
Long-Term Liabilities - Note 5:	
Due Within One Year	-
Due in More Than One Year	-
Net pension liability	59,739
Total liabilities	147,119
DEFERRED INFLOWS OF RESOURCES	
Employer pension assumption	(4,343)
Total Deferred Inflows of Resources	(4,343)
NET POSITION	
Invested in Capital Assets, net of related debt	2,580,811
Restricted for Road Project	-
Unrestricted	1,829,112
Total Net Position	$ 4,409,923

See accompanying notes to the financial statements.

WENDELL HIGHWAY DISTRICT

Statement of Activities
For the Year Ended September 30, 2024

	Net (Expense) Revenue and Changes in Net Position
PROGRAM REVENUES	
Charges for Services	$ -
Operating grants and contributions	298,457
Capital grants and contributions	-
EXPENSES	
Highway & Road Maintenance	(1,475,082)
Interest	-
Net (Expense) Revenue - Governmental Activities	(1,176,625)
GENERAL REVENUES	
Property Tax	387,908
Sales Tax	136,645
Highway Use Tax	1,116,674
Investment Earnings	66,848
Miscellaneous Revenues	2,865
Gain on Sale or Disposal of Capital Assets	-
Total General Revenues and Transfers	$ 1,710,940
Change in Net Position	534,315
Net Position Beginning of Year	3,875,608
Net Position End of Year	$ 4,409,923

See accompanying notes to the financial statements.

WENDELL HIGHWAY DISTRICT

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash & investments	$ 1,732,024
Property taxes receivable	18,205
Accrued interest receivable	9,451
Prepaid expenses	9,191
Inventory	-
Restricted cash	-
Other receivables	-
Due from other governments	154,987
Total assets	$ 1,923,858
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	$ 77,361
Accrued liabilities	10,019
Deferred revenue	-
Total liabilities	87,380
Deferred inflows of resources	
Unavailable revenue - property taxes	11,478
Total deferred inflows of resources	11,478
Fund Balances	
Nonspendable	9,191
Restricted	-
Committed	1,000,000
Unassigned	815,809
Total fund balances	1,825,000
Total liabilities and fund balances	$ 1,923,858

See accompanying notes to the financial statements.

WENDELL HIGHWAY DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2024

Total Governmental Fund Balances		$ 1,825,000
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resourses and therefore are not reported in the funds.		2,580,811
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes		11,478
Long-term liabilities, including accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Contracts and other retirement benefits payable		-
Accrued interest payable		-
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(59,739)
Balances at Year End:		
Deferred outflows of resources pension expense	41,299	
Deferred outflow of current year employer contributions	6,731	
		48,030
Deferred inflows or resources related to pensions.		4,343
Net Position of Governmental Activities		$ 4,409,923

See accompanying notes to the financial statements.

WENDELL HIGHWAY DISTRICT

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2024

	General Fund
Revenues:	
Property tax	$ 385,758
Sales tax	136,645
Highway use tax	1,116,674
Interest income	66,848
Sale of capital assets	-
Federal grant revenue	-
State grant revenue	298,457
Miscellaneous	2,865
Total revenues	2,007,247
Expenditures:	
Administrative expenses	21,807
Wages & benefits	378,183
Gas & oil	34,370
Insurance	15,318
Equipment/site repairs & maintenance	242,705
Road maintenance & construction	602,318
Supplies	13,584
Utilities	12,118
Other expenses	6,286
Capital expenditures	466,942
Debt service - principle	-
Debt service - interest	-
Total expenditures	1,793,631
Excess (deficiency) of revenues over expenditures	213,616
Fund balance - beginning	1,611,384
Fund balance - ending	$ 1,825,000

See accompanying notes to the financial statements.

WENDELL HIGHWAY DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 213,616
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period:		
Capital Outlay & Construction	$ 466,942	
Depreciation expense	(113,244)	
		353,698
Because governmental funds report capital outlays as expenditures, when capital assets are sold the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.		
Difference in gain or loss on disposal of capital assets		-
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in unavailable revenue from property taxes.		2,150
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of new debt		-
Repayment of loan principal		-
In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.		-
In the Governmental Funds, pension contributions are considered an expense, while on the statements of activities the contributions are considered a deferred outflow.		(35,149)
Change in Net Position of Governmental Activities		$ 534,315

See accompanying notes to the financial statements.

WENDELL HIGHWAY DISTRICT

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Property tax	$ 443,975	$ 443,975	$ 385,758	$ (58,217)
Sales tax	137,535	137,535	136,645	(890)
Highway use tax	838,033	838,033	1,116,674	278,641
Interest income	40,000	40,000	66,848	26,848
Sale of capital assets	-	-	-	-
Grant Revenues - Federal	-	-	-	-
Grant Revenues - State	130,000	130,000	298,457	168,457
Miscellaneous	215,000	215,000	2,865	(212,135)
Total revenues	1,804,543	1,804,543	2,007,247	202,704
Expenditures:				
Administrative expenses	31,300	31,300	21,807	9,493
Wages & benefits	460,395	460,395	378,183	82,212
Gas & oil	45,000	45,000	34,370	10,630
Insurance	15,400	15,400	15,318	82
Equipment/site repairs & maintenance	198,000	198,000	242,705	(44,705)
Road maintenance & construction	575,108	575,108	602,318	(27,210)
Supplies	15,000	15,000	13,584	1,416
Utilities	12,000	12,000	12,118	(118)
Other expenses	20,000	20,000	6,286	13,714
Capital expenditures	432,340	432,340	466,942	(34,602)
Debt service - principle	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	1,804,543	1,804,543	1,793,631	10,912
Excess (deficiency) of revenues over expenditures	-	-	213,616	213,616
Fund balance - beginning	1,611,384	1,611,384	1,611,384	-
Fund balance - ending	$ 1,611,384	$ 1,611,384	$ 1,825,000	$ 213,616

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

These financial statements present the Wendell Highway District. The District is governed by a board of three commissioners which has governing responsibility over all of the activities related to the District. The board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils, or component units for which the District exercises authority.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. This District reports only governmental activities and has no business-type or fiduciary activities.

The statement of net position presents the financial condition of the governmental activities for the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The District maintains only one fund, the General fund, which presents all activities of the District. Accordingly, the General fund is the only major fund and there are no non-major funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The General Fund is the governments operating fund. It accounts for all financial resources of the general government.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

E. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. At year end, the District had no deposits that were exposed to custodial credit risk.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the District held the following investments:

Investment Type	Fair Value	Weighted Avg Maturity (days)
Idaho State Local Government Investment Pool	$ 838,527	84

This investment is an unrated external investment pool sponsored by the Idaho State Treasurer's Office. It is classified as "Investment in an External Investment Pool" and is exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the District voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

F. Inventory

Inventory held at year end is not material and has not been reported in the financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the governmental activities column in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations in the statement of activities. Capital assets are reported net of accumulated depreciation on the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Improvements	25 - 75 years
Equipment	10 - 15 years

H. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences.

In the government-wide financial statements, long-term obligations are reported as liabilities of the applicable governmental activity.

I. Budgets and Budgetary Accounting

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

1. Prior to August each year the District manager and commissioners determine budgeted expenditures and the means of financing them for the year beginning the following October 1.
2. At the regular meeting in August the tentative budget is submitted for publication and public comment.
3. A public hearing is held to obtain public comment. After public comment the budget is finalized and legally adopted.
4. Revisions to the budget can only be made by court order, public hearing or in certain emergencies defined by law.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts have not been accrued as the amount of this accrual is not considered material to the financial statements.

K. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

M. Application of Restricted or Unrestricted Resources

The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Classification

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

The District reports the following classification as applicable:

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

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

Unassigned Fund Balance - 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.

O. Pension Plan

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 determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
Governmental Activities				
Equipment & Vehicles	$ 1,889,519	$ 189,534	$ -	$ 2,079,053
Buildings & Improvements	147,992	-	-	147,992
Infrastructure/Roads	1,397,055	277,408	-	1,674,463
Land & ROW (Non-depreciable)	880,320	-	-	880,320
	4,314,886	466,942	-	4,781,828
Accumulated Depreciation:				
Equipment & Vehicles	1,099,269	92,097	-	1,191,366
Buildings & Improvements	91,818	3,396	-	95,214
Infrastructure/Roads	896,686	17,751	-	914,437
	2,087,773	113,244	-	2,201,017
Net Book Value:				
Equipment	790,250	97,437	-	887,687
Buildings & Improvements	56,174	(3,396)	-	52,778
Infrastructure	500,369	259,657	-	760,026
Land & ROW (Non-depreciable)	880,320	-	-	880,320
	$ 2,227,113	$ 353,698	$ -	$ 2,580,811

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1.

NOTE 3: DUE FROM OTHER GOVERNMENTS

The amount due from other governments at year end consisted of the District's Highway User Revenue and sales tax allocations receivable at year end.

NOTE 4: PROPERTY TAXES - DEFERRED INFLOWS OF RESOURCES

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60-day period after the close of the fiscal year.

The deferred inflows account in the General Fund represents the taxes receivable more than 60 days after year end.

NOTE 5: LONG-TERM LIABILITIES

The District had no long-term liabilities as of the end of the fiscal year, nor any time during the fiscal year, other than pension liabilities described in Note 8.

NOTE 6: LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES

The District is not involved in any litigation that would create a contingent liability.

NOTE 7: RISK MANAGEMENT/INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has transferred most of its risk by the purchase of commercial insurance through the Idaho State Insurance Fund and the Idaho Counties Risk Management Program (ICRMP). The coverage through ICRMP expires October 1 but is renewed annually.

NOTE 8: 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% 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. As of June 30, 2024 it was 6.71%. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% of covered compensation. The District's contributions were $30,199 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 year end, 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 0.00555294 percent.

For the year ended September 30, 2024, the District recognized pension expense (revenue) of $(34,149). At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,070	$ -
Changes in assumptions or other inputs	8,229	
Net difference between projected and actual earnings on pension plan investments	(3,770)	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		4,343
District contributions subsequent to the measurement date	6,731	-
Total	$ 44,260	$ 4,343

The $6,731 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

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

Year ended Sept 30	
2024	12,537.74
2025	38,729.14
2026	(6,678.77)
2027	(4,773.87)

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

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub- 2010 General Tables, increased 21%.
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date 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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	**DB Plans**	**Sick Leave**
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0%	0%
Total	100.00%	100.00%

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of net pension liability (asset)	$ 394,725	$ 207,716	$ 54,977

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 year end the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 9: BUDGETARY COMPLIANCE

Actual expenditures did not exceed budgeted expenditures for the current fiscal year.

NOTE 10: SUBSEQUENT EVENTS

The District has evaluated subsequent events through the Auditor's report date, which is the date the financial statements were available to be issued. No events occurred subsequent to year end which would require disclosure or adjustment to the financial statements.

NOTE 9: COMMITTED FUND BALANCE

The District Board has committed $1,000,000 of cash reserves for future capital projects.

REQUIRED SUPPLEMENTAL INFORMATION

WENDELL HIGHWAY DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.0067534%	0.0062138%	0.0052363%	0.0056881%	0.0047300%	0.0053064%	0.0052206%	0.0053737%	0.0053818%	0.0055529%
Employer's proportionate share of the net pension liability	$ 49,716	$ 81,826	$ 106,148	$ 89,407	$ 69,728	$ 123,222	$ (4,123)	$ 211,658	$ 214,768	$ 207,716
Employer's covered-employee payroll	$ 174,046	$ 153,145	$ 176,670	$ 152,094	$ 186,615	$ 186,252	$ 194,034	$ 211,001	$ 227,897	$ 253,957
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	28.56%	53.43%	60.08%	58.78%	37.36%	66.16%	-2.12%	100.31%	94.24%	81.79%
Plan fiduciary net position as a percentage of the total pension liability	94.95%	91.38%	87.26%	90.68%	91.38%	93.79%	100.36%	83.09%	83.83%	85.54%

Data reported is measured as of June 30, 2024

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

Schedule of Employer Contributions

PERSI - Base Plan
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$ 19,702	$ 17,336	$ 19,999	$ 17,217	$ 21,686	$ 22,238	$ 23,168	$ 25,194	$ 27,211	$ 28,392
Contributions in relation to the statutorily required contribution	$ (19,702)	$ (17,336)	$ (19,999)	$ (17,217)	$ (21,686)	$ (22,238)	$ (23,168)	$ (25,194)	$ (27,211)	$ (28,392)
Contribution (deficiency) excess	-	-	-	-	-					
Employer's covered-employee payroll	$ 174,046	$ 153,145	$ 176,670	$ 152,094	$ 186,615	$ 186,252	$ 194,034	$ 211,001	$ 227,897	$ 253,957
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%	11.62%	11.94%	11.94%	11.94%	11.94%	11.18%

Data reported is measured as of September 30, 2024

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

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

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
Wendell Highway District
Wendell, ID

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Wendell Highway District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Wendell Highway District's basic financial statements, and have issued our report thereon dated December 26, 2024.

Report on 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) 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in 2024-1 of the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting.

Report on 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 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*.

Wendell Highway District's Response to Findings

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

Purpose of This Report

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

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull PA

Burley, Idaho
December 26, 2024

WENDELL HIGHWAY DISTRICT

Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-1: Lack of segregation of duties - Repeat Finding

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Condition: The District lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Cause: The condition is a result of staffing limitations necessitated by budget constraints common to a district this size.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the District take such actions as hiring another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: The District believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as board review of all disbursements, two signatures required on all checks, and monthly board review of financial reports prepared by the clerk.