

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
ANNUAL FINANCIAL REPORT
JUNE 30, 2016

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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, 2016, 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.

Auditors' 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 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 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 Governmental Activities" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2016, 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.

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, 2016, 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 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 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 September 30, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & CO., PLLC
Twin Falls, Idaho
September 30, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 469,707
Investments	2,942,917
Property taxes receivable	60,580
Other receivables	977,053
Total current assets	4,450,257
Noncurrent assets:	
Capital assets, (net of depreciation)	16,712,335
Total noncurrent assets	16,712,335
Total assets	21,162,592
DEFERRED OUTFLOWS OF RESOURCES	
Pension Obligations	1,862,943
Total deferred outflows of resources	1,862,943
Total assets and deferred outflows of resources	\$ 23,025,535
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 79,927
Interest payable	150,333
Current portion of long-term obligations	755,000
Salaries and benefits payable	1,214,240
Total current liabilities	2,199,500
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	11,965,000
Premium on debt issuance	79,391
Net pension liability	2,771,519
Total noncurrent liabilities	14,815,910
Total liabilities	17,015,410
DEFERRED INFLOWS OF RESOURCES	
Employer pension assumption	1,758,797
Total deferred inflows of resources	1,758,797
NET POSITION	
Invested in capital assets, net of related debt	3,762,611
Restricted for:	
School lunch	45,696
Federal Programs	5,521
State Programs	63,111
Capital projects	506,470
Debt service	1,371,498
Unrestricted (deficit)	(1,503,579)
Total net position	4,251,328
Total liabilities, deferred inflows, and net position	\$ 23,025,535

See Notes to Financial Statements.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities</u>
Instructional services:				
Instructional staff and benefits	\$ 4,813,826	\$ 4,609,286	\$ -	\$ (204,540)
Supplies and other	734,449	703,242	-	(31,207)
Supporting services:				
Instructional staff and supplies	1,137,940	1,089,589	-	(48,351)
District administration	385,565	369,182	-	(16,383)
School administration	1,558,117	1,491,912	-	(66,205)
Operation and maintenance of facilities	1,089,439	1,043,149	-	(46,290)
Transportation	516,889	242,223	-	(274,666)
School lunch services	547,050	317,145	184,433	(45,472)
Student activities	215,002	205,867	-	(9,135)
Interest on long-term debt	511,517	-	-	(511,517)
Total governmental activities	11,509,794	10,071,595	184,433	(1,253,766)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				403,640
Property taxes, levied for debt service				1,130,781
Interest and investment earnings				15,338
Bond levy equalization				235,765
Other local & miscellaneous				124,302
Total general revenues				1,909,826
Change in net position				656,060
Net position-beginning of year as previously stated				3,595,268
Net position-end of year				\$ 4,251,328

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<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	\$ 267	\$ 131,368	\$ 506,458	\$ 86,067	\$ 724,160
Equity in pooled cash	-	-	-	70,678	70,678
Restricted Cash	-	-	-	-	-
Investments	2,104,344	746,520	12	-	2,850,876
Taxes receivable	16,231	44,349	-	-	60,580
Receivable from other governments	373,580	392,553	-	210,920	977,053
Investments-Restricted	-	92,041	-	-	92,041
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 2,494,422</u>	<u>\$ 1,406,831</u>	<u>\$ 506,470</u>	<u>\$ 367,665</u>	<u>\$ 4,775,388</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
LIABILITIES					
Deficit in pooled cash	236,267	\$ -	\$ -	\$ 88,864	\$ 325,131
Accounts payable	49,477	-	-	30,450	79,927
Payable to other funds	-	-	-	-	-
Salaries and benefits payable	1,066,951	-	-	147,289	1,214,240
Total liabilities	<u>1,352,695</u>	<u>-</u>	<u>-</u>	<u>266,603</u>	<u>1,619,298</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	12,968	35,333	-	-	48,301
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted					
Capital projects	-	-	506,470	-	506,470
Debt service	-	1,371,498	-	-	1,371,498
Federal programs	-	-	-	5,521	5,521
State programs	-	-	-	63,111	63,111
School lunch program	-	-	-	45,696	45,696
Local Grants	79,668	-	-	-	79,668
Committed					
General board reserves	151,761	-	-	-	151,761
Assigned					
Capital projects	-	-	-	-	-
Unassigned	897,330	-	-	(13,266)	884,064
Total fund balances	<u>1,128,759</u>	<u>1,371,498</u>	<u>506,470</u>	<u>101,062</u>	<u>3,107,789</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,494,422</u>	<u>\$ 1,406,831</u>	<u>\$ 506,470</u>	<u>\$ 367,665</u>	<u>\$ 4,775,388</u>

See Notes to Financial Statements.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total fund balances - governmental funds \$ 3,107,789

Amounts reported for governmental activities in the statement of net position are different because:

The cost of capital assets (land, buildings, furniture, equipment and construction in process) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Land	\$ 280,122	
Buildings and improvements, net of accumulated depreciation	16,165,496	
Transportation and other equipment, net of accumulated depreciation	<u>266,717</u>	16,712,335

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue-property taxes in the funds		48,301
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$155,889.		(150,333)
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Unamortized premium on bonds payable	(79,391)	
Bonds payable	<u>(12,720,000)</u>	(12,799,391)

Net pension liability and related pension obligation deferred outflow and employer pension assumption deferred inflow of resources are not due and payable in the current period and therefore are not reported in the funds		<u>(2,667,373)</u>
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Net Position of Governmental Activities \$ 4,251,328

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service	Capital Projects		
REVENUES					
Property taxes	\$ 403,411	\$ 1,126,880	\$ -	\$ -	\$ 1,530,291
Earnings on investments	11,146	4,170	-	23	15,339
School lunch revenue	-	-	-	184,434	184,434
Other local	72,087	-	922	118,932	191,941
State aid	8,962,757	248,698	-	229,714	9,441,169
Federal aid	3,346	69,512	-	1,027,092	1,099,950
Total revenues	9,452,747	1,449,260	922	1,560,195	12,463,124
EXPENDITURES					
Current operating:					
General government	8,823,736	-	-	1,967,767	10,791,503
Capital Projects	-	-	18,241	-	18,241
Debt service	-	910,180	-	-	910,180
Total expenditures	8,823,736	910,180	18,241	1,967,767	11,719,924
Excess (deficiency) of revenues over expenditures	629,011	539,080	(17,319)	(407,572)	743,200
OTHER FINANCING SOURCES (USES)					
Transfers in	22,816	-	363,160	423,471	809,447
Transfers out	(759,276)	-	(28,990)	(21,181)	(809,447)
Total other financing sources (uses)	(736,460)	-	334,170	402,290	-
Net change in fund balance	(107,449)	539,080	316,851	(5,282)	743,200
Fund balances-beginning	1,236,208	832,418	189,619	106,344	2,364,589
Fund balances-ending	\$ 1,128,759	\$ 1,371,498	\$ 506,470	\$ 101,062	\$ 3,107,789

See Notes to Financial Statements.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net change in fund balances-total governmental funds \$ 743,200

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	(623,409)
Capital outlays	26,896

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts were deferred and amortized in the statement of activities. This years adjustment includes the write-off of prior years' unamortized debt issuance costs to implement GASB Statement 65. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond proceeds	-
Bond premium amortization	6,107
Repayment of bond principal	390,000
Interest expense - general obligation bonds	2,556

Property tax revenues received prior to the year for which they are being levied are reported as deferred inflows of resources in the governmental funds. They are, however, recorded as revenues in the statement of Unavailable revenue -property taxes increased this year. 4,130

Changes in net pension liability and related pension obligations deferred outflow and employer pension assumption deferred inflow of resources do not provide required current financial resources and therefore are not reflected in the funds 106,580

Change in net assets of governmental activities \$ 656,060

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 350,420
Total Assets	\$ 350,420
 LIABILITIES	
Liabilities	
Due to student activities	\$ 350,420
Total Liabilities	\$ 350,420

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Additions:	
Other	\$ -
Total additions	-
 Deductions	
Other	-
Total deductions	-
Net increase	-
Net position, beginning of year	-
Net position, end of year	\$ -

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the School District

Kimberly School District No. 414 (the District) provides public school educational services as authorized by Section 33 of Idaho Code. The District is governed by an elected Board of Trustees which possesses final decision making authority and is held primarily accountable for those decisions. The Board is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance school system operations and construction. The statements reflect all funds and accounts directly under the control of the District.

B. Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units and to state laws applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The more significant accounting policies of the District are described below:

C. Financial Reporting Entity

The District follows GASB Statement No.'s 14 and 39 in determining the reporting entity and component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the District's Board of Trustees. Control or dependence on the District was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District and legal standing.

The District contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten year history is provided in PERSI's annual report.

D. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follows:

Governmental Funds

Governmental funds are used to account for the District's general governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund and debt service fund are considered major funds while the remaining governmental funds are considered non-major. Governmental funds include:

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

General fund – the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds – account for the servicing of general long-term debt.

Capital project fund – accounts for the acquisition of fixed assets or construction of major capital projects.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Agency funds are used to account for assets that the government holds for others in the agency capacity. The agency funds are custodial in nature and do not present results of operations or have a measurement focus.

The District has the following agency funds:

School activity funds – accounts for assets held by the District as an agent for the individual schools and school organizations.

E. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS) - The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the Government Wide Financial Statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

Program revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District’s general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Allocation of indirect expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is not specifically identified by function and is considered an unallocated indirect expense. Interest on general long term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for twelve-month employees are accrued at June 30, 2016.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Cash and Investments

Cash and Cash Equivalents

The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

Restricted Cash and Investments

The restricted cash and investments are comprised of restricted deposits for specific program expenditures, unexpended bond proceeds, capital project deposits, and debt services funds that are restricted for use on specifically identified programs, capital projects and debt service payments.

Investments

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Idaho Code provides authorization for the investment of funds as well as to what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

The Code limits investments to the following general types:

Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

Time deposit accounts, tax anticipation and interest-bearing notes.

Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.

Repurchase agreements secured by the above.

Investments in certificates of deposits are stated at amortized cost. Investments in U.S. Treasury securities are stated at fair market value. Investments in the Joint Powers Investment Pool and repurchase agreements are valued at fair value.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

An annual audit of Joint Powers Investment Pool (“Pool”) is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

G. Short-term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as receivable from other funds or payable to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category: the pension obligation reported on the government-wide statement of net position. The pension obligation results from changes in assumptions or other inputs in the actuarial calculation of the District’s net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: the employer pension assumption. The employer pension assumption results from differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the District’s net pension liability. On the fund level financial statements, the District has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category: unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	40
Furniture	7
Buses	10

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Depreciation expense for buildings, furniture and equipment relate to multiple programs, for which allocating among programs is not easily identifiable. As such, depreciation is not allocated.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and bond premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Equity and Fund Balance Classifications

Equity classifications

In the District-wide financial statements, equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Restricted - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted - All other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund balance classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance - consists of amounts that are not in a spendable form or are required to be maintained intact.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Restricted Fund Balance - consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The restricted for State Programs and Restricted for Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements. The Restricted for Debt Service balance is to be used for future servicing of the outstanding bonds and are restricted through debt covenants. The Restricted for Capital Projects balance reflect amounts that are restricted for construction or other capital outlay projects.

Committed Fund Balance—consists of amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the District Board. These amounts cannot be used for any other purpose unless the District’ Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned Fund Balance—consists of amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District’s Board or Superintendent.

Unassigned Fund Balance—consists of any remaining fund balance that has not been reported in any other classification.

For the purposes of fund balance classification, the District’s policy is to have expenditures spent from the restricted fund balances first, followed in order by committed fund balance (if any), assigned fund balance (if any) and last unassigned fund balance.

K. Interfund Transfers

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers.

L. Unavailable and Advanced Revenue

The District reports unavailable and advance revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues are reported when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized. On the Government Fund Financial Statements property taxes that are delinquent are recorded as unavailable revenue since they are not available within 60 days of the fiscal year end; however in the government-wide financial statements all property taxes are recognized in the year they are measurable.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

M. Salaries and Benefits Payable

Teaching personnel are paid on contracts that provide monthly payments throughout the year, even though school is not in session during the summer months. Salaries and benefits payable represents payment for teachers that are distributed during July and August, but are for services performed for the year ended June 30, 2016. It also includes an amount for full time administrative employees for vacation earned but not paid at year end.

N. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Property Taxes

Property tax revenues are recognized when received or, if received within the two-month period subsequent to year-end, are accrued on the fund financial statements. Property tax revenues are recognized when levied with appropriate accrual made at year-end on the government-wide financial statements. The District's property taxes, levied on the Thursday prior to the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Occupancy taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements. Under State law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Twin Falls County bills and collects property taxes for the District.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no material allowance for uncollectible taxes.

P. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Q. Nonmonetary Transactions

Items received via food commodities programs are recognized at their stated fair market value.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

R. Grants and Other Intergovernmental Revenues

Federal and state reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in governmental funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies are applied to expenditures first.

S. Encumbrances

Purchase orders, contracts, and other commitments for the expenditure of funds are considered to be encumbrances for budgeting control purposes during the year. Outstanding encumbrances at year-end do not constitute expenditures and are either charged to an appropriation the following year or the contractual commitment is canceled.

T. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

U. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types.

NOTE 2 – CASH AND INVESTMENTS

At June 30, 2016 the District’s cash and investments, excluding trust and agency funds, consisted of the following:

	Bank Deposit Balance	Carrying Amounts
Cash and Equivalents:		
Insured or collateralized	\$ 296,828	\$ 296,271
Uninsured or uncollateralized	181,086	173,436
Total Deposits	\$ 477,914	\$ 469,707

	Rating	Duration	Fair Value
Investments:			
State Treasurer's local government pool	Unrated	86 Days	\$ 2,525,949
Certificate of Deposit/Other			416,968
Total			\$ 2,942,917

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS-continued

Investments Restricted

Investments restricted amounts include funds put into the mandatory sinking fund for the Series 2013B General Obligation Bonds. These funds will be used to pay off the debt.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover the value of its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

The District minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be identified as to the Kimberly School District ownership and be held in the District's name.

Credit Risk

Credit risk is the risk that an issuer of debt securities or counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The investments of the District are not rated and the District's policy does not restrict them to rated investments. Most of the Investments of the District as of June 30, 2016, are invested in the LGIP which is not required to be rated.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. At June 30, 2016, the District is not subject to interest rate risk as all investments are held in the LGIP and certificates of deposits, which have short maturities. The District does not have a policy concerning interest rate risk.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide not disclosure when 5% of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting the amount it may invest in any one issuer.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – INTERFUND TRANSFERS

The following operating transfers occurred during the fiscal year:

<u>Transfers In</u>		<u>Transfers Out</u>	
Technology Fund	\$235,007	General Fund	\$ 759,276
Special Services	173,824	Title I	21,181
General Fund	22,816	Capital Projects	<u>28,990</u>
Capital Projects	363,160		
Child Nutrition	14,568		
Title II-A	<u>72</u>		
Total	<u>\$ 809,447</u>	Total	<u>\$ 809,447</u>

NOTE 4 – DUE FROM OTHER AGENCIES AND UNITS OF GOVERNMENTS

Amounts due from other agencies and units of government were as follows as of June 30, 2016:

State agencies	\$ 430,528
County agencies	532,874
Other agencies	<u>13,651</u>
Total	<u>\$ 977,053</u>

NOTE 5 – UNAVAILABLE AND ADVANCED REVENUES

Revenues are considered unavailable in accordance with the modified accrual basis of accounting for the fund financial statements. The following revenues are measurable but do not represent available expendable resources for the Fund Financial Statements or were received in advance before the District has legal claim to them for the fiscal year ended June 30, 2016:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Delinquent taxes	<u>\$ 12,968</u>	<u>\$ 35,333</u>	<u>\$ 48,301</u>

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - CAPITAL ASSETS

The following presents a summary of activity in the capital assets as follows:

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
Land	\$ 280,122	\$ -	\$ -	\$ 280,122
Buildings				
Elementary	4,600,109	5,239	-	4,605,348
Secondary	15,401,139	-	-	15,401,139
Other	3,442,135	899	-	3,443,034
Transportation	75,000	-	-	75,000
Maintenance	162,695	-	-	162,695
Total Buildings	23,681,078	6,138	-	23,687,216
Equipment and Other	519,295	20,758	-	540,053
Transportation Equip.	1,025,151	-	-	1,025,151
Total Capital Assets	25,505,646	26,896	-	25,532,542
Accum. Depreciation	(8,196,798)	(623,409)	-	(8,820,207)
Net Capital Assets	<u>\$ 17,308,848</u>	<u>\$ (596,513)</u>	<u>\$ -</u>	<u>\$ 16,712,335</u>

NOTE 7 - GENERAL OBLIGATION BONDS

Changes in Long-Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2016:

	June 30, 2015	Issuance	Payments	June 30, 2016
2007 Series A	\$ 9,395,000	\$ -	\$ (190,000)	\$ 9,205,000
2013 Series A	1,500,000	-		1,500,000
2013 Series B	1,485,000	-		1,485,000
2015 Refunding Bond	730,000	-	(200,000)	530,000
Total	<u>\$ 13,110,000</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ 12,720,000</u>

In February 2015, the District issued General Obligation Refunding Bonds, Series 2015 in the amount of \$730,000. The funds will be used to refund the Series 2005 Refunding Bonds.

On August 1, 2013, the District issued General Obligation Bonds, Series 2013(A) (Tax-Exempt in the amount of \$1,500,000 , and General Obligation Bonds, Series 2013 B (Taxable QSCB-Direct Pay Subsidy) in the amount of \$1,485,000 The funds will be used to finance the costs of renovations and improvements to the historic L.A. Thomas Gymnasium, to complete the Sports Complex, construction of technology classrooms and other improvements to facilities throughout the District, and acquisition of related equipment for such school facilities.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - GENERAL OBLIGATION BONDS-continued

In 2007, the District issued General Obligation Bonds, Series 2007A (Bank Qualified) and Series 2007B (Taxable). The proceeds of the Bonds and other monies legally available from the District were used to finance the costs of the acquisition, improvement and preparation of school site(s), including the demolition of obsolete structures; the construction, renovation, furnishing and equipping of schools and school facilities; improvements to existing schools; and the acquisition and installation of all lighting, heating, ventilation and sanitation facilities and appliances necessary to maintain and operate said building and facilities in the District, and costs of issuance of the Bonds.

General obligation bonds payable as of June 30, 2016 consist of the following:

Series 2007A General Obligation Bonds in the original principal amount of \$9,860,000 maturing through September 1, 2027. Principal payments are due annually on September 15, and interest is payable semi-annually on March 15, and September 15 of each year. Interest rates on the bonds range from 3.75% to 5% on the outstanding bonds. \$ 9,205,000

Series 2013A General Obligation Bonds in the original principal amount of \$1,500,000 maturing September 15, 2029. Principal payments are due on September 15, 2028 and 2029. Interest is payable semi-annually on March 15, and September 15 of each year. The interest rates on the bonds is 4.25%. 1,500,000

Series 2013B General Obligation Bonds in the original principal amount of \$1,485,000 maturing on August 15, 2019. One principal payment is due on September 15, 2030. Interest is payable semi-annually on March 15, and September 15 of each year. The interest rate on the bond is 5.036%. The terms of the bond require annual mandatory sinking fund installments of \$10,000 per year and two installments of \$780,000 and \$555,000 in 2029 and 2030 respectively. 1,485,000

Series 2015 General Obligation Refunding Bonds in the original principal amount of \$730,000 maturing through August 15, 2016 Principal payments are due annually on August 15, and interest is payable semi-annually on February 15, and August 15 of each year. Interest rates range from .0662% to 1.16% on the outstanding bonds. 530,000

\$ 12,720,000

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - GENERAL OBLIGATION BONDS – Continued

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

Ended June 30	2015 Refunding	2007 Series A	2013 Series A	Sinking Fund Installment	Interest	Interest Subsidy	Total
2017	\$ 530,000	\$ 215,000	\$ -	\$ 10,000	\$ 506,296	(68,278)	\$ 1,193,018
2018	-	235,000	-	10,000	493,047	(68,278)	669,769
2019	-	275,000	-	10,000	482,015	(68,278)	698,737
2020	-	575,000	-	10,000	466,079	(68,278)	982,801
2021	-	830,000	-	10,000	438,697	(68,278)	1,210,419
2022-2026	-	4,865,000	-	50,000	1,638,786	(341,390)	6,212,396
2027-2031	-	2,210,000	1,500,000	1,385,000	672,430	(136,556)	5,630,874
	<u>\$ 530,000</u>	<u>\$ 9,205,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,485,000</u>	<u>\$ 4,697,350</u>	<u>\$ (819,336)</u>	<u>\$ 16,598,014</u>

NOTE 8 - PENSION PLAN

Plan Description

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

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

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – PENSION PLAN-continued

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District’s contributions were \$676,832 for the year ended June 30, 2015.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2015, the District’s proportion was 0.002134645 percent.

For the year ended June 30, 2016, the District recognized pension expense (revenue) of \$560,155. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 336,976
Changes in assumptions or other inputs	\$ 102,371	
Net difference between projected and actual earnings on pension plan investments	1,034,519	1,476,146
Changes in the employer's proportion and differences between employer's contributions and the employer's proportionate contributions	(3,285)	(54,325)
Employer contributions subsequent to the measurement date	<u>729,338</u>	<u>-</u>
Total	<u>\$1,862,943</u>	<u>\$ 1,758,797</u>

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – PENSION PLAN-continued

\$729,338 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 and 5.6 for the measurement period June 30, 2014.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year	
<u>Ended</u>	
6/30/16	\$ (288,347)
6/30/17	(288,347)
6/30/18	(288,347)
6/30/19	209,289
6/30/20	(27,479)

Actuarial Assumptions

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

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- * Set back 3 years for teachers
- * No offset for male fire and police
- * Forward one year for female fire and police
- * Set back one year for all general employees and all beneficiaries

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – PENSION PLAN-continued

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date for that date.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return*
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%
* Arithmetic return			
Actuarial Assumptions			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long Term Expected Geometric Rate of Return, Net of Investment Expenses			7.10%

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – PENSION PLAN-continued

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans’ net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability (asset)	<u>\$6,846,527</u>	<u>\$2,810,980</u>	<u>(\$544,041)</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2016, expenditures exceeded appropriations in the IDEA School Age Fund by \$6,648, the IDEA Preschool Fund by \$1,984, the Title IIA Fund by \$142, the Title I-C Migrant Fund by \$49, the Perkins Fund by \$357, the Special Ed. Billing Fund by \$4,629 and the Rural and Low Income Fund by \$31.

NOTE 10 - FUND BALANCE AND NET POSITION DEFICITS

Fund deficits as of June 30, 2016, consisted of the following: IDEA School Age Fund in the amount of \$6,648, the IDEA Preschool Fund in the amount of \$2,436, Title II-A Fund in the amount of \$142, Title I-C Migrant Fund in the amount of \$49, Perkins Fund in the amount of \$357, Special Ed. Billing Fund in the amount of \$4,629 and the Rural and Low Income Fund in the amount of \$31.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – RISK FROM LOSSES/CONTINGENT LIABILITIES

The District is not aware of any pending or threatened litigation that would adversely affect the District. The District purchases commercial insurance to protect assets from losses from workmen’s compensation claims, fire and casualty, general liability and fidelity losses.

The District has received several Federal/State grants for specific purposes that were subject to review and audit of the compliance conditions of each program. This audit found no elements of non-compliance with terms and conditions of the individual programs.

NOTE 12 – LACK OF IMPLEMENTATION OF GASB STATEMENT NO. 45

GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The District is required to follow GASB 45 as the District allows retired employees, who pay for their own health insurance premiums, to remain on the District’s health insurance plan. Even though the retirees pay their own premiums, the premiums are not age-adjusted. The District therefore provides an implicit subsidy to the retirees on their premiums, which would be higher if they were age-adjusted. GASB 45 requires that the future expense of the implicit subsidy be calculate and accrued annually. The District has determined that the required cost to calculate this future expense and accrual, which involves paying for actuarial services, is too expensive. The District has therefore chosen not to comply with the requirement of GASB 45.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 30, 2016, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Local:				
Property taxes	\$ 333,600	\$ 403,582	\$ 403,411	\$ (171)
Earnings on investments	3,500	5,000	11,146	6,146
Rentals	1,200	1,200	535	(665)
Other local revenue	<u>21,775</u>	<u>78,900</u>	<u>71,552</u>	<u>(7,348)</u>
Total local revenue	360,075	488,682	486,644	(2,038)
State:				
State apportionment	7,296,455	7,523,808	7,580,496	56,688
State paid benefits	934,159	969,369	972,564	3,195
Revenue in lieu of taxes	26,582	26,582	20,183	(6,399)
Other state support	<u>395,941</u>	<u>417,786</u>	<u>389,514</u>	<u>(28,272)</u>
Total State Revenue	8,653,137	8,937,545	8,962,757	25,212
Federal:				
Forest reserve fund	532	3,401	3,346	(55)
Other federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Revenue	<u>532</u>	<u>3,401</u>	<u>3,346</u>	<u>(55)</u>
Total Revenues	9,013,744	9,429,628	9,452,747	23,119

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

Expenditures	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Instructional:				
Elementary:				
Teachers salaries	1,465,715	1,441,682	1,425,156	16,526
Teachers aides	108,001	120,565	133,767	(13,202)
Substitutes	20,059	20,059	26,578	(6,519)
Social security	120,157	119,148	115,476	3,672
Teachers fringe pool	442,687	442,724	451,170	(8,446)
Telephone	2,050	2,050	1,976	74
Travel and other	6,613	6,613	4,819	1,794
Supplies and textbooks	56,810	69,985	69,769	216
Equipment	15,000	75,000	13,607	61,393
Total elementary	2,237,092	2,297,826	2,242,318	55,508
Middle school:				
Teachers salaries	731,020	762,424	750,663	11,761
Substitutes	11,301	11,301	9,365	1,936
Social security	56,999	59,272	57,473	1,799
Teachers fringe pool	208,716	211,912	203,524	8,388
Telephone	2,000	2,000	2,132	(132)
Travel and other	17,148	14,918	13,514	1,404
Supplies and textbooks	27,040	30,855	28,139	2,716
Equipment	3,097	3,097	200	2,897
Total middle	1,057,321	1,095,779	1,065,010	30,769
Secondary:				
Teachers salaries	1,086,006	1,105,602	1,102,068	3,534
Substitutes	15,169	15,169	10,250	4,919
Social security	78,647	80,016	82,014	(1,998)
Teachers fringe pool	302,535	303,161	303,521	(360)
Telephone	4,000	4,000	4,487	(487)
Travel and other	20,497	20,497	6,729	13,768
Supplies and textbooks	39,895	41,675	38,302	3,373
Total secondary	1,546,749	1,570,120	1,547,371	22,749
Alternative:				
Teachers salaries	2,545	2,545	5,497	(2,952)
Social security	195	195	420	(225)
Teachers fringe pool	318	318	686	(368)
Total alternative	3,058	3,058	6,603	(3,545)
Total instructional	4,844,220	4,966,783	4,861,302	105,481

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures				
Interscholastic:				
Salaries	98,409	104,881	103,819	1,062
Social security & fringe	20,012	21,142	22,448	(1,306)
Travel and other	12,844	18,515	11,059	7,456
Supplies	4,300	4,300	3,610	690
Total interscholastic	<u>135,565</u>	<u>148,838</u>	<u>140,936</u>	<u>7,902</u>
Activities:				
Salaries	25,671	25,671	26,520	(849)
Social security & fringe	5,023	5,023	5,294	(271)
Gifted and talented program	11,412	11,380	12,136	(756)
Debate	1,400	1,400	2,353	(953)
Other	11,930	12,453	9,835	2,618
Total activities	<u>55,436</u>	<u>55,927</u>	<u>56,138</u>	<u>(211)</u>
Guidance Counselors:				
Counselor & social worker salaries	163,718	163,564	163,564	-
Social security	12,524	12,513	11,742	771
Fringe pool	40,521	39,989	39,640	349
Other	400	400	400	-
Total support	<u>217,163</u>	<u>216,466</u>	<u>215,346</u>	<u>1,120</u>
Special services:				
Psychologist & teachers salaries	348,878	348,998	351,103	(2,105)
Teachers aides & secretary	26,519	26,519	26,469	50
Substitutes	-	-	-	-
Social security	27,217	27,226	26,603	623
Fringe pool	103,064	104,111	103,844	267
Supplies & other	-	-	-	-
Total special services	<u>505,678</u>	<u>506,854</u>	<u>508,019</u>	<u>(1,165)</u>

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures				
Instructional improvement program:				
Salaries	178,850	189,329	192,404	(3,075)
Social security & fringe	51,624	49,700	45,080	4,620
Purchased services	-	-	-	-
Supplies & other	101,641	88,507	64,721	23,786
Equipment	-	-	-	-
Total instructional improvement program	332,115	327,536	302,205	25,331
Library & personal development:				
Salaries	174,963	174,963	176,162	(1,199)
Social security	12,060	12,060	12,685	(625)
Fringe pool	54,288	53,702	51,056	2,646
Books & supplies - elementary	4,769	4,769	4,765	4
Books & supplies - middle school	4,769	4,769	4,770	(1)
Books & supplies - secondary	4,769	4,769	4,768	1
Other	-	-	-	-
Total library and personal development	255,618	255,032	254,206	826
District office - Superintendent:				
Superintendent salary	92,530	92,530	99,483	(6,953)
Social security	7,079	7,079	7,046	33
Fringe pool	19,566	19,219	19,258	(39)
Travel and other	16,082	17,173	11,991	5,182
Total district office superintendent	135,257	136,001	137,778	(1,777)
Principals and secretaries:				
Salaries - principals	277,616	253,568	244,711	8,857
Salaries - secretaries	112,258	120,078	124,956	(4,878)
Social security	29,026	27,784	27,060	724
Fringe pool	110,210	100,931	102,693	(1,762)
Travel and dues	7,337	8,562	8,124	438
Total principals & secretaries	536,447	510,923	507,544	3,379

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures				
District office:				
Salaries	115,500	115,500	121,976	(6,476)
Social security	8,336	8,336	8,507	(171)
Fringe pool	35,095	33,967	35,205	(1,238)
Professional services	19,250	19,650	15,612	4,038
Travel and other	57,824	71,508	65,292	6,216
Total district office	<u>236,005</u>	<u>248,961</u>	<u>246,592</u>	<u>2,369</u>
Administrative technology services				
Salaries	-	-	-	-
Social security	-	-	-	-
Fringe pool	-	-	-	-
Travel and other	-	-	-	-
Equipment	4,519	4,519	4,519	-
Total administrative technology services	<u>4,519</u>	<u>4,519</u>	<u>4,519</u>	<u>-</u>
Custodians:				
Salaries	227,663	227,125	227,178	(53)
Social security	17,419	17,377	16,224	1,153
Fringe pool	94,418	88,032	84,870	3,162
Utilities	245,000	245,000	234,920	10,080
Supplies and other	37,637	46,137	45,798	339
Property insurance	56,860	56,860	56,860	-
Total custodians	<u>678,997</u>	<u>680,531</u>	<u>665,850</u>	<u>14,681</u>
Maintenance:				
Salaries	209,307	207,978	198,156	9,822
Social security	15,217	15,909	14,337	1,572
Fringe pool	64,720	58,839	62,777	(3,938)
Contracted repairs	38,500	39,661	56,428	(16,767)
Supplies and other	93,372	96,672	88,098	8,574
Building improvements	5,661	4,500	-	4,500
Total maintenance	<u>426,777</u>	<u>423,559</u>	<u>419,796</u>	<u>3,763</u>
School lunch:				
Social security	12,411	11,679	12,153	(474)
Fringe pool	-	-	-	-
Total school lunch	<u>12,411</u>	<u>11,679</u>	<u>12,153</u>	<u>(474)</u>

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures				
Security/Safety				
School Resource Officer	-	4,230	4,230	-
Contracted Services	5,806	10,000	8,919	1,081
Supplies	4,570	9,500	5,489	4,011
Total security/safety	<u>10,376</u>	<u>23,730</u>	<u>18,638</u>	<u>5,092</u>
Transportation:				
Salaries - mechanics	33,159	33,159	35,860	(2,701)
Salaries - drivers	125,942	132,742	141,387	(8,645)
Salaries - supervisors	40,000	40,000	36,446	3,554
Salaries - other	26,616	34,066	31,574	2,492
Travel and other	35,017	35,069	32,765	2,304
Social security	17,268	18,359	17,565	794
Fringe pool	69,346	70,537	67,625	2,912
Physicals	2,000	2,000	1,969	31
Contract repairs & maintenance	29,640	29,640	25,777	3,863
Tires, batteries & parts	20,455	42,455	39,366	3,089
Fuel, oil & lube	84,000	84,000	35,516	48,484
Insurance	6,865	6,865	6,865	-
Total transportation	<u>490,308</u>	<u>528,892</u>	<u>472,715</u>	<u>56,177</u>
Total support	<u>4,032,672</u>	<u>4,079,448</u>	<u>3,962,433</u>	<u>117,015</u>
Total expenditures	<u>8,876,892</u>	<u>9,046,231</u>	<u>8,823,736</u>	<u>222,495</u>
Other sources (uses)				
Transfers in (out)	<u>(348,688)</u>	<u>(735,878)</u>	<u>(736,460)</u>	<u>582</u>
Total other sources (uses)	<u>(348,688)</u>	<u>(735,878)</u>	<u>(736,460)</u>	<u>582</u>
Excess revenues over (under) expenditures	(211,836)	(352,481)	(107,449)	245,032
Fund balance - July 1, 2015	<u>1,090,700</u>	<u>1,236,208</u>	<u>1,236,208</u>	<u>-</u>
Fund balance - June 30, 2016	<u>\$ 878,864</u>	<u>\$ 883,727</u>	<u>\$ 1,128,759</u>	<u>\$ 245,032</u>

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - BASE PLAN
LAST 10 FISCAL YEARS***

	<u>2015</u>	<u>2014</u>
District's portion of the net pension liability	0.002134645	0.002081040
District's proportionate share of the net pension liability	\$ 2,810,980	\$ 1,531,971
District's covered-employee payroll	\$ 6,038,896	\$ 5,696,181
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	46.55%	26.89%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	94.95%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a 10 year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2015 and 2014.

**KIMBERLY SCHOOL DISTRICT
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
PERSI - BASE PLAN
LAST 10 FISCAL YEARS***

	2015	2014
Statutorily required contribution	\$ 683,603	\$ 644,808
Contribution in relation to the statutorily required contribution	676,832	638,200
Contribution deficiency (excess)	\$ 6,771	\$ 6,608
District's covered -employee payroll	\$ 6,038,896	\$ 5,696,181
Contributions as a percentage of covered-employee payroll	11.21%	11.20%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of each year's most recent fiscal year end.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1- BUDGETARY INFORMATION

Budgetary-GAAP Reporting Reconciliation

The accompanying Budgetary Comparison Schedules compare the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

Budgetary Policies

Kimberly School District #414 prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the District such as capital outlay expenditures. Any excess of budgeted expenditures over budgeted revenues are temporary situations and are budgeted so as to utilize cash balances in the individual fund.

SUPPLEMENTARY INFORMATION

KIMBERLY SCHOOL DISTRICT NO. 414
KIMBERLY, IDAHO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Final Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Local	\$ 1,214,005	\$ 1,214,006	\$ 1,131,050	\$ (82,955)
State	243,219	208,354	248,698	5,479
Federal	68,278	68,278	69,512	1,234
Total Revenues	1,525,502	1,490,638	1,449,260	(76,242)
Expenditures				
Principal payments	229,000	229,000	390,000	(161,000)
Interest & fees	519,423	519,423	520,180	(757)
Contingency Reserve	1,609,497	1,222,215	-	1,609,497
Total Expenditures	2,357,920	1,970,638	910,180	1,447,740
Other Sources (Uses)				
Advance refunding escrow	-	-	-	-
Transfers in (out)	-	-	-	-
Total Other Sources (Uses)	-	-	-	-
Excess Revenues Over (Under) Expenditures	(832,418)	(480,000)	539,080	1,371,498
Fund Balance - July 1, 2015	832,418	480,000	832,418	-
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,371,498</u>	<u>\$ 1,371,498</u>

See Notes to Required Supplementary Information.

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Final</u>	<u>Original</u>		<u>Favorable (Unfavorable)</u>
REVENUES				
Local Sources:				
Other Local	\$ -	\$ -	900	\$ 900
Earnings on investments	-	-	22	22
Total local sources	<u>-</u>	<u>-</u>	<u>922</u>	<u>922</u>
Total revenues	<u>-</u>	<u>-</u>	<u>922</u>	<u>922</u>
EXPENDITURES				
Capital outlay	526,818	197,838	17,341	509,477
Contingency Reserve	<u>27,576</u>	<u>8,005</u>	<u>900</u>	<u>26,676</u>
Total expenditures	<u>554,394</u>	<u>205,843</u>	<u>18,241</u>	<u>536,153</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	363,150	34,170	363,160	10
Transfers out	<u>-</u>	<u>-</u>	<u>(28,990)</u>	<u>(28,990)</u>
Total other financing sources (uses)	<u>363,150</u>	<u>34,170</u>	<u>334,170</u>	<u>(28,980)</u>
Excess (deficiency) of revenues over expenditures	<u>(191,244)</u>	<u>(171,673)</u>	<u>316,851</u>	<u>508,095</u>
Fund balances-beginning	<u>191,244</u>	<u>171,673</u>	<u>189,619</u>	<u>(1,625)</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,470</u>	<u>\$ 506,470</u>

See Notes to Required Supplementary Information

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Title I-A</u>	<u>IDEA School Age</u>	<u>IDEA Pre- School</u>	<u>School Net</u>	<u>Title II-A</u>	<u>Technology</u>	<u>Title I-C Migrant</u>
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash	-	-	-	2,644	-	52,311	-
Investments	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-
Receivable From Other Governments	56,256	65,642	8,449	-	2,703	-	4,279
Receivable From Other Funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 56,256</u>	<u>\$ 65,642</u>	<u>\$ 8,449</u>	<u>\$ 2,644</u>	<u>\$ 2,703</u>	<u>\$ 52,311</u>	<u>\$ 4,279</u>
Liabilities							
Deficit in Pooled Cash	\$ 15,158	\$ 35,476	\$ 5,329	\$ -	\$ 1,974	\$ -	\$ 1,510
Accounts Payable	-	-	-	-	-	2,432	-
Salaries and Benefits Payable	35,577	36,814	5,556	-	871	21,858	2,818
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>50,735</u>	<u>72,290</u>	<u>10,885</u>	<u>-</u>	<u>2,845</u>	<u>24,290</u>	<u>4,328</u>
Fund Equity							
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Capital projects	-	-	-	-	-	-	-
Federal Programs	5,521	-	-	-	-	-	-
State Programs	-	-	-	2,644	-	28,021	-
School Lunch Program	-	-	-	-	-	-	-
Committed:							
Assigned:	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Unassigned	-	(6,648)	(2,436)	-	(142)	-	(49)
Total Fund Equity	<u>5,521</u>	<u>(6,648)</u>	<u>(2,436)</u>	<u>2,644</u>	<u>(142)</u>	<u>28,021</u>	<u>(49)</u>
Total Liabilities and Fund Equity	<u>\$ 56,256</u>	<u>\$ 65,642</u>	<u>\$ 8,449</u>	<u>\$ 2,644</u>	<u>\$ 2,703</u>	<u>\$ 52,311</u>	<u>\$ 4,279</u>

<u>Child Nutrition</u>	<u>Perkins III</u>	<u>Driver's Ed</u>	<u>Professional Technical</u>	<u>Special Ed. Billing</u>	<u>Safe & Drug Free</u>	<u>Rural & Low Income</u>	<u>Totals</u>
\$ 46,003	\$ -	\$ -	\$ -	\$ 15,738	\$ 24,326	\$ -	\$ 86,067
-	-	15,723	-	-	-	-	70,678
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	13,242	3,250	42,528	9,209	-	5,362	210,920
-	-	-	-	-	-	-	-
<u>\$ 46,003</u>	<u>\$ 13,242</u>	<u>\$ 18,973</u>	<u>\$ 42,528</u>	<u>\$ 24,947</u>	<u>\$ 24,326</u>	<u>\$ 5,362</u>	<u>\$ 367,665</u>
\$ 307	\$ 13,599	\$ -	\$ 13,765	\$ -	\$ -	\$ 1,746	\$ 88,864
-	-	-	2,471	2,247	23,300	-	30,450
-	-	2,442	10,377	27,329	-	3,647	147,289
-	-	-	-	-	-	-	-
307	13,599	2,442	26,613	29,576	23,300	5,393	266,603
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,521
-	-	16,531	15,915	-	-	-	63,111
45,696	-	-	-	-	-	-	45,696
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(357)	-	-	(4,629)	1,026	(31)	(13,266)
<u>45,696</u>	<u>(357)</u>	<u>16,531</u>	<u>15,915</u>	<u>(4,629)</u>	<u>1,026</u>	<u>(31)</u>	<u>101,062</u>
<u>\$ 46,003</u>	<u>\$ 13,242</u>	<u>\$ 18,973</u>	<u>\$ 42,528</u>	<u>\$ 24,947</u>	<u>\$ 24,326</u>	<u>\$ 5,362</u>	<u>\$ 367,665</u>

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Title I-A</u>	<u>IDEA School Age</u>	<u>IDEA Pre- School</u>	<u>School Net</u>	<u>Title II-A</u>	<u>Technology</u>
Revenues						
Local	\$ -	\$ -	\$ 9,036	\$ -	\$ -	\$ 97,599
State	-	-	-	-	-	101,838
Federal	<u>280,313</u>	<u>305,690</u>	<u>23,367</u>	<u>-</u>	<u>37,260</u>	<u>-</u>
Total Revenues	280,313	305,690	32,403	-	37,260	199,437
Expenditures						
Instructional	256,388	313,153	34,840	-	37,333	319,270
Support	-	-	-	1,200	-	108,584
Non-Instructional	-	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	256,388	313,153	34,840	1,200	37,333	427,854
Other Sources (Uses)						
Bond Proceeds	-	-	-	-	-	-
Transfers In (Out)	<u>(21,181)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>235,007</u>
Total Other Sources (Uses)	(21,181)	-	-	-	72	235,007
Excess Revenues Over (Under) Expenditures	2,744	(7,463)	(2,437)	(1,200)	(1)	6,590
Fund Balance - July 1, 2015	<u>2,777</u>	<u>815</u>	<u>1</u>	<u>3,844</u>	<u>(141)</u>	<u>21,431</u>
Fund Balance - June 30, 2016	<u>\$ 5,521</u>	<u>\$ (6,648)</u>	<u>\$ (2,436)</u>	<u>\$ 2,644</u>	<u>\$ (142)</u>	<u>\$ 28,021</u>

Title I-C Migrant	Child Nutrition	Perkins III	Driver's Ed	Professional Technical	Special Ed. Billing	Safe & Drug Free	Rural & Low Income	Totals
\$ -	\$ 184,434	\$ -	\$ 12,320	\$ -	\$ -	\$ -	\$ -	\$ 303,389
-	-	-	11,325	92,225	-	24,326	-	229,714
17,847	317,145	14,729	-	-	18,468	-	12,273	1,027,092
17,847	501,579	14,729	23,645	92,225	18,468	24,326	12,273	1,560,195
17,847	-	14,845	21,385	76,889	201,528	23,300	-	1,316,778
-	-	-	-	-	-	-	11,094	120,878
-	530,111	-	-	-	-	-	-	530,111
-	-	-	-	-	-	-	-	-
17,847	530,111	14,845	21,385	76,889	201,528	23,300	11,094	1,967,767
-	-	-	-	-	-	-	-	-
-	14,568	-	-	-	173,824	-	-	402,290
-	14,568	-	-	-	173,824	-	-	402,290
-	(13,964)	(116)	2,260	15,336	(9,236)	1,026	1,179	(5,282)
(49)	59,660	(241)	14,271	579	4,607	-	(1,210)	106,344
<u>\$ (49)</u>	<u>\$ 45,696</u>	<u>\$ (357)</u>	<u>\$ 16,531</u>	<u>\$ 15,915</u>	<u>\$ (4,629)</u>	<u>\$ 1,026</u>	<u>\$ (31)</u>	<u>\$ 101,062</u>

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Title I-A				IDEA School-Age			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-	-	-
Federal	284,808	275,895	280,313	4,418	302,631	293,021	305,690	12,669
Total Revenues	284,808	275,895	280,313	4,418	302,631	293,021	305,690	12,669
Expenditures								
Instructional:								
Salaries	174,834	172,854	177,296	(4,442)	170,673	184,129	193,391	(9,262)
Benefits	77,783	73,596	74,337	(741)	81,274	70,533	73,224	(2,691)
Purchased Services	1,500	1,500	1,344	156	44,747	34,011	41,789	(7,778)
Supplies and Materials	9,541	9,541	3,411	6,130	3,957	5,163	4,749	414
Equipment	-	-	-	-	-	-	-	-
Total Instructional	263,658	257,491	256,388	1,103	300,651	293,836	313,153	(19,317)
Support:								
Equipment and Other Expenses	-	-	-	-	-	-	-	-
Total Support	-	-	-	-	-	-	-	-
Non-Instructional	-	-	-	-	-	-	-	-
Total Non-Instructional	-	-	-	-	-	-	-	-
Total Expenditures	263,658	257,491	256,388	1,103	300,651	293,836	313,153	(19,317)
Other Sources (Uses)								
Transfers In (Out)	(21,150)	(21,181)	(21,181)	-	(1,980)	-	-	-
Total Other Sources (Uses)	(21,150)	(21,181)	(21,181)	-	(1,980)	-	-	-
Excess Revenues Over (Under) Expenditures	-	(2,777)	2,744	5,521	-	(815)	(7,463)	(6,648)
Fund Balance - July 1, 2015	-	2,777	2,777	-	-	815	815	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 5,521	\$ 5,521	\$ -	\$ -	\$ (6,648)	\$ (6,648)

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	IDEA - Pre School				SchoolNet			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ 7,500	\$ 7,200	\$ 9,036	\$ 1,836	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-	-	-
Federal	24,813	25,072	23,367	(1,705)	-	-	-	-
Total Revenues	32,313	32,272	32,403	131	-	-	-	-
Expenditures								
Instructional:								
Salaries	24,455	24,577	25,665	(1,088)	-	-	-	-
Benefits	9,604	7,918	8,951	(1,033)	-	-	-	-
Purchased Services	-	-	-	-	-	-	-	-
Supplies and Materials	234	230	224	6	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Total Instructional	34,293	32,725	34,840	(2,115)	-	-	-	-
Support:								
Equipment and Other Expenses	-	-	-	-	-	-	1,200	(1,200)
Total Support	-	-	-	-	-	-	1,200	(1,200)
Non-Instructional	-	-	-	-	-	-	-	-
Total Non-Instructional	-	-	-	-	-	-	-	-
Total Expenditures	34,293	32,725	34,840	(2,115)	-	-	1,200	(1,200)
Other Sources (Uses)								
Transfers In (Out)	1,980	-	-	-	(3,845)	(3,844)	-	(3,844)
Total Other Sources (Uses)	1,980	-	-	-	(3,845)	(3,844)	-	(3,844)
Excess Revenues Over (Under) Expenditures	-	(453)	(2,437)	(1,984)	(3,845)	(3,844)	(1,200)	2,644
Fund Balance - July 1, 2015	-	1	1	-	3,845	3,844	3,844	-
Fund Balance - June 30, 2016	\$ -	\$ (452)	\$ (2,436)	\$ (1,984)	\$ -	\$ -	\$ 2,644	\$ 2,644

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Title II-A				Technology			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ -	\$ -	\$ -	\$ -	\$ 115,101	\$ 115,102	\$ 97,599	\$ (17,503)
State	-	-	-	-	86,135	91,064	101,838	10,774
Federal	42,634	42,634	37,260	(5,374)	-	-	-	-
Total Revenues	42,634	42,634	37,260	(5,374)	201,236	206,166	199,437	(6,729)
Expenditures								
Instructional:								
Salaries	27,784	28,909	24,994	3,915	165,495	173,048	185,643	(12,595)
Benefits	6,352	6,404	5,726	678	55,519	57,173	61,386	(4,213)
Purchased Services	5,075	6,752	6,613	139	35,232	39,411	30,258	9,153
Supplies and Materials	4,345	500	-	500	143,561	161,732	8,063	153,669
Equipment	-	-	-	-	31,240	31,240	33,919	(2,679)
Total Instructional	43,556	42,565	37,333	5,232	431,047	462,604	319,269	143,335
Support:								
Equipment and Other Expenses	-	-	-	-	-	-	108,584	(108,584)
Total Support	-	-	-	-	-	-	108,584	(108,584)
Non-Instructional	-	-	-	-	-	-	-	-
Total Non-Instructional	-	-	-	-	-	-	-	-
Total Expenditures	43,556	42,565	37,333	5,232	431,047	462,604	427,853	34,751
Other Sources (Uses)								
Transfers In (Out)	922	72	72	-	222,436	235,007	235,007	-
Total Other Sources (Uses)	922	72	72	-	222,436	235,007	235,007	-
Excess Revenues Over (Under) Expenditures	-	141	(1)	(142)	(7,375)	(21,431)	6,591	28,022
Fund Balance - July 1, 2015	-	(141)	(141)	-	7,375	21,431	21,431	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ (142)	\$ (142)	\$ -	\$ -	\$ 28,022	\$ 28,022

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Title I-C Migrant				Child Nutrition			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ -	\$ -	\$ -	\$ -	\$ 184,442	\$ 184,442	\$ 184,434	\$ (8)
State	-	-	-	-	-	-	-	-
Federal	22,179	22,179	17,847	(4,332)	306,731	306,731	317,145	10,414
Total Revenues	22,179	22,179	17,847	(4,332)	491,173	491,173	501,579	10,406
Expenditures								
Instructional:								
Salaries	12,461	13,392	11,174	2,218	-	-	-	-
Benefits	7,219	6,401	6,116	285	-	-	-	-
Purchased Services	-	-	-	-	-	-	-	-
Supplies and Materials	2,499	2,337	557	1,780	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Total Instructional	22,179	22,130	17,847	4,283	-	-	-	-
Support:								
Equipment and Other Expenses	-	-	-	-	-	-	-	-
Total Support	-	-	-	-	-	-	-	-
Non-Instructional	-	-	-	-	531,173	565,401	530,111	35,290
Total Non-Instructional	-	-	-	-	531,173	565,401	530,111	35,290
Total Expenditures	22,179	22,130	17,847	4,283	531,173	565,401	530,111	35,290
Other Sources (Uses)								
Transfers In (Out)	-	-	-	-	-	14,568	14,568	-
Total Other Sources (Uses)	-	-	-	-	-	14,568	14,568	-
Excess Revenues Over (Under) Expenditures	-	49	-	(49)	(40,000)	(59,660)	(13,964)	45,696
Fund Balance - July 1, 2015	-	(49)	(49)	-	40,000	59,660	59,660	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ (49)	\$ (49)	\$ -	\$ -	\$ 45,696	\$ 45,696

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Perkins III				Drivers Education			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ -	\$ -	\$ -	\$ -	\$ 7,800	\$ 7,800	\$ 12,320	\$ 4,520
State	-	-	-	-	9,000	9,000	11,325	2,325
Federal	15,087	15,086	14,729	(357)	-	-	-	-
Total Revenues	15,087	15,086	14,729	(357)	16,800	16,800	23,645	6,845
Expenditures								
Instructional:								
Salaries	-	-	-	-	16,320	16,320	16,120	200
Benefits	-	-	-	-	3,256	3,170	2,065	1,105
Purchased Services	3,000	2,758	2,758	-	2,383	2,383	1,504	879
Supplies and Materials	-	-	-	-	1,828	9,198	1,696	7,502
Equipment	12,087	12,087	12,087	-	-	-	-	-
Total Instructional	15,087	14,845	14,845	-	23,787	31,071	21,385	9,686
Support:								
Equipment and Other Expenses	-	-	-	-	-	-	-	-
Total Support	-	-	-	-	-	-	-	-
Non-Instructional	-	-	-	-	-	-	-	-
Total Non-Instructional	-	-	-	-	-	-	-	-
Total Expenditures	15,087	14,845	14,845	-	23,787	31,071	21,385	9,686
Other Sources (Uses)								
Transfers In (Out)	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-	-	-
Excess Revenues Over (Under) Expenditures	-	241	(116)	(357)	(6,987)	(14,271)	2,260	16,531
Fund Balance - July 1, 2015	-	(241)	(241)	-	6,987	14,271	14,271	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ (357)	\$ (357)	\$ -	\$ -	\$ 16,531	\$ 16,531

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Professional Technical				Special Ed. Billing			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	73,867	73,182	92,225	19,043	-	-	-	-
Federal	-	-	-	-	50,000	50,000	18,468	(31,532)
Contingency Reserve	-	-	-	-	-	-	-	-
Total Revenues	73,867	73,182	92,225	19,043	50,000	50,000	18,468	(31,532)
Expenditures								
Instructional:								
Salaries	25,678	25,243	25,519	(276)	108,624	169,328	147,186	22,142
Benefits	5,170	5,081	5,023	58	61,376	58,521	54,342	4,179
Purchased Services	10,917	11,250	11,496	(246)	-	-	-	-
Supplies and Materials	22,612	22,717	21,318	1,399	-	-	-	-
Equipment	9,490	9,470	13,534	(4,064)	-	-	-	-
Total Instructional	73,867	73,761	76,890	(3,129)	170,000	227,849	201,528	26,321
Support:								
Equipment and Other Expenses	-	-	-	-	-	-	-	-
Total Support	-	-	-	-	-	-	-	-
Non-Instructional	-	-	-	-	-	-	-	-
Total Non-Instructional	-	-	-	-	-	-	-	-
Total Expenditures	73,867	73,761	76,890	(3,129)	170,000	227,849	201,528	26,321
Other Sources (Uses)								
Transfers In (Out)	-	-	-	-	120,000	173,242	173,824	582
Total Other Sources (Uses)	-	-	-	-	120,000	173,242	173,824	582
Excess Revenues Over (Under) Expenditures	-	(579)	15,335	15,914	-	(4,607)	(9,236)	(4,629)
Fund Balance - July 1, 2015	-	579	579	-	-	4,607	4,607	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 15,914	\$ 15,914	\$ -	\$ -	\$ (4,629)	\$ (4,629)

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Safe & Drug Free				Rural and Low Income			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues								
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	23,450	23,300	24,326	1,026	-	-	-	-
Federal	-	-	-	-	-	8,626	12,273	3,647
Contingency Reserve	-	-	-	-	-	-	-	-
Total Revenues	23,450	23,300	24,326	1,026	-	8,626	12,273	3,647
Expenditures								
Instructional:								
Salaries	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-
Purchased Services	23,450	23,300	23,300	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Total Instructional	23,450	23,300	23,300	-	-	-	-	-
Support:								
Equipment and Other Expenses	-	-	-	-	-	7,416	11,094	(3,678)
Total Support	-	-	-	-	-	7,416	11,094	(3,678)
Non-Instructional	-	-	-	-	-	-	-	-
Total Non-Instructional	-	-	-	-	-	-	-	-
Total Expenditures	23,450	23,300	23,300	-	-	7,416	11,094	(3,678)
Other Sources (Uses)								
Transfers In (Out)	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-	-	-
Excess Revenues Over (Under) Expenditures	-	-	1,026	1,026	-	1,210	1,179	(31)
Fund Balance - July 1, 2015	-	-	-	-	-	(1,210)	(1,210)	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ 1,026	\$ 1,026	\$ -	\$ -	\$ (31)	\$ (31)

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Total			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local	\$ 314,843	\$ 314,544	\$ 303,389	\$ (11,155)
State	192,452	196,546	229,714	33,168
Federal	1,048,883	1,039,244	1,027,092	(12,152)
Contingency Reserve	-	-	-	-
Total Revenues	1,556,178	1,550,334	1,560,195	9,861
Expenditures				
Instructional:				
Salaries	726,324	807,800	806,988	812
Benefits	307,553	288,797	291,170	(2,373)
Purchased Services	126,304	121,365	119,062	2,303
Supplies and Materials	188,577	211,418	40,018	171,400
Equipment	52,817	52,797	59,540	(6,743)
Total Instructional	1,401,575	1,482,177	1,316,778	165,399
Support:				
Equipment and Other Expenses	-	7,416	120,878	(113,462)
Total Support	-	7,416	120,878	(113,462)
Non-Instructional	531,173	565,401	530,111	35,290
Total Non-Instructional	531,173	565,401	530,111	35,290
Total Expenditures	1,932,748	2,054,994	1,967,767	87,227
Other Sources (Uses)				
Transfers In (Out)	318,363	397,864	402,290	4,426
Total Other Sources (Uses)	318,363	397,864	402,290	4,426
Excess Revenues Over (Under) Expenditures	(58,207)	(106,796)	(5,282)	101,514
Fund Balance - July 1, 2015	58,207	106,344	106,344	-
Fund Balance - June 30, 2016	\$ -	\$ (452)	\$ 101,062	\$ 101,514

**KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
CONTINUING DISCLOSURE STATEMENT**

Continuing Disclosure

The General Obligation Bonds, Series 2007A (Bank Qualified), Series 2013A (Tax Exempt) and Series 2013B (Taxable QSCB-Direct Pay Subsidy bonds are subject to the requirements of Continuing Disclosure under S.E.C Rule 15c2-12. The following information is provided in compliance with this requirement.

Continuing Disclosure Bond Information

Bonded Indebtedness

**Outstanding Long-Term Debt
As of June 30, 2016**

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Obligation Bonds				
Series 2007A	12/19/07	09/15/27	9,860,000	9,205,000
Series 2013A	08/01/13	09/15/29	1,500,000	1,500,000
Series 2013B (QSCB)	08/01/13	09/15/30	1,485,000	1,485,000
Series 2015 Refunding Bonds	02/25/15	08/15/16	730,000	530,000
Total Outstanding Long-term Debt			<u>\$ 13,575,000</u>	<u>\$ 12,720,000</u>

Short-Term Borrowing

Under Idaho Code, the District is permitted to borrow up to an amount not to exceed 75 percent of:

- (a) The taxes levied but uncollected for the current Fiscal Year (the fiscal year includes July 1 to June 30), exclusive of taxes raised or required to be raised to pay the principal of outstanding bonded indebtedness of the District;
- (b) anticipated distribution from the public school income fund not yet collected for the current fiscal year; and
- (c) other revenues anticipated, and not yet collected for the current fiscal year.

If the tax levy or budget for any fiscal year has not been completed, then the amount borrowed cannot exceed 75 percent of the taxes levied or State fund or other revenues received by the District in the previous fiscal year.

The District does not currently have any short-term notes outstanding, nor does it have plans to issue any notes at this time.

**KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
CONTINUING DISCLOSURE STATEMENT**

Overlapping Debt

The District does not have any overlapping debt to report.

Taxes and State Funding

Ad Valorem Tax Levy Rates of the District

Tax Year	Supplemental M&O	Emergency	Tort	Bond	Total Levy Rate
2015	0.771576	0.193943	0.063202	2.884165	3.912886
2014	0.825958	0.200829	0.060339	2.884165	3.971291
2013	0.911225	0.205527	0.092793	2.884164	4.093709
2012	0.910914	0.433061	0.085146	2.884164	4.313285
2011	0.893269	0.418708	0.076818	2.884165	4.272960

District Property Values

Tax Year	Full Market Value (1)	% Annual Change in Full Market Value	Homeowner's Exemption (2)	Taxable Assessed Value (3)	% Annual Change in Net Market Value
2015	497,874,123	4.29%	125,025,608	372,848,515	2.51%
2014	477,396,639	10.23%	113,674,794	363,721,845	10.48%
2013	433,107,768	-0.82%	103,880,667	329,227,101	-0.03%
2012	436,699,213	-2.17%	107,359,729	329,339,484	-1.94%
2011	446,374,728		110,529,506	335,845,222	-0.44%

- (1) Each year all taxable property must be assessed at 100 percent of the current market value.
- (2) Homeowner's Exemption adjusts annually by the percentage change in the Idaho Housing Price Index. See "Homeowner's Exemption" herein.
- (3) Taxable Assessed Value is the Full Market Value less statutory exemption. Statutory exemptions include homeowner's exemption and property tax reductions, known as the Circuit Breaker Property Tax Relief Program. The Taxable Assessed Value is the value against which tax levies are applied. The District does not have URA.

Source: Idaho State Tax Commission, September 30, 2016.

**KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
CONTINUING DISCLOSURE STATEMENT**

District Property Tax Collection

Ad valorem taxes, including delinquent taxes and penalties, are collected by the treasurer of the County. The taxes are due and payable in two equal installments on December 20 of the Tax Year and June 20 of the following year. The District receives tax receipts in January and July, one month following collection by the County.

Tax Year	Total Certified Levied	Taxes Collected	Percent Collected	Source: Office of the County Treasurer
2015	1,521,388	1,479,144	97.22%	
2014	1,442,590	1,429,526	99.09%	
2013	1,332,907	1,327,635	99.60%	
2012	1,415,647	1,415,647	100.00%	
2011	1,424,976	1,424,976	100.00%	

District's Top Ten Tax Payers - (As of October 2016)

Owner	Type of Business	District Taxable Value	% of District's Tax Assessed Value
Idaho Power Company	Power Plant	\$ 5,905,382	1.52%
Agri Sales, Inc.	Farm Supplies	4,630,719	1.19%
Johnny Sudik	Dairy & Misc.	3,036,464	0.78%
Northwest Pipeline Corp.	Pipeline	2,163,335	0.56%
Tesoro Logistics NW		1,765,922	0.45%
Lower Lowline Hydro	Hydro Power Plant	1,693,000	0.44%
Greg & Sally Middlekauff	Residence	1,175,895	0.30%
Obenchain Family Revocable Trust	Residence	1,174,165	0.30%
Joe and Janet Russell	Residence	1,099,131	0.28%
Richard Foster		1,047,528	0.27%
Top 10 Taxpayers		<u>23,691,541</u>	6.09%
All other District Taxpayers		<u>365,123,235</u>	93.91%
Total District Taxpayers (Tax Year 2016)		<u>\$ 388,814,776</u>	100.00%

**KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
CONTINUING DISCLOSURE STATEMENT**

State of Idaho School Finance

State Support to the District - (Fiscal Years)

	2016	2015	2014	2013	2012	2011
State Support						
August	\$ 3,973,095	\$ 3,639,603	\$ 2,013,057	\$ 1,893,214	\$ 1,850,669	\$ 1,846,034
October	-	-	2,015,553	1,892,281	1,581,616	1,869,315
November	1,592,568	1,459,788	1,345,502	1,273,336	1,239,433	1,248,399
February	1,901,397	1,737,682	1,032,931	714,383	779,054	698,983
May-July	1,086,001	1,014,766	928,918	986,721	748,275	972,040
Total (1)	\$ 8,553,061	\$ 7,851,839	\$ 7,335,961	\$ 6,759,935	\$ 6,199,047	\$ 6,634,771

(1) Totals may not track due to rounding

State Funding Schedule - Fiscal Year 2015

Payment Date	Payment Amount (1)
August 15	50%
October	Eliminated
November 15	20%
February 15	20%
May 15	10%
July 15	Final payment adjustment for the Fiscal Year ending, the previous June 30.

- (1) Percentage are an approximation of the distribution to be received; final amounts may vary.
- (2) The 2014 Legislature amended the schedule, increasing the payment received in August from 30% to 50% of the total Distribution for the year, and eliminating the October payment.
- (3) Funds may not track due to rounding.

KIMBERLY SCHOOL DISTRICT No. 414
KIMBERLY, IDAHO
CONTINUING DISCLOSURE STATEMENT

The District

Enrollment

Fiscal Year	Elementary	Middle	Secondary	Total
2017 (1)	903	439	548	1,890
2016 (2)	892	427	490	1,809
2015 (2)	850	398	454	1,702
2014 (3)	752	373	439	1,564
2013 (3)	723	341	418	1,482
2012 (3)	699	333	433	1,465
2011 (3)	667	330	435	1,432
2010 (3)	652	339	448	1,439

- (1) Estimates based on District's projections. The District makes no assurance that the projections will be achieved; actual results may differ materially from the forecasts shown above.
- (2) Actual enrollment as of September 2016 and 2015 respectively.
- (3) Historical enrollments as of Fall each year

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed Through State Superintendent of Public Instruction			
School Breakfast Program	10.553	82-6000893W	\$ 42,704
National School Lunch Program	10.555	82-6000893W	260,847
Summer Food Service Program for Children	10.559	82-6000893W	<u>18,743</u>
Total U.S. Department of Agriculture			322,294
U.S. Department of Education			
Passed Through State Superintendent of Public Instruction			
Title 1 Grants to Local Educational Agencies	84.010	82-6000893W	280,314
Migrant Education Basic State Formula Grant Program	84.011	82-6000893W	17,847
Improving Teacher Quality	84.367	82-6000893W	37,261
Rural Education	84.358	82-6000893W	12,273
Assistance to States for Education of Handicapped Children:			
Special Education-Preschool Grants	84.173	82-6000893W	25,854
Special Education-Grants to States	84.027	82-6000893W	<u>305,690</u>
Total U.S. Department of Education			<u>679,239</u>
Total			<u><u>\$ 1,001,533</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kimberly School District No. 414, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Note B – Summary of Significant Accounting Policies

Governmental fund types account for the District's federal grant activity. Therefore, expenditures reported on the schedule of expenditures of federal awards are recognized on the modified accrual basis-when they become a demand on current available financial resources. The District's summary of significant accounting policies is presented in Note 1 in the basic financial statements.



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 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 No. 414, Kimberly, Idaho (the District), as of and for the year ended June 30, 2016, 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 30, 2016.

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) to determine the 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. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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
September 30, 2016



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 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

We have audited Kimberly School District No. 414, Kimberly, Idaho (the District)'s compliance with the types of compliance requirements described 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, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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, 2016.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & CO., pllc
Twin Falls, Idaho
September 30, 2016

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I---Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *qualified*

Internal control over financial reporting:

* Material weakness(es) identified? yes x no

* Significant deficiency(s) identified
that are not considered to be
material weaknesses? yes x none reported

Noncompliance material to financial
statements noted? yes x no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? yes x no

* Significant deficiency(s) identified
that are not considered to be material
weakness(es)? yes x none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are
required to be reported in accordance
with the Uniform Guidance 2 CFR 200.516 yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes x no

**KIMBERLY SCHOOL DISTRICT
KIMBERLY, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section II -- Financial Statement Findings

None.

Section III -- Federal Award Findings and Questioned Costs

None