



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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kimberly School District No. 414 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Qualified Opinion on Governmental Activities

Management has not performed the actuarial calculations for Other Post-Employment Benefits – Health and Dental for the governmental activities and, accordingly, has not considered the District's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require a liability and related expense be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities Opinion Unit" paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted 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 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.

Other 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 budgetary comparison schedules, accompanying combining and individual nonmajor fund financial statements and continuing disclosure statement are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 budgetary comparison schedules, 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.

The Continuing Disclosure Statement has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, 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 the District's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & CO., PLLC
Twin Falls, Idaho
October 14, 2020

**KIMBERLY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
ASSETS					
Cash and cash equivalents	\$ 139,650	\$ 143,056	\$ 150,805	\$ 244,271	\$ 677,783
Investments	1,868,613	1,505,211	42,163	-	3,415,986
Property taxes receivable	12,712	38,898	8,702	-	60,312
Receivable from other governments	579,881	466,033	101,609	306,068	1,453,590
Total assets	<u>2,600,856</u>	<u>2,153,197</u>	<u>303,279</u>	<u>550,340</u>	<u>5,607,672</u>
DEFERRED OUTFLOWS					
	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 2,600,856</u>	<u>\$ 2,153,197</u>	<u>\$ 303,279</u>	<u>\$ 550,340</u>	<u>\$ 5,607,672</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Accounts payable	\$ 38,680	\$ -	\$ 10,574	\$ 5,899	\$ 55,153
Pooled cash deficit	-	-	-	188,684	188,684
Salaries and benefits payable	1,437,085	-	-	191,494	1,628,579
Total liabilities	<u>1,475,766</u>	<u>-</u>	<u>10,574</u>	<u>386,077</u>	<u>1,872,416</u>
DEFERRED INFLOWS					
Unavailable revenue-property taxes	9,403	24,902	4,030	-	38,335
FUND BALANCE					
Nonspendable					
Restricted					
Capital projects	-	-	288,675	-	288,675
Debt service	-	2,128,296	-	-	2,128,296
Federal programs	-	-	-	-	-
State programs	-	-	-	30,190	30,190
Child Nutrition	-	-	-	25,528	25,528
Local Grants	11,085	-	-	98,239	109,324
Committed					
General Board Reserves	750,000	-	-	-	750,000
Assigned					
Unassigned	354,602	-	-	10,307	364,909
Total fund balances	<u>1,115,687</u>	<u>2,128,296</u>	<u>288,675</u>	<u>164,263</u>	<u>3,696,921</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,600,856</u>	<u>\$ 2,153,197</u>	<u>\$ 303,279</u>	<u>\$ 550,340</u>	<u>\$ 5,607,672</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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Debt Service	Capital Projects	Other Governmental Funds	
REVENUES					
Local Revenues					
Property taxes	\$ 491,679	\$ 1,365,433	\$ 302,514	\$ -	\$ 2,159,627
Earnings on investments	65,725	19,499	3,704	26	88,954
Other local	55,655	-	-	467,365	523,020
State Revenues	12,082,548	540,425	-	366,823	12,989,796
Federal aid	3,375	35,074	-	1,285,738	1,324,187
Total revenues	<u>12,698,982</u>	<u>1,960,431</u>	<u>306,218</u>	<u>2,119,952</u>	<u>17,085,584</u>
EXPENDITURES					
Instruction:					
Elementary school program	2,927,797	-	-	233,716	3,161,514
Secondary school program	3,449,350	-	-	73,152	3,522,503
Alternative school program	9,339	-	-	-	9,339
Exceptional school program	-	-	-	882,291	882,291
Preschool school program	-	-	-	44,837	44,837
Gifted and talented school program	23,449	-	-	-	23,449
Interscholastic school program	187,931	-	-	-	187,931
School activity program	44,533	-	-	-	44,533
Total instructional	<u>6,642,401</u>	<u>-</u>	<u>-</u>	<u>1,233,996</u>	<u>7,876,397</u>
Support Services					
Attendance-guidance-health	348,688	-	-	-	348,688
Special services program	741,828	-	-	-	741,828
Instructional improvement program	402,830	-	-	45,571	448,401
Educational media program	370,263	-	-	-	370,263
Board of education	14,037	-	-	-	14,037
District administration	129,637	-	-	37,529	167,166
School administration program	919,891	-	-	-	919,891
Business operations	328,788	-	-	90,847	419,635
Administrative technology	-	-	-	560,762	560,762
Maintenance and improvements					
Buildings, grounds and equipment	1,103,828	-	167,901	26,470	1,298,199
Pupil transportation	508,279	-	117,117	-	625,397
Other support	-	1,700	-	-	1,700
Total support services	<u>4,868,069</u>	<u>1,700</u>	<u>285,019</u>	<u>761,179</u>	<u>5,915,967</u>
Food services program	18,999	-	-	759,097	778,097
Capital asset program	-	-	1,420,086	-	1,420,086
Debt service program:					
Principal	-	960,000	-	-	960,000
Interest and other charges	-	779,303	-	-	779,303
Total debt service program	<u>-</u>	<u>1,739,303</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>11,529,469</u>	<u>1,741,003</u>	<u>1,705,105</u>	<u>2,754,272</u>	<u>15,990,547</u>
Excess (deficiency) of revenues over expenditures	<u>1,169,513</u>	<u>219,428</u>	<u>(1,398,887)</u>	<u>(634,320)</u>	<u>(644,266)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,094,084	772,640	1,866,724
Transfers out	(865,686)	(1,000,000)	-	(1,038)	(1,866,724)
Loan Proceeds	-	1,000,000	-	-	1,000,000
Total other financing sources (uses)	<u>(865,686)</u>	<u>-</u>	<u>1,094,084</u>	<u>771,602</u>	<u>1,000,000</u>
Net change in fund balance	<u>303,827</u>	<u>219,428</u>	<u>(304,803)</u>	<u>137,282</u>	<u>355,734</u>
Fund balances-beginning	<u>811,860</u>	<u>1,908,868</u>	<u>593,478</u>	<u>26,981</u>	<u>3,341,187</u>
Fund balances-ending	<u>\$ 1,115,687</u>	<u>\$ 2,128,296</u>	<u>\$ 288,675</u>	<u>\$ 164,263</u>	<u>\$ 3,696,921</u>

See Notes to Financial Statements.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - GENERAL OBLIGATION BONDS – CONTINUED

The annual requirements to pay principal and interest on outstanding general obligation bonds payable are as follows:

Year Ended June 30,	2013 Series A	2013 Series B	2016 Series A	2016 Series B	2018 Series	2020 Series	Total	Interest	Total
2021	-	10,000	-	790,000	65,000	75,101	940,101	769,030	1,709,131
2022	-	10,000	-	835,000	70,000	73,877	988,877	742,505	1,731,382
2023	-	10,000	-	880,000	75,000	75,766	1,040,766	711,266	1,752,032
2024	-	10,000	-	930,000	80,000	77,702	1,097,702	678,305	1,776,007
2025	-	10,000	-	915,000	80,000	79,689	1,084,689	644,643	1,729,332
2026-2030	1,500,000	840,000	150,000	2,930,000	465,000	430,058	6,315,058	2,614,419	8,929,477
2031-2035	-	595,000	6,555,000	-	545,000	187,807	7,882,807	1,083,524	8,966,331
2036-2038	-	-	3,150,000	-	370,000	-	3,520,000	96,456	3,616,456
Total	<u>\$ 1,500,000</u>	<u>\$ 1,485,000</u>	<u>\$ 9,855,000</u>	<u>\$ 7,280,000</u>	<u>\$ 1,750,000</u>	<u>\$ 1,000,000</u>	<u>\$ 22,870,000</u>	<u>\$ 7,340,148</u>	<u>\$ 30,210,148</u>

NOTE 8 – CAPITAL LEASES

As of June 30, 2020, the District has several capital lease obligations for several busses. Total minimum lease payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 109,064	\$ 8,004	\$ 117,068
2022	64,103	4,584	68,687
2023	43,934	2,307	46,241
2024	22,421	733	23,154
Total	<u>\$ 239,522</u>	<u>\$ 15,628</u>	<u>\$ 255,150</u>