



Mahlke Hunsaker & Company PLLC  
C e r t i f i e d P u b l i c A c c o u n t a n t s

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## 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, 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.

### *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, 2023, 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, 2023, 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 13, 2023, 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 13, 2023

**KIMBERLY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>ESSER III</u>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 341,914	\$ 252,951	\$ -	\$ 997,291	\$ 1,592,156
Investments	2,502,489	2,870,354	-	24	5,372,867
Property taxes receivable	26,014	46,624	-	9,201	81,839
Receivable from other governments	554,354	526,545	270,349	367,801	1,719,050
<b>Total assets</b>	<u>3,424,772</u>	<u>3,696,475</u>	<u>270,349</u>	<u>1,374,317</u>	<u>8,765,913</u>
<b>DEFERRED OUTFLOWS</b>					
	-	-	-	-	-
<b>Total assets and deferred outflows</b>	<u>\$ 3,424,772</u>	<u>\$ 3,696,475</u>	<u>\$ 270,349</u>	<u>\$ 1,374,317</u>	<u>\$ 8,765,913</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
Accounts payable	\$ 21,227	\$ -	\$ 38,245	\$ 21,190	\$ 80,662
Pooled cash deficit	-	-	232,105	164,442	396,547
Salaries and benefits payable	1,610,068	-	-	202,119	1,812,187
<b>Total liabilities</b>	<u>1,631,295</u>	<u>-</u>	<u>270,350</u>	<u>387,751</u>	<u>2,289,396</u>
<b>DEFERRED INFLOWS</b>					
Unavailable revenue-property taxes	18,398	32,847	-	6,512	57,757
<b>FUND BALANCE</b>					
Nonspendable					
Restricted					
Capital projects	-	-	-	169,373	169,373
Debt service	-	3,663,628	-	-	3,663,628
Federal programs	-	-	-	10,000	10,000
State programs	-	-	-	3,175	3,175
Child Nutrition	-	-	-	499,188	499,188
Local Grants	7,669	-	-	-	7,669
Student Activities	-	-	-	358,607	358,607
Committed					
General Board Reserves	850,000	-	-	-	850,000
Assigned					
Assigned	-	-	-	-	-
Unassigned					
Unassigned	917,409	-	-	(60,289)	857,120
<b>Total fund balances</b>	<u>1,775,078</u>	<u>3,663,628</u>	<u>-</u>	<u>980,054</u>	<u>6,418,760</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 3,424,772</u>	<u>\$ 3,696,475</u>	<u>\$ 270,350</u>	<u>\$ 1,374,317</u>	<u>\$ 8,765,913</u>

See Notes to Financial Statements.

**KIMBERLY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service	ESSER III		
<b>REVENUES</b>					
Local Revenues					
Property taxes	\$ 861,790	\$ 1,603,032	\$ -	\$ 302,934	\$ 2,767,755
Earnings on investments	162,273	81,265	-	269	243,807
Other local	221,110	-	-	1,202,188	1,423,298
State Revenues	13,290,901	536,483	-	316,317	14,143,700
Federal aid	134,348	70,848	418,668	1,740,229	2,364,093
<b>Total revenues</b>	<b>14,670,421</b>	<b>2,291,627</b>	<b>418,668</b>	<b>3,561,937</b>	<b>20,942,653</b>
<b>EXPENDITURES</b>					
Instruction:					
Elementary school program	3,156,049	-	199,586	411,325	3,766,959
Secondary school program	4,046,786	-	-	311,933	4,358,720
Alternative school program	19,095	-	-	-	19,095
Exceptional school program	-	-	-	969,805	969,805
Preschool school program	-	-	-	39,053	39,053
Gifted and talented school program	2,398	-	-	-	2,398
Interscholastic school program	219,909	-	-	-	219,909
School activity program	58,375	-	-	872,149	930,524
Afterschool program	-	-	-	5,891	5,891
<b>Total instructional</b>	<b>7,502,612</b>	<b>-</b>	<b>199,586</b>	<b>2,610,156</b>	<b>10,312,353</b>
Support Services					
Attendance-guidance-health	400,252	-	-	-	400,252
Special services program	827,804	-	-	-	827,804
Instructional improvement program	652,139	-	110,587	52,023	814,749
Educational media program	351,548	-	-	-	351,548
Board of education	17,112	-	-	-	17,112
District administration	172,613	-	-	2,855	175,469
School administration program	1,165,295	-	-	-	1,165,295
Business operations	419,274	-	-	115,865	535,140
Administrative technology	-	-	-	738,816	738,816
Maintenance and improvements					
Buildings, grounds and equipment	1,424,074	-	-	245,105	1,669,179
Pupil transportation	642,198	-	-	69,775	711,973
Other support	-	6,950	-	-	6,950
<b>Total support services</b>	<b>6,072,309</b>	<b>6,950</b>	<b>110,587</b>	<b>1,224,440</b>	<b>7,414,286</b>
Food services program	14,590	-	-	703,231	717,822
Capital asset program	-	-	108,495	600	109,095
Debt service program:					
Principal	-	955,000	-	75,766	1,030,766
Interest and other charges	-	690,128	-	21,138	711,266
<b>Total debt service program</b>	<b>-</b>	<b>1,645,128</b>	<b>-</b>	<b>96,904</b>	<b>1,742,032</b>
<b>Total expenditures</b>	<b>13,589,511</b>	<b>1,652,078</b>	<b>418,668</b>	<b>4,635,331</b>	<b>20,295,588</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,080,910</b>	<b>639,549</b>	<b>-</b>	<b>(1,073,394)</b>	<b>647,065</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	27,710	-	-	957,216	984,926
Transfers out	(974,926)	-	-	(10,000)	(984,926)
Total other financing sources (uses)	(947,216)	-	-	947,216	-
<b>Net change in fund balance</b>	<b>133,694</b>	<b>639,549</b>	<b>-</b>	<b>(126,178)</b>	<b>647,065</b>
<b>Fund balances-beginning</b>	<b>1,641,384</b>	<b>3,024,079</b>	<b>-</b>	<b>1,106,232</b>	<b>5,771,695</b>
<b>Fund balances-ending</b>	<b>\$ 1,775,078</b>	<b>\$ 3,663,628</b>	<b>\$ -</b>	<b>\$ 980,054</b>	<b>\$ 6,418,760</b>

See Notes to Financial Statements.

**KIMBERLY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Pass-Through Entity #</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures (\$)</i>
<b><i>Child Nutrition Cluster-Cluster</i></b>					
United States Department of Agriculture					
School Breakfast Program					
School Breakfast Program	10.553	State of Idaho	202222N119947 & 202323N119947	\$	72,417
Total School Breakfast Program				-	72,417
National School Lunch Program					
National School Lunch Program	10.555	State of Idaho	202221N890347 & 202323N119947		386,954
Total National School Lunch Program				-	386,954
Summer Food Service Program for Children					
Summer Food Service Program for Children	10.559	State of Idaho	202222N119947		11,110
Total Summer Food Service Program for Children				-	11,110
<i>Total United States Department of Agriculture</i>					
<b><i>Total Child Nutrition Cluster-Cluster</i></b>					
<b><i>Special Education Cluster (IDEA)-Cluster</i></b>					
Department of Education					
Special Education Grants to States					
Special Education Grants to States	84.027	State of Idaho	H027X210088 & H027X210088		359,420
Total Special Education Grants to States				-	359,420
Special Education Preschool Grants					
Special Education Preschool Grants	84.173	State of Idaho	H173A210030 & H173A220030		32,318
Total Special Education Preschool Grants				-	32,318
<i>Total Department of Education</i>					
<b><i>Total Special Education Cluster (IDEA)-Cluster</i></b>					
<b><i>Other Programs (Treated individually for major program determination)</i></b>					
Department of the Treasury					
Social Impact Partnerships to Pay for Results Act (SIPPR)					
Social Impact Partnerships to Pay for Results Act (SIPPR)	21.017	State of Idaho	SLFRP0142		219,748
Total Social Impact Partnerships to Pay for Results Act (SIPPR)				-	219,748
<i>Total Department of the Treasury</i>					
Department of Education					
Title I Grants to Local Educational Agencies					
Title I Grants to Local Educational Agencies	84.010	State of Idaho	S010A220012		161,144
Total Title I Grants to Local Educational Agencies				-	161,144
Migrant Education State Grant Program					
Migrant Education State Grant Program	84.011	State of Idaho	S011A210012 & S011A220012		100,785
Total Migrant Education State Grant Program				-	100,785
English Language Acquisition State Grants					
English Language Acquisition State Grants	84.365	State of Idaho	S365A210012 & S365A220012		13,176
Total English Language Acquisition State Grants				-	13,176
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)					
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	State of Idaho	S367A210011 & S367A220011		45,172
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	45,172
Student Support and Academic Enrichment Program					
Student Support and Academic Enrichment Program	84.424	State of Idaho	S424A220013		16,851
Total Student Support and Academic Enrichment Program				-	16,851
Education Stabilization Fund					
Education Stabilization Fund	84.425	State of Idaho	S425D210043 & S425U210043		575,319
Total Education Stabilization Fund				-	575,319
<i>Total Department of Education</i>					
Department of Health and Human Services					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	State of Idaho	H79SM083648		121,631
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				-	121,631
<i>Total Department of Health and Human Services</i>					
<b><i>Total Other Programs (Treated individually for major program determination)</i></b>					
					1,253,826
<b><i>Total Expenditures of Federal Awards</i></b>					<b>\$ - \$ 2,116,045</b>



Mahlke Hunsaker & Company PLLC

Certified Public Accountants

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**INDEPENDENT AUDITORS' 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***

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

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, 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, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated October 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

**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.

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., PLLC  
Twin Falls, Idaho  
October 13, 2023





Mahlke Hunsaker & Company PLLC  
C e r t i f i e d P u b l i c A c c o u n t a n t s

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Kimberly School District, Kimberly Idaho (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The District's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### ***Auditor's Responsibilities for the Audit of Compliance-continued***

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2023-1 that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., pllc

Twin Falls, Idaho

October 13, 2023