KUNA CEMETERY MAINTENANCE DISTRICT

Report on Audited
Basic
Financial Statements
and
Other Information

For the Years Ended December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Commissioners
Kuna Cemetery Maintenance District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and the fund information of Kuna Cemetery Maintenance District (the District), as of and for the years ended December 31, 2024 and 2023, 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 cash basis financial position of the governmental activities and the fund information of Kuna Cemetery Maintenance District, as of December 31, 2024 and 2023, and the respective changes in the cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

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

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

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

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

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedules of receipts and disbursements – budget and actual but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 17, 2025, on our consideration of Kuna Cemetery Maintenance District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
September 17, 2025

Kuna Cemetery Maintenance District
Statement of Net Position - Cash Basis
December 31, 2024 and 2023

	2024 Governmental Activities	2023 Governmental Activities
Assets		
Cash and Cash Equivalents	$ 1,856,932	$ 1,573,528
Total Assets	1,856,932	1,573,528
Net Position		
Unrestricted	1,856,932	1,573,528
Total Net Position	$ 1,856,932	$ 1,573,528

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

Kuna Cemetery Maintenance District
Statement of Activities - Cash Basis
For the Years Ended December 31, 2024 and 2023

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 - Governmental Activities
Primary Government:					
Governmental Activities:					
General Operating and Maintenance	$ 127,831	$ 37,261	$ 0	$ 0	$ (90,570)
Total Governmental Activities	$ 127,831	$ 37,261	$ 0	$ 0	(90,570)
General Revenues:					
Property Taxes					272,483
Sales Tax					14,349
Interest					87,142
Total General Revenues					373,974
Change in Net Position					283,404
Net Position, Beginning					1,573,528
Net Position, Ending					$ 1,856,932

2023

	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 - Governmental Activities
Primary Government:					
Governmental Activities:					
General Operating and Maintenance	$ 169,388	$ 34,800	$ 0	$ 0	$ (134,588)
Total Governmental Activities	$ 169,388	$ 34,800	$ 0	$ 0	(134,588)
General Revenues:					
Property Taxes					252,843
Sales Tax					15,579
Interest					59,553
Total General Revenues					327,975
Change in Net Position					193,387
Net Position, Beginning					1,380,141
Net Position, Ending					$ 1,573,528

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

Kuna Cemetery Maintenance District
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances -
Governmental Funds
As of and for the Years Ended December 31, 2024 and 2023

	2024 General Fund	2023 General Fund
Receipts		
Property Taxes	$ 272,483	$ 252,843
Sales Tax	14,349	15,579
Interest	87,142	59,553
Sale of Lots	17,600	22,400
Openings and Closings	18,350	12,400
Lease Income	1,311	0
Total Receipts	411,235	362,775
Disbursements		
Current:		
Office	1,479	2,480
Salaries and Benefits	98,240	93,795
Insurance	4,117	6,689
Irrigation Assessments	864	1,585
Repairs, Maintenance, and Supplies	13,851	24,584
Utilities	4,727	4,126
Telephone	1,686	1,717
Fuel and Oil	2,598	2,949
Professional Fees	10	5,359
Commissioner Per Diem	0	2,250
Advertising	259	0
Capital Outlay	0	23,854
Total Disbursements	127,831	169,388
Net Change in Cash	283,404	193,387
Cash Basis Fund Balance - Beginning	1,573,528	1,380,141
Cash Basis Fund Balance - Ending	$ 1,856,932	$ 1,573,528
Cash Basis Assets - Ending		
Cash and Cash Equivalents	$ 1,856,932	$ 1,573,528
Cash Basis Fund Balance - Ending		
Unassigned	$ 1,856,932	$ 1,573,528

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of the District, which has responsibility and control over all activities related to the maintenance of the cemetery. The District receives funding from local and state government sources and must comply with all of the requirements of these funding source entities. However, the District 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 District's reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the District in the form of cash receipts and disbursements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other cash receipts.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District'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—expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses.

- Program revenues include (a) charges paid by the recipients for 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 District's funds. Separate statements would be presented for each fund category if the District had other fund types besides governmental. The emphasis of fund financial statements is on major governmental funds, and each would be displayed in a separate column if the District had multiple funds. All remaining governmental funds would be aggregated and reported as nonmajor funds, if the District had nonmajor funds.

The District reports one governmental fund, the General fund. This is the District's only fund. The District has received no resources that are required to be accounted for in another fund.

Basis of Accounting

The government-wide and fund financial statements are reported using the cash basis of accounting. Revenues are recorded when received and expenses are recorded at the time they are paid, rather than when revenues are earned and expenses are incurred as would be the case on the accrual or modified accrual basis. The District believes the cash basis of accounting satisfies its objectives.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. Proceeds of general long-term liabilities and acquisitions under leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

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

- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (nonspendable, restricted, committed and assigned) are not applicable. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners (the District's highest level of decision making authority) through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the District may fund certain programs by a combination of grants and general revenues. Thus, when program expenses are paid, there would be both restricted and unrestricted net position available to finance the program. When both restricted and unrestricted resources are available for use, it is the District's intent to use restricted resources first, then unrestricted resources as they are needed.

There is no formal policy regarding the use of restricted, committed, assigned, or unassigned fund balances. However, it is the District'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 District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments in the External Investment Pool and funds held in certificates of deposits at banks, regardless of maturity, are also considered to be cash equivalents.

Property Tax Calendar

The District levies its real property taxes through Ada and Canyon Counties in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

As a cash basis entity, no capital assets are recorded.

Pensions

The Public Employee Retirement System of Idaho Base Plan's (Base Plan) fiduciary net position has been determined on the same basis as that used by the overall Plan. For this purpose, benefit payments

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(including refunds of employee contributions) are recognized in the Base Plan when due and payable in accordance with the benefit terms. Investments in the Base Plan are reported at fair value.

2. CASH AND INVESTMENTS

Deposits

As of December 31, 2024, the carrying amounts of the District's deposits were $338,155 and the respective bank balances totaled the same. $250,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

As of December 31, 2023, the carrying amounts of the District's deposits were $296,850 and the respective bank balances were $300,893. $250,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

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 December 31, 2024, $88,155 of the District's deposits were not covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District. As of December 31, 2023, $50,893 of the District's deposits were not covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District. Thus, the District was exposed to custodial credit risk for both years. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. As of December 31, 2024 and 2023, CDs and money market accounts totaling $107,135 and $102,112, respectively, were held at Edward Jones. The CD is covered by federal depository insurance and the money market account is covered by the Securities Investor Protection Corporation. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The District 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 District voluntarily participates in the State of Idaho Investment Pool. 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 value of the District's investment in the pool is reported in the accompanying financial statements at amounts based on the District's amortized cost deposited in the pool. Participants have overnight availability to their funds, up to $10 million. Withdrawals of more than $10 million require three business days' notification. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants. The District follows Idaho Statute that outlines qualifying investment options as follows:

2. CASH AND INVESTMENTS (continued)

Idaho Code authorizes the District 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 District's investments at December 31, 2024 and 2023, are summarized below:

2024:

Investment	Credit Rating	Amortized Cost	Investment Maturities (in years) Less than 1	1 - 5
External Investment Pool	Not Rated	$ 1,411,642	$ 1,411,642	$ 0
Edward Jones				
Certificates of Deposit	N/A	107,000	107,000	0
Money Market	N/A	135	N/A	0
Total Investments		$ 1,518,777	$ 1,518,642	$ 0

2023:

Investment	Credit Rating	Amortized Cost	Investment Maturities (in years) Less than 1	1 - 5
External Investment Pool	Not Rated	$ 1,174,566	$ 1,174,566	$ 0
Edward Jones				
Certificates of Deposit	N/A	100,000	100,000	0
Money Market	N/A	2,112	N/A	0
Total Investments		$ 1,276,678	$ 1,274,566	$ 0

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

	2024 Governmental Activities	2023 Governmental Activities
Cash and cash equivalents	$ 338,155	$ 296,850
Investments categorized as deposits	1,518,777	1,276,678
	$ 1,856,932	$ 1,573,528

3. PROPERTY TAXES

Property taxes are an enforceable lien on property. The lien date is January 1 for property taxes levied on the third Monday of the previous September. Taxes can be paid in two installments with payments due by December 20 and June 20. Ada and Canyon Counties bill and collect the taxes and remit them to the District monthly. District property tax revenues are recognized when received.

4. RISK MANAGEMENT

The District 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, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss.

5. LEASE INCOME

The District leases a portion of land it owns. In 2023, the District received no lease income and in 2024, the District received lease income for 2023 of $1,311. The lease amount increases 3% each year until the end of the lease agreement, which is December 1, 2025. Future minimum receipts are expected as follows:

For the Year Ended December 31,	Amount
2025	$ 2,742

6. PENSION PLAN

Plan Description

The District contributes to the Base Plan, which is a cost-sharing, multiple-employer defined benefit pension plan administered by the 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 and are 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 (five 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 services 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 Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

6. PENSION PLAN (continued)

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percentage 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. As of June 30, 2022, it was 7.16% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees. As of June 30, 2023, it was 6.71% for general employees and the employer contribution rate as a percent of covered payroll was 11.18% for general employees. As of June 30, 2024, it was 7.18% for general employees and the employer contribution rate as a percent of covered payroll was 11.96% for general employees. The District's contributions were $8,293 and $8,360 for the years ended December 31, 2024 and 2023, respectively.

7. LINE OF CREDIT

The District has a line of credit with Edward Jones in the amount of $69,680, none of which was in use as of December 31, 2024 or 2023. Per Idaho Code 27-122, this line of credit may only be used to purchase burial ground and the debt must be repaid in ten years if it were to be used.

OTHER INFORMATION

Kuna Cemetery Maintenance District
Schedule of Receipts and Disbursements -
Budget and Actual
For the Year Ended December 31, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Receipts				
Property Taxes	$ 260,580	$ 260,580	$ 272,483	$ 11,903
Sales Tax	0	0	14,349	14,349
Interest	132	132	87,142	87,010
Sale of Lots	29,600	29,600	17,600	(12,000)
Openings and Closings	6,300	6,300	18,350	12,050
Lease Income	1,351	1,351	1,311	(40)
Total Receipts	297,963	297,963	411,235	113,272
Disbursements				
Current:				
Office	10,600	10,600	1,479	9,121
Salaries and Benefits	102,750	102,750	98,240	4,510
Insurance	9,200	9,200	4,117	5,083
Irrigation Assessments	1,200	1,200	864	336
Repairs, Maintenance, and Supplies	47,286	47,286	13,851	33,435
Utilities	7,300	7,300	4,727	2,573
Telephone	4,000	4,000	1,686	2,314
Fuel and Oil	7,500	7,500	2,598	4,902
Professional Fees	6,000	6,000	10	5,990
Elections	1,500	1,500	0	1,500
Mileage	600	600	0	600
Commissioner Per Diem	4,200	4,200	0	4,200
Advertising	0	0	259	(259)
Capital Outlay	104,334	104,334	0	104,334
Total Disbursements	306,470	306,470	127,831	178,639
Net Change in Cash	(8,507)	(8,507)	283,404	291,911
Cash Basis Fund Balance - Beginning	1,079	1,079	1,573,528	1,572,449
Cash Basis Fund Balance - Ending	$ (7,428)	$ (7,428)	$ 1,856,932	$ 1,864,360

Kuna Cemetery Maintenance District
Schedule of Receipts and Disbursements -
Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Receipts				
Property Taxes	$ 249,757	$ 249,757	$ 252,843	$ 3,086
Sales Tax	0	0	15,579	15,579
Interest	96	96	59,553	59,457
Sale of Lots	23,472	23,472	22,400	(1,072)
Openings and Closings	14,893	14,893	12,400	(2,493)
Lease Income	1,275	1,275	0	(1,275)
Total Receipts	289,493	289,493	362,775	73,282
Disbursements				
Current:				
Office	13,000	13,000	2,480	10,520
Salaries and Benefits	102,750	102,750	93,795	8,955
Insurance	8,500	8,500	6,689	1,811
Irrigation Assessments	1,700	1,700	1,585	115
Repairs, Maintenance, and Supplies	51,143	51,143	24,584	26,559
Utilities	6,200	6,200	4,126	2,074
Telephone	3,700	3,700	1,717	1,983
Fuel and Oil	7,000	7,000	2,949	4,051
Professional Fees	6,000	6,000	5,359	641
Elections	1,500	1,500	0	1,500
Mileage	2,000	2,000	0	2,000
Commissioner Per Diem	3,000	3,000	2,250	750
Capital Outlay	83,000	83,000	23,854	59,146
Total Disbursements	289,493	289,493	169,388	120,105
Net Change in Cash	0	0	193,387	193,387
Cash Basis Fund Balance - Beginning	0	0	1,380,141	1,380,141
Cash Basis Fund Balance - Ending	$ 0	$ 0	$ 1,573,528	$ 1,573,528

INTERNAL CONTROLS AND COMPLIANCE REPORT

Bailey & Company Chtd.
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Commissioners
Kuna Cemetery Maintenance District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of Kuna Cemetery Maintenance District (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described below that we consider to be a significant deficiency.

2024-001: OVERSIGHT OF FINANCIAL ACTIVITIES

Condition: The District's books were missing transactions from the middle of June 2024 to the beginning of October 2024. Also in 2024, there were multiple errors in reporting, recording, and payments of paychecks and the related taxes and benefits; there were multiple instances when tax and benefit payments were not made on time; many of the transactions in QBO were missing the vendor name and the memo/description; there were many misclassified transactions and several duplicates; several of the disbursements tested were missing the underlying invoices or receipts; and several deposits had no underlying support or incomplete support.

Cause: The current bookkeeper was not given adequate training in the use of QBO, in record retention, in payroll, and in performing bank reconciliations. In addition, in a small entity where staffing is limited and not cost-effective to increase staffing, it is expected that the board will take on much of the oversight duties. This does not appear to have adequately occurred with this entity.

Criteria: Properly designed and consistently implemented board oversight of financial activities, as well as adequately trained personnel, mitigates the risk of misstatements whether due to error or fraud.

Effect: A lack of adequate board oversight and proper training for employees on their job duties increases the risk of misstatements by providing opportunities for fraud, waste, or abuse and relying on employees to catch their own mistakes. Without correction, the missing transactions, miscategorized transactions, and duplicated transactions would have caused the District's bank account balances to be understated by $134,571 and its net income to be understated by $134,103; the PERSI wages have been underreported to PERSI by $1,398 and contributions to PERSI have been underpaid by $263; 941 reporting has overreported wages by $7,832 and 941 taxes were overpaid by $2,028; state withholding has been underreported to Idaho and underpaid by $105; one employee was paid $14 more than they should have been; and late payroll tax and PERSI payments have likely resulted in the District owing penalties and interest.

Recommendations: We recommend the bookkeeper receives additional training on the use of QBO, for payroll, and proper categorization of transactions. All checks and expenses entered into QBO should have a vendor name associated with them and both expenditures and revenues should also have a memo or description that describes the transaction. Specifically for payroll, we recommend there are controls put in place to verify amounts are reported and paid correctly and on time. This could include reports produced out of QBO payroll that are checked against the 941 reports, paystubs, and the tax and benefit payments and this check should occur before the reports, tax, and benefit payments are submitted. Calendar reminders or alerts on the bookkeeper's mobile phone could be added to ensure tax and benefit payments are made on time. We recommend that a receipt is issued for all revenues and every deposit has documentation that supports the amounts and what was deposited. We recommend all disbursements have appropriate supporting documentation that has evidence of board review and approval. Supporting documentation for both revenues and expenditures can be attached to the transaction within QBO. We recommend bank reconciliations occur within one month after month end. We recommend that the board review bank statements, credit card statements, and reconciliations. We recommend the board set a dollar threshold for expenditure purchases that must be approved ***before*** the purchase is made. All reviews should have evidence of that review by initialing/dating documents.

Views of Responsible Officials: The Cemetery agrees with this finding and believes some of the proposed recommendations have already been put in place. The Cemetery plans to consider the auditor's other recommendations as soon as possible.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kuna Cemetery Maintenance District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described previously. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Bailey & Co.

Nampa, Idaho
September 17, 2025