CITY OF KENDRICK, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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Independent Auditor's Report

Honorable Mayor
and City Council
Kendrick, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kendrick, Idaho, (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Kendrick, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kendrick, Idaho, as of September 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the 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 (GAAS) 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 City of Kendrick, Idaho 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

The City of Kendrick, Idaho's 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 City of

Kendrick, Idaho's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 judgement 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 judgement 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 City of Kendrick, Idaho'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kendrick'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 budgetary comparison information, the schedule of the City's proportionate share of the net pension liability (asset), and the schedule of the City's contributions on pages 33 through 35 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.

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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kendrick, Idaho's basic financial statements. The supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2025, on our consideration of the City of Kendrick, Idaho'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 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 City of Kendrick, Idaho's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
November 14, 2025

City of Kendrick, Idaho
Statement of Net Position
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash	$ 168,469	$ 124,234	$ 292,703
Receivables, Net:			
Accounts	-	32,177	32,177
Taxes	7,474	-	7,474
Due from Other Governments	5,000	(5,000)	-
Prepaid Items	9,827	2,313	12,140
Total Current Assets	190,770	153,724	344,494
Noncurrent Assets:			
Restricted Cash	1	87,501	87,502
Capital Assets:			
Land and Nondepreciable Infrastructure	-	17,458	17,458
Construction In Progress	-	88,005	88,005
Buildings	1,102,048	269,000	1,371,048
Equipment	632,997	156,165	789,162
Water/Sewer Systems	-	6,229,067	6,229,067
Accumulated Depreciation	(1,291,224)	(2,601,749)	(3,892,973)
Total Capital Assets	443,821	4,157,946	4,601,767
Total Noncurrent Assets	443,822	4,245,447	4,689,269
Total Assets	634,592	4,399,171	5,033,763
Deferred Outflows			
Pension Related Items	9,893	9,892	19,785
Total Deferred Outflows	9,893	9,892	19,785
Liabilities			
Current Liabilities:			
Accounts Payable	1,028	5,076	6,104
Accrued Interest	-	8,246	8,246
Bond Payable - Current	-	47,873	47,873
Compensated Absences	458	538	996
Total Current Liabilities	1,486	61,733	63,219
Non-Current Liabilities:			
Bond Payable	-	1,521,025	1,521,025
Net Pension Liability	42,115	42,114	84,229
Total Liabilities	43,601	1,624,872	1,668,473
Deferred Inflows			
Pension Related Items	765	764	1,529
Total Deferred Inflows	765	764	1,529
Net Position			
Invested in Capital Assets, Net of Related Debt	443,821	4,157,946	4,601,767
Restricted	-	87,501	87,501
Unrestricted (Deficit) Surplus	156,298	(1,462,020)	(1,305,722)
Total Net Position	$ 600,119	$ 2,783,427	$ 3,383,546

The accompanying notes are an integral part of the financial statements.

City of Kendrick, Idaho
Statement of Activities
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:							
Governmental Activities:							
General Government	$ 122,833	$ 4,019	$ -	$ 2,852	$ (115,962)	$ -	$ (115,962)
Police Protection	4,320	-	-	-	(4,320)	-	(4,320)
Fire Protection & Ambulance	29,737	-	-	-	(29,737)	-	(29,737)
Community Development	2,497	-	-	-	(2,497)	-	(2,497)
Transportation	75,789	-	30,336	-	(45,453)	-	(45,453)
Recreation	71,785	33,036		-	(38,749)	-	(38,749)
Depreciation	38,413	-	-	-	(38,413)	-	(38,413)
Total Governmental Activities	345,374	37,055	30,336	2,852	(275,131)	-	(275,131)
Business-type Activities:							
Water	181,983	143,254	63,746	-	-	25,017	25,017
Sewer	272,617	134,435	3,675	-	-	(134,507)	(134,507)
Sanitation	98,992	67,349	-	-	-	(31,643)	(31,643)
Total Business-type Activities	553,592	345,038	67,421	-	-	(141,133)	(141,133)
Total Primary Government	$ 898,966	$ 382,093	$ 97,757	$ 2,852	(275,131)	(141,133)	(416,264)
General Revenues:							
Property Taxes					125,433	-	125,433
State Sources					24,622	-	24,622
Other					1,420	-	1,420
Unrestricted Investment Earnings					2,679	3,900	6,579
Total General Revenues and Special Items					154,154	3,900	158,054
Change in Net Position					(120,977)	(137,233)	(258,210)
Net Position, Beginning of Year					721,096	2,545,660	3,266,756
Prior Period Adjustment					-	375,000	375,000
Net Position, Beginning of Year					721,096	2,920,660	3,641,756
Net Position, End of Year					$ 600,119	$ 2,783,427	$ 3,383,546

The accompanying notes are an integral part of the financial statements.

City of Kendrick, Idaho
Balance Sheet -
Governmental Funds
September 30, 2024

	General
Assets	
Cash	$ 168,470
Receivables, Net:	
Property Taxes	7,474
Prepaid Items	9,827
Due From Other Funds	5,000
Total Assets	$ 190,771
Liabilities	
Accounts Payable	$ 1,028
Total Liabilities	1,028
Deferred Inflows	
Unavailable Revenue - Property Taxes	5,954
Total Deferred Inflows	5,954
Fund Balances	
Nonspendable	9,827
Unassigned	173,962
Total Fund Balances	183,789
Total Liabilities, Deferred Inflows and Fund Balances	$ 190,771

The accompanying notes are an integral part of the financial statements.

City of Kendrick, Idaho
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 183,789
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:		
Buildings	$ 1,102,048	
Equipment	100,668	
Accumulated Depreciation	(758,895)	
		443,821
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are deferred in the funds.		5,954
Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Compensated Absences		(458)
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (42,115)	
Pension Related Deferred Outflows	9,893	
		(32,987)
Net Position of Governmental Activities		$ 600,119

The accompanying notes are an integral
part of the financial statements.

City of Kendrick, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2024

	General
Revenues	
Taxes	$ 125,470
Licenses and Permits	4,019
Intergovernmental	54,958
Charges for Services	33,036
Miscellaneous	1,420
Grant Revenue	2,852
Total Revenues	224,434
Expenditures	
Current:	
General Government	141,721
Fire Department	35,663
Recreation	76,135
Transportation	292,189
Total Expenditures	550,028
Net Change in Fund Balances	(325,594)
Fund Balances - Beginning	509,383
Fund Balances - Ending	$ 183,789

The accompanying notes are an integral
part of the financial statements.

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

Total Net Change in Fund Balance - Governmental Funds		$ (325,594)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:		
Capital Outlay	$ 226,676	
Depreciation Expense	(38,413)	
Net		188,263
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 and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		(37)
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences.		16,391
Change in Net Position of Governmental Activities		$ (120,977)

The accompanying notes are an integral
part of the financial statements.

City of Kendrick, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current Assets:				
Cash	$ 124,206	$ -	$ 28	$ 124,234
Internal Balances	47,371	-	-	47,371
Receivables:				
Accounts, Net	13,422	12,353	6,402	32,177
Due From Other Funds	48,068	-	-	48,068
Prepaid Expenses	1,529	784	-	2,313
Total Current Assets	234,596	13,137	6,430	254,163
Noncurrent Assets:				
Restricted Cash	33,500	54,001	-	87,501
Capital Assets:				
Land	-	17,458	-	17,458
Construction In Progress	-	88,005	-	88,005
Buildings	269,000	-	-	269,000
Equipment	116,529	39,636	-	156,165
Water/Sewer Systems	3,037,758	3,191,309	-	6,229,067
Accumulated Depreciation	(1,830,832)	(770,917)	-	(2,601,749)
Total Capital Assets	1,592,455	2,565,491	-	4,157,946
Total Noncurrent Assets	1,625,955	2,619,492	-	4,245,447
Total Assets	1,860,551	2,632,629	6,430	4,499,610
Deferred Outflows				
Pension Related Items	4,946	4,946	-	9,892
Total Deferred Outflows	4,946	4,946	-	9,892
Liabilities				
Current Liabilities:				
Internal Balance	-	47,371	-	47,371
Accounts Payable	691	2,027	2,358	5,076
Due To Other Funds	-	53,068	-	53,068
Compensated Absences	259	259	20	538
Accrued Interest	1,459	6,787	-	8,246
Bond Payable - Current Portion	24,055	23,818	-	47,873
Total Current Liabilities	26,464	133,330	2,378	162,172
Noncurrent Liabilities:				
Bond Payable	453,988	1,067,037	-	1,521,025
Net Pension Liability	21,057	21,057	-	42,114
Total Liabilities	501,509	1,221,424	2,378	1,725,311
Deferred Inflows				
Pension Related Items	382	382	-	764
Total Deferred Inflows	382	382	-	764
Net Position				
Invested in Capital Assets, Net of Related Debt	1,114,412	1,474,636	-	2,589,048
Unrestricted	249,194	(58,867)	4,052	194,379
Total Net Position	$ 1,363,606	$ 1,415,769	$ 4,052	$ 2,783,427

The accompanying notes are an integral part of the financial statements.

City of Kendrick, Idaho
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues				
Charges for Services	$ 143,254	$ 134,435	$ 67,349	$ 345,038
Total Operating Revenues	143,254	134,435	67,349	345,038
Operating Expenses				
Payroll Expenses	27,505	48,491	5,898	81,894
Production and Treatment	52,479	-	-	52,479
Collection and Transmission	-	123,913	-	123,913
Depreciation	79,389	82,304	-	161,693
Garbage Services	-	-	93,094	93,094
Total Operating Expenses	159,373	254,708	98,992	513,073
Operating Income (Loss)	(16,119)	(120,273)	(31,643)	(168,035)
Nonoperating Revenues (Expenses)				
Interest Earned	3,900	-	-	3,900
Interest Expense	(22,610)	(17,909)	-	(40,519)
Grant Revenue	63,746	3,675	-	67,421
Gain/(Loss) on Disposal of Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	45,036	(14,234)	-	30,802
Income (Loss) Before Transfers	28,917	(134,507)	(31,643)	(137,233)
Change in Net Position	28,917	(134,507)	(31,643)	(137,233)
Net Position - Beginning - Previous	959,689	1,550,276	35,695	2,545,660
Prior Period Adjustment	375,000	-	-	375,000
Net Position - Beginning	1,334,689	1,550,276	35,695	2,920,660
Net Position - Ending	$ 1,363,606	$ 1,415,769	$ 4,052	$ 2,783,427

The accompanying notes are an integral
part of the financial statements.

City of Kendrick, Idaho
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Cash Flows From Operating Activities				
Receipts from Customers	$ 143,664	$ 134,821	$ 67,760	$ 346,245
Payments to Suppliers	(51,862)	(121,798)	(92,185)	(265,845)
Payments to Employees	(27,505)	(48,491)	(5,980)	(81,976)
Net Cash Provided (Used) by Operating Activities	64,297	(35,468)	(30,405)	(1,576)
Cash Flows From Capital and Related Financing Activities				
Purchases of Capital Assets	-	(88,005)	-	(88,005)
Interest Paid on Debt	(22,025)	(19,521)	-	(41,546)
Principal Paid on Debt	(22,997)	(23,418)	-	(46,415)
Grant Revenue	63,746	3,675		67,421
Net Cash Provided (Used) by Capital and Related Financing Activities	18,724	(127,269)	-	(108,545)
Cash Flows From Investing Activities				
Interest and Dividends	3,900	-	-	3,900
Net Cash Provided (Used) by Investing Activities	3,900	-	-	3,900
Net Change in Cash and Cash Equivalents	86,921	(162,737)	(30,405)	(106,221)
Beginning Cash	118,156	169,367	30,433	317,956
Ending Cash	$ 205,077	$ 6,630	$ 28	$ 211,735
Displayed As:				
Cash	$ 124,206	$ -	$ 28	124,234
Internal Balance	47,371	(47,371)	-	-
Restricted Cash	33,500	54,001	-	87,501
	$ 205,077	$ 6,630	$ 28	$ 211,735

The accompanying notes are an integral part of the financial statements.

City of Kendrick, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (16,119)	$ (120,273)	$ (31,643)	$ (168,035)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	79,389	82,304	-	161,693
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	410	386	411	1,207
(Increase) Decrease in Prepaid Expense	(341)	(173)	-	(514)
(Increase) Decrease in Deferred Outflows	4,480	4,480	-	8,960
Increase (Decrease) in Accounts Payable	(113)	526	909	1,322
Increase (Decrease) in Accrued Salaries	(691)	-	(53)	(744)
Increase (Decrease) in Compensated Absences	(373)	(373)	(29)	(775)
Increase (Decrease) in Net Pension Liability	(2,727)	(2,727)	-	(5,454)
Increase (Decrease) in Deferred Inflows	382	382	-	764
Net Cash Provided (Used) by Operating Activities	$ 64,297	$ (35,468)	$ (30,405)	$ (1,576)

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Kendrick, Idaho (the City), which has responsibility and control over all activities related to public safety, highways and streets, culture and recreation, and water, sewer, and sanitation services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each identifiable activity of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

- Indirect expenses are expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt) and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category — *governmental and proprietary* — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the City and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City has the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the activities of the City's sewage treatment plant and collection systems.
- *Sanitation fund.* This fund accounts for the activities of the City's sanitation operations.

Basis of Accounting

The government-wide and proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for

which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund financial statements:

- *Nonspendable.* Prepaid items that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure

is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

Cash received by the City is deposited into the various cash and investment accounts for each fund and is presented as "Cash and Cash Equivalents" on the Statement of Net Position and governmental fund Balance Sheet by activity or fund.

For presentation in the statement of cash flows, investments in the investment pool and others with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents.

Property Tax Calendar

The City levies its real property taxes through the county on or before the 2nd Monday of September. One-half of the real property taxes are due on or before the 20th of December. The remaining one-half of the real property tax is due on or before June 20th the following year. Property taxes are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$10,000	Straight-Line	7 – 50 Years
Equipment and Vehicles	$3,000	Straight-Line	7 – 20 Years

General infrastructure assets acquired prior to October, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Receivable

The City has created an allowance for doubtful accounts for water and sewer balances deemed uncollectible. See footnote 6.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pension

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. 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.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the City's deposits was $252,047 and the respective bank balances totaled $302,777. All of the bank balance was insured or collateralized with pool securities held by the pledging institution in the name of the city.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, all of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City. The City does not have a formal policy limiting its exposure to custodial credit risk for deposits. The City has $0 of petty cash on hand.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool which is not rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho

Code defines allowable investments. The fair value of the City's investment in the pool is the same as the value of the pool shares.

The City follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The City's investments at September 30, 2024, are summarized below:

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1 - 5
External Investment Pool	$ 128,158	$ 128,158	$ -

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 116,659	$ 47,887	$ 164,546
Restricted Cash	-	87,501	87,501
Investments categorized as deposits	51,811	76,347	128,158
	$ 168,470	$ 211,735	$ 380,205

3. PROPERTY TAXES

The City receives property tax revenue from Clearwater County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2024, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the City and are recorded as deferred revenue.

4. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

5. ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts as of September 30, 2024, were reported as follows:

	General Fund	Water Fund	Sewer Fund	Sanitation Fund	Total
Accounts Receivable	$ -	$ 13,422	$ 12,353	$ 6,402	$ 32,177
Allowance for Doubtful Accounts	-	-	-	-	-
Accounts Receivable, Net	$ -	$ 13,422	$ 12,353	$ 6,402	$ 32,177

6. INTERNAL BALANCES

At September 30, 2024, the City had the following internal balance:

$ 47,371 Due from the Sewer Fund to the Water Fund for Overdrawn Cash

7. CAPITAL ASSETS

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

	Balance 9/30/2023	Adjustment	Additions	Disposals	Balance 9/30/2024
Governmental Activities:					
Capital Assets Being Depreciated:					
Buildings	$ 881,298	$ -	$ 220,750	$ -	$ 1,102,048
Equipment	607,071	-	25,926	-	632,997
Total Historical Cost	1,488,369	-	246,676	-	1,735,045
Less: Accumulated Depreciation					
Buildings	741,689	-	17,206	-	758,895
Equipment	511,122	-	21,207	-	532,329
Total Acc. Depr.	1,252,811	-	38,413	-	1,291,224
Total Capital Assets Being Depreciated, Net	235,558	-	208,263	-	443,821
Governmental Activities Capital Assets – Net	$ 235,558	$ -	$ 208,263	$ -	$ 443,821
Business-type Activities:					
Capital Assets Not Being Depreciated:					
Land	$ 17,458	$ -	$ -	$ -	$ 17,458
Construction in Progress	-	-	88,005	-	88,005
Total Historical Cost	17,458	-	88,005	-	105,463
Capital Assets Being Depreciated:					
Buildings	269,000	-	-	-	269,000
Equipment	156,165	-	-	-	156,165
Water/Sewer Systems	5,629,067	600,000	-	-	6,229,067
Total Historical Cost	6,054,232	600,000	-	-	6,654,232
Less: Accumulated Depreciation					
Buildings & Equipment	279,561	-	15,079	-	294,640
Water/Sewer Systems	1,935,495	225,000	146,614	-	2,307,109
Total Acc. Depr.	2,215,056	225,000	161,693	-	2,601,749
Total Capital Assets Being Depreciated, Net	3,839,176	375,000	(161,693)	-	4,052,483
Business-type Activities Capital Assets – Net	$ 3,856,634	$ 375,000	$ (73,688)	$ -	$ 4,157,946

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities:	
General and Administrative	$ 38,413
Business-type Activities:	
Water	$ 79,389
Sewer	82,304
	$ 161,693

8. OTHER COMMITMENTS

The City has credit cards available for use with a total credit limit of $4,000. $1,980 of the available balance was in use as September 30, 2024.

9. LONG-TERM OBLIGATIONS

Revenue Bonds

The City had obtained multiple rural development loans issued by the United States Department of Agriculture (USDA). The interest rates range from 1.375% to 4.500%.

Changes in long-term obligations for the year ended September 30, 2024, are as follows:

Description	Maturity	Rate	Required Reserve	9/30/2023	Additions	Payments	9/30/2024	Current
Business-type Activities:								
USDA Sewer Loan (92-03)	2057	1.375%	$16,414	$ 554,212	$ -	$(12,897)	$ 541,315	$13,074
USDA Water Loan (91-01)	2040	4.500%	45,024	501,040	-	(22,997)	478,043	24,055
USDA Sewer Loan (92-06)	2059	2.125%	11,211	560,061	-	(10,521)	549,540	10,744
			$72,649	$1,615,313	$ -	$(46,415)	$1,568,898	$47,873

The interest expensed for the year ended September 30, 2024 was $40,519.

Debt service requirements as of September 30, 2024, are as follows:

Year Ending September 30,	Business-type Activities Bonds and Notes Principal	Interest
2025	$ 47,873	$ 40,090
2026	49,386	38,577
2027	50,957	37,006
2028	52,589	35,374
2029	54,284	33,679
2030-2034	299,249	140,566
2035-2039	327,352	87,321
2040-2044	159,307	55,388
2045-2049	173,653	41,042
2050-2054	189,355	25,340
2055-2059	164,892	8,430
	$ 1,568,898	$ 542,813

10. INTERFUND BALANCES

Interfund balances consisted of the following as of September 30, 2024:

$ 5,000	Due to the General Fund from the Sewer Fund to reimburse for operating expenses
48,068	Due to the Water Fund from the Sewer Fund to reimburse for operating expenses
$ 53,068	

11. PENSION PLAN

Plan Description

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten

years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City of Kendrick, Idaho's contributions were $12,331 the year ended September 30, 2024.

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

At September 30, 2024, the City of Kendrick, Idaho 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 City of Kendrick, Idaho's proportion of the net pension liability was based on the City of Kendrick Idaho'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 City of Kendrick, Idaho's proportion was 0.00225173 percent.

For the year ended September 30, 2024, the City of Kendrick recognized pension expense/ (revenue) of $20,869 . At September 30, 2024, the City of Kendrick, Idaho 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	$ 13,410	$ -
Changes in assumptions or other inputs	$ 3,337	-
Net difference between projected and actual earnings on pension plan investments	$ -	1,529
City of Kendrick, Idaho's contributions subsequent to the measurement date	$ 3,038	-
Total	$ 19,785	$ 1,529

$3,038 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 years 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:

For the Year Ended September 30,	PERSI
2025	$ 7,195
2026	15,705
2027	(2,708)
2028	(1,936)

Actuarial Assumptions

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

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

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

Contributing Members, Service Retirement Members, and Beneficiaries

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest

capital market assumptions.

Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

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

Fixed Income	30.0%
US/Global Equities	55.0%
Developed Foreign Equities	15.0%
International Equity	15.0%
Cash	0.0%
Total	100.0%

Discount Rate

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

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

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

	1% Decrease (5.35%)	**Current Discount Rate (6.35%)**	**1% Increase (7.35%)**
Employer's proportionate share of the net pension	$ 160,062	$ 84,229	$ 22,293

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.

12. SUBSEQUENT EVENT

The City evaluated subsequent events for recognition or disclosure through the date of the accountants' report, which is the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of, ore disclosure in, the accompanying financial statement.

13. COMPENSATED ABSENCES

	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
Governmental Activities	$ 1,118	$ 1,297	$ (1,957)	$ 458	$ 458
Business-type Activities	1,313	1,522	(2,297)	538	538
Total	$ 2,431	$ 2,819	$ (4,254)	$ 996	$ 996

14. RESTATEMENT

In the prior year, fixed assets was understated in the Water Fund by $375,000. This caused a corresponding understatement of fund balance.

Fund Balance was restated as follows:

	Water Fund
Net Position, Beginning - As Previously Stated	$ 2,545,660
Increase due to fixed assets being understated	375,000
Net Position, Beginning - Restated	$ 2,920,660

REQUIRED SUPPLEMENTARY INFORMATION

City of Kendrick, Idaho
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Taxes	$ 124,526	$ 124,526	$ 125,470	$ 944
Licenses and Permits	5,071	5,071	4,019	(1,052)
Intergovernmental	62,652	62,652	54,958	(7,694)
Franchise Fees	3,450	3,450	4,099	649
Fines	29,814	29,814	33,036	3,222
Grant Revenue	5,300	5,300	2,852	(2,448)
Total Revenues	230,813	230,813	224,434	(6,379)
Expenditures				
Current:				
General Government	241,705	214,389	141,721	72,668
Law Enforcement	2,400	4,320	4,320	-
Fire Department	30,767	37,450	35,663	1,787
Recreation	100,548	106,234	76,135	30,099
Transportation	70,370	127,932	292,189	(164,257)
Total Expenditures	445,790	490,325	550,028	(59,703)
Net Change in Fund Balances	(214,977)	(259,512)	(325,594)	(66,082)
Fund Balances - Beginning	-	-	509,383	509,383
Fund Balances - Ending	$ (214,977)	$ (259,512)	$ 183,789	$ 443,301

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at the City Hall to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.

E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The General Fund had expenditures that exceeded appropriations by $ 59,703 .

City of Kendrick, Idaho
Schedules of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the City's proportionate Share of Net Pension Liability

Year	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered-employee payroll	City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.0022517%	$ 84,229	$ 109,060	77.23%	85.54%
2023	0.0023840%	95,137	102,941	92.42%	83.83%
2022	0.0023010%	90,629	94,156	96.25%	83.09%
2021	0.0024628%	(1,945)	90,535	-2.15%	100.36%
2020	0.0022967%	53,332	82,952	64.29%	88.22%
2019	0.0028239%	32,000	95,900	33.37%	93.79%
2018	0.0024565%	36,234	79,000	45.87%	91.69%
2017	0.0024685%	38,801	76,700	50.59%	90.68%
2016	0.0031745%	64,352	92,800	69.34%	87.26%
2015	0.0031331%	41,300	87,800	47.04%	91.38%

Data reported is measured as of June 30, 2024

Schedule of City's Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	City's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 12,331	$ 12,331	$ -	$ 109,060	11.31%
2023	12,154	12,154	-	102,941	11.81%
2022	11,242	11,242	-	94,156	11.94%
2021	10,810	10,810	-	90,535	11.94%
2020	9,904	9,904	-	82,952	11.94%
2019	10,857	10,857	-	95,900	11.32%
2018	8,947	8,947	-	79,000	11.33%
2017	8,679	8,679	-	76,700	11.32%
2016	10,510	10,510	-	92,800	11.33%
2015	9,934	9,934	-	87,800	11.31%

Data reported is measured as of September 30, 2024

SUPPLEMENTAL INFORMATION

City of Kendrick, Idaho
Supplemental Schedule of Revenues by Source -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Taxes			
Current	$ 124,026	$ 124,892	$ 866
Penalties and Interest	500	578	78
Total Taxes	124,526	125,470	944
Licenses and Permits			
Liquor License	4,871	645	(4,226)
Building Permits	200	3,298	3,098
Animal	-	76	76
Total Licenses and Permits	5,071	4,019	(1,052)
Intergovernmental			
Grant	5,300	2,852	(2,448)
State Liquor Apportionment	12,328	24,622	12,294
Inventory Phase-Out	12,699	-	(12,699)
Revenue Sharing	13,706	-	(13,706)
Highway User	23,919	30,336	6,417
Total Intergovernmental	67,952	57,810	(10,142)
Other			
Interest	150	2,679	2,529
Pool Receipts	12,000	8,406	(3,594)
Rent	11,200	19,299	8,099
Refunds and Reimbursements	2,500	33	(2,467)
Miscellaneous	7,414	6,718	(696)
Total Other	33,264	37,135	3,871
Total Revenue	$ 230,813	$ 224,434	$ (6,379)

City of Kendrick, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
General Government			
Personnel Services	$ 25,211	$ 46,066	$ (20,855)
Supplies	4,403	8,217	(3,814)
Other Services & Charges	47,591	56,980	(9,389)
Capital Outlay	137,184	30,458	106,726
Total General Government	214,389	141,721	72,668
Public Safety			
Law Enforcement			
Other Services & Charges	4,320	4,320	-
Total Law Enforcement	4,320	4,320	-
Fire Department			
Personnel Services	77	134	(57)
Supplies	11,275	17,090	(5,815)
Other Services & Charges	22,498	18,128	4,370
Capital Outlay	3,600	311	3,289
Total Fire Department	37,450	35,663	1,787
Total Public Safety	41,770	39,983	1,787
Transportation			
Personnel Services	12,683	14,289	(1,606)
Supplies	8,528	5,601	2,927
Other Services & Charges	106,721	272,299	(165,578)
Total Transportation	127,932	292,189	(164,257)
Recreation			
Personnel Services	34,967	41,249	(6,282)
Supplies	12,633	13,482	(849)
Other Services & Charges	50,365	19,140	31,225
Capital Outlay	8,269	2,264	6,005
Total Transportation	106,234	76,135	30,099
Total Expenditures	490,325	550,028	(59,703)
Net Change in Fund Balance	(259,512)	(325,594)	66,082
Fund Balance, Beginning	-	509,383	(509,383)
Fund Balance, Ending	$ (259,512)	$ 183,789	$ (443,301)

FEDERAL REPORTS

ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor
and City Council
Kendrick, Idaho

We were engaged to 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kendrick, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Kendrick, Idaho's basic financial statements, and have issued our report thereon dated November 14, 2025. Our report disclaims an opinion on such financial statements because of missing information that prevented us from forming an opinion on the financial statements as a whole.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the City of Kendrick, Idaho, we considered the City of Kendrick, Idaho'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 City of Kendrick, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Kendrick, Idaho's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule in which the findings are reported, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 to be material weaknesses
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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.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the City of Kendrick, Idaho, 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings and responses as items 2024-003. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

The City of Kendrick, Idaho's Response to Findings

The City of Kendrick, Idaho's response to the findings identified in our engagement is described in the accompanying schedule of findings and responses. The City of Kendrick, Idaho's response was not subjected to the auditing procedures applied in the engagement to audit 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.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
November 14, 2025

2024-001: Segregation of Duties

Conditions: While performing the audit it was noted that the City Clerk recorded all cash transactions, reconciled the bank statements, and was a signer on the account.

Criteria: The City should have controls in place to segregate the duties of custody, recording, and issuing checks. If this is not possible, the City should put mitigating controls in place to reduce the risk by having transactions and bank statements reviewed and approved.

Effect: This increases the risk of a misstatement to go unnoticed or fail to be corrected in a timely manner, whether due to error or fraud.

Recommendations: The City should put procedures in place to make sure that all invoices, bank statements, and bank reconciliations are being reviewed, and signed, by a 2nd person, that does not input or reconcile transactions.

2024-002: Bank Reconciliations

Conditions: While performing the audit it was noted that the City Clerk had not completed accurate bank reconciliations for the year under audit.

Criteria: The City should have controls in place to make sure that all bank accounts are reconciled monthly.

Effect: This increases the risk of a misstatement to go unnoticed or fail to be corrected in a timely manner, whether due to error or fraud.

Recommendations: The City should put procedures in place to make sure that all bank accounts are reconciled in the accounting software monthly.

2024-003: Audits not being done timely

Conditions: While performing the audit it was noted that the audit was two years late in being completed.

Criteria: The City should have audits scheduled to be completed within nine months after each fiscal year end.

Effect: This increases the risk of a misstatement to go unnoticed or fail to be corrected in a timely manner, whether due to error or fraud.

Recommendation: The City should schedule annual audits to be completed within nine months after their fiscal year end.

2024-001: Segregation of Duties

The City has hired a new clerk and is putting into place procedures where the Mayor and City Council will review the bank statements and invoices on a regular basis.

2024-002: Bank Reconciliations

The City has hired a new clerk and is putting into place procedures to make sure that all bank statements are reconciled monthly.

2024-003: Audits not being done timely

The City has begun getting their audits completed and is working to get caught up with prior audits.

If there are any questions on management's response to findings please contact the City Treasurer at (208)464-2222.