



Mahlke Hunsaker & Company PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Chairman and Board of Trustees
Kimberly School District No. 414
Kimberly, ID 83341

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kimberly School District, Kimberly Idaho (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effect of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the District, as of June 30, 2026, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on all Other Opinion Units Described Below

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2026, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has elected not to record a liability for the implicit rate subsidy of the retiree healthcare. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the excess of the age-adjusted health insurance premium over the blended health insurance premium for retirees, as well as note disclosures and required supplementary information. The amount by which this departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses note disclosure, and required supplementary information has not been determined.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements-continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, schedule of employer contribution, schedule of employer's share of net OPEB liability and, schedule of employer contributions, (OPEB), listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information-continued

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Continuing Disclosure Statement 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 October 9, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & CO., PLLC
Twin Falls, Idaho
October 9, 2026

**KIMBERLY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service	Modernization Fund		
ASSETS					
Cash and cash equivalents	\$ 352,431	\$ 293,784	\$ -	\$ 575,489	\$ 1,221,703
Investments	1,976,011	2,259,792	6,338,694	28	10,574,524
Property taxes receivable	20,464	1,945	-	8,664	31,072
Receivable from other governments	765,000	557	-	482,055	1,247,612
Lease receivable	1,400,524	-	-	-	1,400,524
Total assets	4,514,428	2,556,078	6,338,694	1,066,236	14,475,436
DEFERRED OUTFLOWS	-	-	-	-	-
Total assets and deferred outflows	\$ 4,514,428	\$ 2,556,078	\$ 6,338,694	\$ 1,066,236	\$ 14,475,436
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Accounts payable	\$ 209,029	\$ -	\$ -	\$ 67,073	\$ 276,102
Pooled cash deficit	-	-	496,815	210,165	706,980
Salaries and benefits payable	2,109,827	-	-	218,286	2,328,113
Total liabilities	2,318,857	-	496,815	495,523	3,311,195
DEFERRED INFLOWS					
Unavailable revenue-property taxes	14,500	1,521	-	6,014	22,036
Lease	1,257,001	-	-	-	1,257,001
Total deferred inflows	1,271,501	1,521	-	6,014	1,279,037
Total Liabilities and deferred inflows	3,590,358	1,521	496,815	501,537	4,590,231
FUND BALANCE					
Nonspendable					
Restricted					
Capital projects	-	-	5,841,879	4,597	5,846,476
Debt service	-	2,554,557	-	-	2,554,557
Federal programs	-	-	-	-	-
State programs	-	-	-	1,893	1,893
Child Nutrition	-	-	-	105,751	105,751
Miscellaneous	11,893	-	-	-	11,893
Student Activities	-	-	-	453,884	453,884
Committed					
General Board Reserves	647,734	-	-	-	647,734
Assigned	-	-	-	-	-
Unassigned	264,444	-	-	(1,427)	263,017
Total fund balances	924,071	2,554,557	5,841,879	564,698	9,885,205
Total liabilities, deferred inflows and fund balance	\$ 4,514,428	\$ 2,556,078	\$ 6,338,694	\$ 1,066,236	\$ 14,475,436

See Notes to Financial Statements.

KIMBERLY SCHOOL DISTRICT
BUGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Revenues				
Property taxes	\$ 862,500	\$ 661,772	\$ 681,557	\$ 19,785
Earnings on investments	200,000	190,000	297,286	107,286
Other local	629,909	794,569	520,943	(273,626)
State Revenues	17,144,186	17,835,403	17,802,317	(33,086)
Federal aid	500	6,526	32,450	25,924
Total revenues	<u>18,837,095</u>	<u>19,488,271</u>	<u>19,334,554</u>	<u>(153,716)</u>
EXPENDITURES				
Instruction:				
Elementary school program	3,798,793	3,797,171	3,805,736	(8,565)
Secondary school program	5,044,901	5,052,274	5,062,914	(10,639)
Alternative school program	24,226	26,649	21,692	4,957
Interscholastic school program	285,701	285,928	290,009	(4,082)
School activity program	79,974	77,149	78,995	(1,846)
Total instructional	<u>9,233,595</u>	<u>9,239,171</u>	<u>9,259,346</u>	<u>(20,175)</u>
Support Services				
Attendance-guidance-health	421,762	445,089	426,573	18,516
Special services program	1,098,819	1,101,264	1,094,161	7,103
Instructional improvement program	640,636	630,385	633,709	(3,324)
Educational media program	378,411	377,403	371,980	5,423
Educational technology program	399,346	413,828	417,362	(3,534)
Books and periodicals	14,800	14,800	14,869	(69)
Board of education	220,061	48,072	46,065	2,006
District dministration	216,392	211,407	220,876	(9,469)
School administration program	1,588,046	1,572,534	1,580,792	(8,259)
Business operations	513,020	548,901	733,056	(184,155)
Maintenace and improvements				
Buildings, grounds and equipment	2,011,383	2,002,363	2,053,914	(51,551)
Pupil transportation	796,552	825,554	795,257	30,296
Total support services	<u>8,299,228</u>	<u>8,191,600</u>	<u>8,388,615</u>	<u>(197,015)</u>
Non-Instructional:				
Food services program	32,951	35,895	38,851	(2,955)
Total non-instructional	<u>32,951</u>	<u>35,895</u>	<u>38,851</u>	<u>(2,955)</u>
Total expenditures	<u>17,565,773</u>	<u>17,466,666</u>	<u>17,686,812</u>	<u>(220,145)</u>
Excess (deficiency) of revenues over expenditures	<u>1,271,322</u>	<u>2,021,604</u>	<u>1,647,743</u>	<u>(373,862)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,223,186)	(2,599,482)	(2,264,429)	335,053
Total other financing sources (uses)	<u>(2,223,186)</u>	<u>(2,599,482)</u>	<u>(2,264,429)</u>	<u>335,053</u>
Net change in fund balance	<u>(951,864)</u>	<u>(577,878)</u>	<u>(616,687)</u>	<u>(38,809)</u>
Fund balances-beginning	<u>1,672,688</u>	<u>1,540,757</u>	<u>1,540,757</u>	
Fund balances-ending	<u>\$ 720,824</u>	<u>\$ 962,879</u>	<u>\$ 924,071</u>	

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODERNIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2026**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Revenues				
Earnings on investments	\$ 150,000	\$ 175,000	\$ 285,474	\$ 110,474
State Revenues	-	-	2,247	2,247
Total revenues	<u>150,000</u>	<u>175,000</u>	<u>287,721</u>	<u>112,721</u>
EXPENDITURES				
Support Services				
Maintenance and improvements				
Buildings, grounds and equipment	<u>370,000</u>	<u>475,000</u>	<u>469,667</u>	<u>5,333</u>
Total support services	<u>370,000</u>	<u>475,000</u>	<u>469,667</u>	<u>5,333</u>
Capital asset program	<u>270,000</u>	<u>2,300,000</u>	<u>2,412,632</u>	<u>(112,632)</u>
Total expenditures	<u>640,000</u>	<u>2,775,000</u>	<u>2,882,300</u>	<u>(107,300)</u>
Excess (deficiency) of revenues over expenditures	(490,000)	(2,600,000)	(2,594,579)	5,421
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(490,000)	(2,600,000)	(2,594,579)	5,421
Fund balances-beginning	<u>8,500,000</u>	<u>8,400,000</u>	<u>8,436,458</u>	
Fund balances-ending	<u>\$ 8,010,000</u>	<u>\$ 5,800,000</u>	<u>\$ 5,841,879</u>	