KINGSTON WATER DISTRICT

AUDITED FINANCIAL STATEMENTS
& Additional Information

Year Ended November 30, 2024

Prepared By

ALPINE SUMMIT CPAs

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kingston Water District
Kingston, ID

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Kingston Water District as of and for the year ended November 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 Kingston Water District as of November 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Kingston Water 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kingston Water 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.

Auditors' Responsibility 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 Kingston Water 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 Kingston Water 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of District's Share of Net Pension Liability and the Schedule of District's Contributions on pages 3-7 and page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025, on our consideration of Kingston Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Kingston Water District's internal control over financial reporting and compliance.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
May 2, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

KINGSTON WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2024

The Management's Discussion and Analysis of the Kingston Water District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended November 30, 2024. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at the end of Fiscal Year by $2,676,777. Of this amount, $513,894 (unrestricted Net Position) may be used to meet the District's obligations to its users.
- Revenues from water charges increased by $64,556.
- Expenses exceeded revenues during the year ended November 30, 2024. The decrease in net position during the year was $19,976.

OVERVIEW OF THE FINANCIAL STATEMENTS

The minimum reporting requirements for Special Purpose Governments engaged in Business-Type Activities are established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating (loss) to net cash provided by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Net Position

Restricted Net Position are those assets not available for spending as a result of loan agreements. Unrestricted Net Position are those without any limitations on their use.

Net Position of the District decreased by $19,976 for the year ended November 30, 2024.

Table 1
Statements of Net Position
November 30

	2024	Restated 2023
ASSETS		
Current and Other Assets	$ 104,700	$ 57,280
Investments	490,182	498,684
Capital Assets	2,931,405	3,021,628
Total Assets	$ 3,526,287	$ 3,577,592
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan	18,220	29,997
Total Deferred Inflows of Resources	$ 18,220	$ 29,997
LIABILITIES		
Current Liabilities	42,703	41,863
Non-current Liabilities	768,522	810,064
Net Pension Liability	54,926	57,508
Total Liabilities	866,151	909,435
DEFERRED INFLOWS OF RESOURCES		
Pension Plan	1,579	1,401
Total Deferred Inflows of Resources	$ 1,579	$ 1,401
NET POSITION		
Net Investment in Capital Assets	2,121,341	2,170,022
Restricted for Debt Service	41,542	41,542
Unrestricted	513,894	485,189
Total Net Position	$ 2,676,777	$ 2,696,753

FINANCIAL ANALYSIS OF THE ENTITY (CONTINUED)

Changes in Net Position

Table 2
Statement of Revenues, Expenses & Changes in Net Position
For the Years Ended November 30

	2024	Restated 2023
Revenues:		
Program Revenues:		
Charges for Services - Water	231,835	167,279
Nonoperating Revenues:		
Property and Sales Tax	10,310	9,066
Grant Income	30,978	67,277
Other Income	6,925	15,809
Total Revenues	280,048	259,431
Expenses:		
Depreciation	90,223	86,860
Maintenance & Repairs	12,520	19,678
Directors' Fees, Salaries & Wages	72,542	77,338
Other Expenses	127,321	51,794
Change in net pension liability	(2,582)	13,766
Total Operating Expenses	300,024	249,436
Change in Net Position	(19,976)	9,995
Total Net Position - Beginning	2,696,753	2,686,758
Net Position - Ending	$ 2,676,777	$ 2,696,753

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of November 30, 2024, the District had $2,931,405 invested in land, buildings, office equipment and our water system, net of accumulated depreciation. This figure represents a total overall net decrease (including additions and deductions) of $90,223 over last year.

Debt

The District has outstanding debt in the amount of $810,064 owed to Department of Environmental Quality for water system financing.

KINGSTON WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

1. On November 22, 2022, the Kingston Water District (KWD) applied for funding from the Shoshone County State and Local Fiscal Recovery Fund (SLFRF) for two specific reasons:

   A. To help mitigate the cost of the Drinking Water Facility Plan and reduce the impact on the District and it's rate payers. The District requested 50% funds for this project, in the amount of $48,500.

   B. To establish an emergency source of electricity for use during utility outages. This is critical for maintaining safe levels of water in the reservoirs and sufficient pressure in the distribution system. The District requested funds to purchase a trailer mounted generator, in the amount of $68,000.

2. On November 28, 2022, the Shoshone County Board of Commissioners approved our request for funds for 50% of the drinking water facility plan and the purchase of a generator. KWD was awarded $116,500 from the SLFRF.

3. December 1, 2022, Idaho Department of Environmental Quality found the Kingston Water District was eligible for grant funds under the terms of the American Rescue Plan Act (ARPA).

   The purpose of the grant is to prepare a Drinking Water Facility Plan study to evaluate the current drinking water system and to form a plan to address potential future needs of the District.

4. On January 6, 2023, the Kingston Water District Board of Directors accepted the offer ARPA funded grant through DEQ, in the amount of $48,500.

5. On March 18, 2024, the audited financial statements of Kingston Water District for the year ending November 30, 2023 were completed. The audit report indicates there were no material weaknesses found during the audit process.

6. On August 19, 2024, the District held a Public Hearing to discuss the current user rates and the 2024/2025 Proposed Budget.

7. KWD had extensive discussions with IDEQ regarding the definition of "Substantially Modified" and minimum pressure requirements for distribution mains.

8. KWD and KCSD spent several months advertising for a potential employee that could work for both districts. Heath Ransom, who is a licensed Drinking Water Operator, was hired to fill the position.

   On November 1, 2023, Kingston Water District entered into an Employee Lease Agreement with Kingston-Cataldo Sewer District. (KCSD).
   KWD will lease an employee from KCSD on a part-time basis.

9. Karen Maravilla retires as Security/Treasurer as of November 30, 2024. Robin Hei will be taking Karen's place.

10. Caselle software consolidated into QuickBooks by August 12, 2024. Badger software was consolidated into QuickBooks by November 18, 2024.

KINGSTON WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2024

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robin Hei, Kingston Water District Clerk/Treasurer at the district office, PO Box 127, Kingston, Idaho 83839.

BASIC FINANCIAL STATEMENTS

KINGSTON WATER DISTRICT
STATEMENT OF NET POSITION
November 30, 2024

ASSETS		
Current Assets:		
Cash & Cash Equivalents	$	83,450
Receivables:		
Taxes		8,297
User Fees		11,510
Total Receivables		19,807
Prepaid Insurance		1,443
Total Current Assets		104,700
Non-current Assets:		
Investments		490,182
Capital Assets:		
Capital Assets Not Being Depreciated		89,669
Capital Assets, Net of Accumulated Depreciation		2,841,736
Total Capital Asset, Net of Accumulated Depreciation		2,931,405
Total Non-current Assets		3,421,587
Total Assets		3,526,287
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan		18,220
Total Deferred Inflows of Resources		18,220
LIABILITIES		
Current Liabilities:		
Account Payable		921
Accrued Payroll Taxes		240
Debt Payable - Current Maturity		41,542
Total Current Liabilities		42,703
Non-current Liabilities:		
Net Pension Liability		54,926
Debt Payable - Noncurrent Maturity		768,522
Total Non-current Liabilities		823,448
Total Liabilities		866,151
DEFERRED INFLOWS OF RESOURCES		
Pension Plan		1,579
Total Deferred Inflows of Resources		1,579
NET POSITION		
Net Investment in Capital Assets		2,121,341
Restricted		41,542
Unrestricted		513,894
Total Net Position	$	2,676,777

See accompanying notes to the financial statements and independent auditors' report.

KINGSTON WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended November 30, 2024

Operating Revenues:		
Connection fees and facility income	$	231,835
Total Operating Revenues		231,835
Operating Expenses:		
Communications		1,029
Depreciation		90,223
Directors' fees		9,000
Dues and subscriptions		2,895
General expense		1,078
Insurance		6,113
Lease agreements		22,902
Legal and professional		45,968
Maintenance and repairs		12,520
Miscellaneous		393
Office expense		4,414
Payroll expense		22,338
Postage and shipping		2,153
Rent		2,520
Salaries and wages		63,542
Shop supplies		389
Training and travel		3,168
Utilities		9,379
Total Operating Expenses		300,024
Net Operating Income (loss)		(68,189)
Nonoperating Revenues (Expenses):		
Property and sales tax		10,310
Grant Income		30,978
Interest income		6,925
Total Nonoperating Revenues (Expenses)		48,213
Change in Net Position		(19,976)
Total Net Position - Beginning, as previously presented		2,639,568
Prior Period Adjustment		57,185
Total Net Position - Beginning, as restated		2,696,753
Net Position - Ending	$	2,676,777

See accompanying notes to the financial statements and independent auditors' report.

KINGSTON WATER DISTRICT
STATEMENT OF CASH FLOWS
Year Ended November 30, 2024

Cash Flows From Operating Activities		
Cash Received from Customers	$	233,385
Cash Paid to Suppliers		(123,921)
Cash Paid for Employees		(75,667)
Net Cash Provided by Operating Activities		33,797
Cash Flows From Non-Capital Financing Activities		
Grant Income		30,978
Property and Sales Tax		10,310
Net Cash Provided by Non-Capital Financing Activities		41,288
Cash Flows From Capital and Related Financing Activities		
Purchase of Capital Assets		-
Principal Payments on Debt		(41,542)
Net Cash Used by Capital and Related Financing Activities		(41,542)
Cash Flows From Investing Activities		
Purchase of Investments		(280,015)
Proceeds from Investments		288,517
Interest Received		6,925
Net Cash Used by Investing Activities		15,427
Net Change in Cash and Cash Equivalents		48,970
Cash and Cash Equivalents, Beginning of Year		34,480
Cash and Cash Equivalents, End of Year	$	83,450
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(68,189)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation Expense		90,223
Change in assets and liabilities:		
(Increase) decrease in Receivables		1,550
(Increase) decrease in deferred outflows of resources		11,777
Increase (decrease) in accounts payable		921
Increase (decrease) in Accrued Expenses		(81)
Increase (decrease) in net pension liability		(2,582)
Increase (decrease) in deferred inflows of resources		178
Net Cash Provided by Operating Activities	$	33,797

See accompanying notes to the financial statements and independent auditors' report.

KINGSTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended November 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Kingston Water District (the "District") was organized under and pursuant to the laws of the state of Idaho in October 1954. The District was organized for the purpose of constructing and operating a water system for residents within specified boundaries of the area near and including Kingston, Idaho.

The accounting methods and procedures adopted by Kingston Water District conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental account and financial reporting principles. The notes to the financial statements are an integral part of the District's basic financial statements.

Measurement Focus and Basis of Accounting

The District's basis financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with separate set of self-balancing accounts that comprise the District's assets, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets and unrestricted.

Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

Cash Equivalents

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank certificates of deposit. The District did not have any cash equivalents at year-end.

Receivables

Accounts receivable consist of billings of fees that have not yet been collected. No allowance for uncollectible amounts has been estimated, the District has the authority to have delinquent accounts added to the Shoshone County tax rolls.

Investments

Investments, which consist primarily of certificates of deposit, are presented at cost plus accrued interest, which estimates fair value.

Prepaid Expenses

Expenses are recognized in the period that they are incurred, as such, if expenses are paid in advance of the period they are incurred, they are recorded as prepaid expenses on the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating vs. Nonoperating

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. For the District, these include such items as fee revenue from customers and the costs associated with operating the system. Nonoperating revenues and expenses generally result from activities that do not relate to the proprietary fund's principal ongoing operations. For the District, these include tax revenues and interest income and expense.

Vacation and Sick Leave Policy

District employees are entitled to vacation and sick leave days based on their length of employment. This time is accumulated and paid out at year-end; as such there is no liability at year end. However, the Board has the authority to make exception at the individual level.

Capital Assets

Capital assets are stated at cost when purchased or constructed or where historical records are available and at an estimated cost where no historical records exist. The District's capitalization policy is based on an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Water system	25-50 years
Building	15-40 years
Equipment	3-10 years

Risk Management

The District may be liable for certain claims or damage of property, which may arise, in the ordinary course of operations. The District accounts for all transactions involving insurance claims, deductibles and expenses in the enterprise fund.

Insurance is maintained through Idaho Counties Risk Management Program (ICRMP). ICRMP is an insurance pool, which serves most public entities in Idaho through provision of property, general liability, auto liability and physical damages, and public officials' insurance. ICRMP provides loss prevention training to enable its subscribers to minimize their exposure to loss through implementation of proper policies and procedures. Cost of insurance is charged to the proprietary fund.

Pensions

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has one item for this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This represents the District's total investment in capital assets; net of outstanding debt obligations related to those capital assets, to the extent debt has been incurred but not yet expended for capital assets.

Restricted Net Position – Restricted assets include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. The restricted amount represents a reserve fund for the DEQ loan.

Unrestricted – Unrestricted net position represent resources derived from water fees charged. These resources are used for transactions related to the general operation of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Related Party and Cost Sharing

Related parties are Board members and employees who are also customers of the District. The District shares expenses, facilities, and personnel with the Kingston-Cataldo Sewer District.

Property Taxes

Property taxes are levied by the board of directors on the First Monday in September and become payable on December 20. Taxpayers may pay one-half on December 20, and the remaining half the following June 20. Property taxes are computed from levies and collections verified by inspection of records of the Shoshone County Auditor's office. Shoshone County collects all property tax revenue for the District.

NOTE 2 – CASH AND INVESTMENTS

General

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

Custodial Credit Risk

Custodial credit risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss. As of November 30, 2024, cash and cash equivalents were covered by FDIC insurance. The bank balances of the deposits at year-end were $88,725.

Cash and cash equivalents at November 30, 2024, consisted of the following:

Cash		
Cash on hand	$	200
Deposits with financial institutions		83,250
	$	83,450

Investments

GASB Statement No. 40 requires the District to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The District's investments are categorized for risk as follows:

1. Insured or registered, or securities held by the District or its agents in the District's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counterparty or by its agent, but not in the District's name.
4. Investments that are guaranteed directly or indirectly by the U.S. Government.

As of November 30, 2024 the District's investment deposits were exposed to custodial credit risk and mature as follows:

		Investment Maturities (in Years)			
Investment Type	Category	2025	2026-2030	2031-2035	2036+
		Less than 1	1 - 5	6 - 10	More than 10
Certificates of Deposit	1	$ 240,000	$ 250,182	$ -	$ -

See accompanying independent auditors' report.

NOTE 3 – CAPITAL ASSETS

Changes in the Capital Assets for fiscal year 2024 are as follows:

	Balance Beginning of Year (Restated)	Additions	Balance End of Year
Capital Assets not being Depreciated:			
Land	$ 89,669	$ -	$ 89,669
Total Capital Assets not being Depreciated	89,669	-	89,669
Capital assets being depreciated:			
Water system	4,013,305	-	4,013,305
Buildings	14,834	-	14,834
Equipment	68,828	-	68,828
Total capital assets being depreciated	4,096,967	-	4,096,967
Accumulated depreciation for			
Water system	1,140,467	76,274	1,216,741
Buildings	12,362	-	12,362
Equipment	12,179	13,949	26,128
Total Accumulated Depreciation	1,165,008	90,223	1,255,231
Net Capital Assets Being Depreciated	2,931,959	(90,223)	2,841,736
Net Capital Assets	$ 3,021,628	$ (90,223)	$ 2,931,405

Depreciation for the year ended November 30, 2024, was $90,223.

NOTE 4 – LONG-TERM OBLIGATIONS

DEQ Revenue Bonds

The District financed a water system with the Department of Environmental Quality. The loan is payable in bi-annual installments of $20,771, with no interest and matures in 2044. The bonds contain various covenants with regards to reserve funds.

Long-term liability activity for the year ended November 30, 2024, was as follows:

	Beginning Balance	Debt Payments	Ending Balance	Due Within One Year
DEQ Loan	$ 851,606	$ (41,542)	$ 810,064	$ 41,542

Presented below is a schedule of debt service payments by years:

Year ended November 30	Principal
2025	$ 41,542
2026	41,542
2027	41,542
2028	41,542
2029	41,542
2030-2034	207,709
2035-2039	207,709
2040-2044	186,936
	$ 810,064

NOTE 6 – PENSION PLAN

Plan Description

Kingston Water 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 overall system 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.

NOTE 6 – PENSION PLAN (CONTINUED)

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters.

As of June 30, 2024 the employee rate was 6.71% for general employees and 9.83% for police and firefighters. As of July 1, 2024, the employee rate increased to 7.18% for general employees and increased to 10.83% for police and firefighters.

The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters during the period July 1, 2023, through June 30, 2024. As of July 1, 2024 the employer rates for general employees increased to 11.96% and increased for police and firefighters to 14.65%.

The District's contributions were $7,275 for the year ended November 30, 2024.

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

At November 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 0.00146836 percent.

NOTE 6 – PENSION PLAN (CONTINUED)

For the year ended November 30, 2024, the District recognized pension expense of $16,648. At November 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	$ 8,745	$ -
Changes in assumptions or other inputs	2,176	-
Net difference between projected and actual earnings on pension plan investments	-	997
Change in the District's proportion and differences between the District's contributions and the District's proportionate contributions	9,408	5,184
Amortized change in prior year's proportionate share	(5,309)	(4,602)
District's contributions subsequent to the measurement date	3,200	-
Total	$ 18,220	$ 1,579

$3,200 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending November 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 4.4 and 4.4 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 November 30:	
2025	3,921
2026	11,730
2027	(1,015)
2028	(1,195)

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.

NOTE 6 – 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 increases	3.05%
Salary inflation *	3.05%
Investment rate of return**	6.35%
Cost-of-living adjustments	1.00%

* there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on year of services
** net of pension plan investment expense

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
Teachers - Males Pub-2010 Teacher Tables, increased 12%.
Teachers - Females Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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.

NOTE 6 – PENSION PLAN (CONTINUED)

Capital Market Assumptions:

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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 District's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	$ 104,377	$ 54,926	$ 14,538

See accompanying independent auditors' report.

NOTE 6 – PENSION PLAN (CONTINUED)

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.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the 2024 audit, management identified an error in the previously issued 2023 financial statements. A piece of equipment with a historical cost of $67,277 and accumulated depreciation of $10,092, resulting in a net book value of $57,185, was excluded from property and equipment. The equipment had been incorrectly netted against the related grant proceeds used to fund its purchase.

As a result, the 2023 financial statements have been restated to correct this error. The effect of the restatement on the 2023 financial statements is as follows:

November 30, 2023, Net Position, as previously stated	$	2,639,568
Equipment, net of accumulated depreciation		57,185
November 30, 2023, Net Position, as restated	$	2,696,753

REQUIRED SUPPLEMENTARY INFORMATION

KINGSTON WATER DISTRICT

SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY
PERSI – Base Plan
Last 10 – Fiscal Year *

	11/30/2024	11/30/2023	11/30/2022	11/30/2021	11/30/2020	11/30/2019	11/30/2018	11/30/2017	11/30/2015
District's portion of the net pension liability	0.0014684%	0.0014411%	0.0011106%	0.0011921%	0.0012637%	0.0013715%	0.0014231%	0.0013501%	0.0013665%
Distict's proportionate share of the net pension liability (asset)	$ 54,926	$ 43,742	$ (942)	$ 29,345	$ 15,655	$ 20,991	$ 21,221	$ 27,701	$ 17,148
District's covered-employee payroll	$ 67,154	$ 61,024	$ 43,606	$ 44,309	$ 44,811	$ 46,385	$ 46,140	$ 45,182	$ 40,965
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	81.79%	90.01%	100.31%	-2.13%	65.49%	33.75%	45.49%	46.97%	67.62%
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%

* 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 Kingston Water District will present information for those to use for which information is available.

Data reported is measured as of July 1, 2024.

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PERSI – Base Plan
Last 10 – Fiscal Year *

	11/30/2024	11/30/2023	11/30/2022	11/30/2021	11/30/2020	11/30/2019	11/30/2018	11/30/2017	11/30/2015
Statutorily required contribution	$ 9,551	$ 6,294	$ 5,143	$ 4,707	$ 4,127	$ 5,248	$ 5,223	$ 5,115	$ 4,637
Contributions in relation to the statutorily required contribution	$ (8,141)	$ (7,405)	$ (5,008)	$ (5,376)	$ (5,442)	$ (5,350)	$ (5,223)	$ (5,115)	$ (4,637)
Contribution (deficiency) excess	$ 1,410	$ (1,111)	$ 135	$ (669)	$ (1,315)	$ (102)	$ -	$ -	$ -
District's covered-employee payroll	$ 67,154	$ 61,024	$ 43,606	$ 44,309	$ 44,811	$ 46,385	$ 46,140	$ 45,182	$ 40,965
Contributions as a percentage of covered-employee payroll	12.12%	12.13%	11.48%	12.13%	12.14%	11.53%	11.32%	11.32%	11.32%

* 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 Kingston Water District will present information for those to use for which information is available.

Data reported is measured as of July 1, 2024.

REPORT REQUIRED BY GAO

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

Board of Directors
Kingston Water District
Kingston, 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 Kingston Water District as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise Kingston Water District's basic financial statements, and have issued our report thereon dated May 2, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingston Water District's financial statements are free of 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*.

Purpose of this Report

This 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.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
May 2, 2025