

# R. MICHAEL BURR

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## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Kimberly  
Kimberly, Idaho 83341

December 1, 2009

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Kimberly, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Kimberly's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Kimberly, as of September 30, 2009, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not presented the "Management's Discussions and Analysis" that the Governmental Accounting Standards Board has determined is necessary to supplement, although no required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2009, on our consideration of the City of Kimberly internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit

The budgetary comparison information on pages 31 through 35, is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kimberly's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

*R. Michael Burr*

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R. Michael Burr  
Certified Public Accountant

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

		<u>Governmental Activities</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 19,817	
Investments	491,031	
Inventory	3,731	
Net Receivables	<u>69,807</u>	
 <b><u>TOTAL CURRENT ASSETS</u></b>		 <b>\$ 584,386</b>
 <b><u>NONCURRENT ASSETS</u></b>		
Long-Term Receivables	\$ 21,347	
Restricted Assets	628,383	
Capital Assets (non-depreciated)	549,321	
Capital Assets (net)	<u>2,669,997</u>	
 <b><u>TOTAL NONCURRENT ASSETS</u></b>		 <b><u>3,869,048</u></b>
 <b><u>TOTAL ASSETS</u></b>		 <b><u>4,453,434</u></b>
 <b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 60,029	
Unearned Revenue	27,059	
Deposits Payable	7,767	
Accrued Interest Payable	201	
Current Portion of Long-term Debt	<u>28,921</u>	
 <b><u>TOTAL CURRENT LIABILITIES</u></b>		 <b>123,977</b>
 <b><u>NONCURRENT LIABILITIES</u></b>		
Note Payable (net of current portion)		
Bond Payable (net of current portion)	<u>                    </u>	
 <b><u>TOTAL NONCURRENT LIABILITIES</u></b>		 <b><u>0</u></b>
 <b><u>TOTAL LIABILITIES</u></b>		 <b>123,977</b>
 <b><u>NET ASSETS</u></b>		
Invested in Capital Assets, net of related debt	\$ 3,190,196	
Restricted for:		
Mayor's Youth Council	643	
Building	627,740	
Debt Service		
Library	729	
Sewer Capacity		
Unrestricted	<u>510,149</u>	
 <b><u>TOTAL NET ASSETS</u></b>		 <b><u>\$ 4,329,457</u></b>

See accompanying notes to the basic financial statements

<u>Business-type Activities</u>		<u>Total</u>	
\$ 272,687		\$ 292,504	
564,782		1,055,813	
<u>78,847</u>		<u>148,654</u>	
	\$ 916,316		\$ 1,500,702
\$ 316,357		\$ 21,347	
32,850		944,740	
<u>5,919,725</u>		<u>582,171</u>	
	<u>6,268,932</u>		<u>10,137,980</u>
	<u>7,185,248</u>		<u>11,638,682</u>
\$ 2,206		\$ 62,235	
		27,059	
11,579		19,346	
14,152		14,353	
<u>101,017</u>		<u>129,938</u>	
	128,954		252,931
\$ 676,214		676,214	
<u>370,000</u>		<u>370,000</u>	
	<u>1,046,214</u>		<u>1,046,214</u>
	1,175,168		1,299,145
\$ 4,772,494		\$ 7,962,690	
		643	
		627,740	
254,761		<u>254,761</u>	
50,017		50,017	
<u>932,808</u>		<u>1,442,957</u>	
	<u>\$ 6,010,080</u>		<u>\$ 10,339,537</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Primary Government Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Governmental Activities:</u>				
Administration and General Gov't.	\$ 185,356	\$		
Planning and Zoning	50,884	3,520		
Police Department	377,595	67,357		
Fire Department	23,284			
Building Inspection	19,429	37,530		
Animal Control	35,612	3,845		
Street Department	159,975		\$ 104,514	
Sanitation Department	162,690	95,726		
Park Department	11,203			
Library Services	38,040	2,963		
	<u>1,064,068</u>	<u>210,941</u>	<u>104,514</u>	<u>\$ 0</u>
 <u>Business-Type Activities</u>				
Water Fund	491,415	641,068		
Sewer Fund	449,916	515,494		
	<u>941,331</u>	<u>1,156,562</u>	<u>0</u>	<u>0</u>
<u>Total Business-Type Activities</u>	<u>941,331</u>	<u>1,156,562</u>	<u>0</u>	<u>0</u>
<u>Total Primary Government</u>	<u>\$ 2,005,399</u>	<u>\$ 1,367,503</u>	<u>\$ 104,514</u>	<u>\$ 0</u>

General Revenue  
Property Taxes  
Other Tax Revenue  
Franchise Revenue  
State Programs/Revenue  
Court Fines  
Other Revenue  
Investment Earnings

Total General Revenue

Changes in Net Assets

Net Assets - Beginning

Net Assets - Ending

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (185,356)		\$ (185,356)
(47,364)		(47,364)
(310,238)		(310,238)
(23,284)		(23,284)
18,101		18,101
(31,767)		(31,767)
(55,461)		(55,461)
(66,964)		(66,964)
(11,203)		(11,203)
(35,077)		(35,077)
(748,613)		(748,613)
	\$ 149,653	149,653
	65,578	65,578
0	215,231	215,231
(748,613)	215,231	(533,382)
643,057		643,057
78,941		78,941
47,382		47,382
113,677		113,677
24,311		24,311
12,474		12,474
10,877	24,080	34,957
930,719	24,080	954,799
182,106	239,311	421,417
4,147,351	5,770,769	9,918,120
\$ 4,329,457	\$ 6,010,080	\$ 10,339,537

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 9,887
Investments	491,031
Property Taxes Receivable	27,896
Accounts Receivable	7,753
Due From Other Governments	54,516
Reserved Investments	<u>628,383</u>
 <u>TOTAL ASSETS</u>	 <u><u>\$ 1,219,466</u></u>
 <b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 60,029
Unearned Revenue	27,059
Deposits Payable	7,767
Interfund Payable	(10,190)
Deferred Revenue	<u>20,616</u>
 <u>TOTAL LIABILITIES</u>	 <u>105,281</u>
 <b><u>FUND BALANCES</u></b>	
Reserved:	
Mayor's Youth Advisory	643
Building Reserve	627,740
Unreserved:	
Undesignated - General Fund	485,802
Designated - Library	<u>        </u>
 <u>TOTAL FUND BALANCES</u>	 <u>1,114,185</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u><u>\$ 1,219,466</u></u>

See accompanying notes to the basic financial statements

<u>Library Fund</u>	<u>Total Governmental Funds</u>
\$ 9,930	\$ 19,817
989	491,031
	28,885
	7,753
	54,516
	<u>628,383</u>
<u>\$ 10,919</u>	<u>\$ 1,230,385</u>
	\$ 60,029
	27,059
	7,767
\$ 10,190	0
<u>731</u>	<u>21,347</u>
<u>10,921</u>	<u>116,202</u>
	643
	627,740
	485,802
<u>(2)</u>	<u>(2)</u>
<u>(2)</u>	<u>1,114,183</u>
<u>\$ 10,919</u>	<u>\$ 1,230,385</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>General Fund</u>
<b><u>REVENUES</u></b>	
Property Taxes	\$ 613,085
Other Tax Revenue	78,941
Franchise Revenue	47,382
Fees, License and Permits	46,100
State Revenue	218,191
Zoning Revenue	3,520
Sanitation Revenue	95,726
Court Fines	24,311
Contracts	67,357
Other Revenue	7,749
Investment Revenue	10,868
	<hr/>
<b><u>TOTAL REVENUES</u></b>	<b>1,213,230</b>
	<hr/>
<b><u>EXPENDITURES</u></b>	
Administration and General Government	180,698
Planning and Zoning	50,884
Police Department	371,495
Fire Department	21,814
Building Inspection	19,429
Animal Control	40,612
Street Department	122,717
Sanitation Department	162,690
Park Department	8,080
Library Services	
	<hr/>
<b><u>TOTAL EXPENDITURES</u></b>	<b>978,419</b>
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<b><u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b>234,811</b>
	<hr/>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Interfund Transfers In (Out)	(15,799)
	<hr/>
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b>(15,799)</b>
	<hr/>
<b><u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u></b>	<b>219,012</b>
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<b><u>FUND BALANCE - BEGINNING</u></b>	<b>895,173</b>
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<b><u>FUND BALANCE - ENDING</u></b>	<b>\$ 1,114,185</b>
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See accompanying notes to the basic financial statements

<u>Library Fund</u>	<u>Total Governmenta l Funds</u>
\$ 22,119	\$ 635,204
	78,941
	47,382
	46,100
	218,191
	3,520
	95,726
	24,311
	67,357
2,963	10,712
9	10,877
<u>25,091</u>	<u>1,238,321</u>
	180,698
	50,884
	371,495
	21,814
	19,429
	40,612
	122,717
	162,690
	8,080
<u>37,738</u>	<u>37,738</u>
<u>37,738</u>	<u>1,016,157</u>
<u>(12,647)</u>	<u>222,164</u>
<u>15,799</u>	<u>0</u>
<u>15,799</u>	<u>0</u>
3,152	222,164
<u>(3,154)</u>	<u>892,019</u>
<u>\$ (2)</u>	<u>\$ 1,114,183</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2009**

<u>Total Governmental Fund Balances</u>		\$ 1,114,183
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balances, \$3,970,925 net of accumulated depreciation of \$751,607.	\$ 3,219,318	
Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements.	3,731	
Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements.	(201)	
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	21,347	
Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Capital Leases	<u>(28,921)</u>	
<u>Net Changes</u>		<u>3,215,274</u>
<u>Net Assets of Governmental Activities</u>		<u>\$ 4,329,457</u>

See accompanying notes to the basic financial statements

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Net Change in Fund Balances - Governmental Fund Balances \$ 222,164

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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

- Capital Expenditures	\$ 11,279
- Depreciation	(92,357)

Supplies are expended in fund accounting when purchased but are expensed in the Statement of Activities when actually used.

3,731

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

7,853

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets.

29,436

Net Changes

(40,058)

Change in Net Assets of Governmental Activities

\$ 182,106

See accompanying notes to the basic financial statements

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**BALANCE SHEET**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

		<u>Enterprise Fund</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 272,687	
Investments	564,782	
Net Receivables	78,847	
<b><u>TOTAL CURRENT ASSETS</u></b>		\$ 916,316
<b><u>NONCURRENT ASSETS</u></b>		
Restricted Assets	\$ 316,357	
Capital Assets (non-depreciated)	32,850	
Capital Assets (net)	5,919,725	
<b><u>TOTAL NONCURRENT ASSETS</u></b>		<u>6,268,932</u>
<b><u>TOTAL ASSETS</u></b>		<u>\$ 7,185,248</u>
<b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 2,206	
Accrued Interest Payable	14,152	
Deposits Payable	11,579	
Current Portion of Long-term Debt	101,017	
<b><u>TOTAL CURRENT LIABILITIES</u></b>		\$ 128,954
<b><u>NONCURRENT LIABILITIES</u></b>		
Note Payable (net of current portion)	\$ 676,214	
Bond Payable (net of current portion)	370,000	
<b><u>TOTAL NONCURRENT LIABILITIES</u></b>		<u>1,046,214</u>
<b><u>TOTAL LIABILITIES</u></b>		1,175,168
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, net of related debt	\$ 4,772,494	
Restricted for:		
Debt Service	254,761	
Sewer Capacity	50,017	
Unrestricted	932,808	
<b><u>TOTAL NET ASSETS</u></b>		<u>6,010,080</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>		<u>\$ 7,185,248</u>

See accompanying notes to the basic financial statements

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Enterprise Fund
<b><u>OPERATING REVENUES</u></b>		
Service Fees	\$ 1,012,430	
Service Hookups	79,100	
Late Fees and Fines	18,799	
Canal Company Shares	12,851	
Other Revenue	33,382	
<b><u>TOTAL OPERATING REVENUES</u></b>		<b>\$ 1,156,562</b>
 <b><u>OPERATING EXPENSES</u></b>		
Salaries and Benefits	\$ 357,888	
Supplies	23,651	
Travel and Training	1,908	
Professional Fees	51,310	
Interceptor	103,368	
Office Supplies/Expenses	6,656	
Insurance	22,144	
Utilities	85,939	
Fuel	3,816	
Repairs and Maintenance	46,004	
Water Testing and Assessments	6,296	
Depreciation	177,396	
<b><u>TOTAL OPERATING EXPENSES</u></b>		<b>886,376</b>
<b><u>OPERATING INCOME (LOSS)</u></b>		<b>270,186</b>
 <b><u>NONOPERATING REVENUES (EXPENSES)</u></b>		
Investment Earnings	\$ 24,080	
Interest Expense	(54,955)	
<b><u>TOTAL NONOPERATING REVENUE (EXPENSES)</u></b>		<b>(30,875)</b>
<b><u>CHANGE IN NET ASSETS</u></b>		<b>239,311</b>
<b><u>TOTAL NET ASSETS - BEGINNING</u></b>		<b>5,770,769</b>
<b><u>TOTAL NET ASSETS - ENDING</u></b>		<b>\$ 6,010,080</b>

See accompanying notes to the basic financial statements

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		<u>Enterprise Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts Form Customers	\$ 1,135,902	
Payments to Suppliers	(382,438)	
Payments to Employees	(357,888)	
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		\$ 395,576
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Principal Paid on Capital Debt	\$ (94,688)	
Interfund Borrowing Activity	7,674	
Interest Paid on Capital Debt	(54,955)	
<u>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>		(141,969)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest	\$ 24,080	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		<u>24,080</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		277,687
<u>BALANCES - BEGINNING OF THE YEAR</u>		<u>876,139</u>
<u>BALANCES - END OF THE YEAR</u>		<u>\$ 1,153,826</u>
<u>BALANCE DISPLAYED AS:</u>		
Cash		\$ 272,687
Investments		564,782
Restricted Assets		<u>316,357</u>
		<u>\$ 1,153,826</u>

(Continued)

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Enterprise Fund
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>	
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 270,186
Adjustments to Reconcile Operating Income to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	177,396
(Increase) Decrease in Accounts Receivable	(20,660)
Increase (Decrease) in Accounts Payable	(6,272)
Increase (Decrease) in Accrued Interest Payable	(1,115)
Increase (Decrease) in Deposits Payable	(23,959)
Net Cash Provided (Used) by Operating Activities	\$ 395,576
 <u>NON- CASH TRANSACTIONS</u>	
None	\$ 0

See accompanying notes to the basic financial statements

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. INTRODUCTION**

The City of Kimberly, Idaho, operates under a Council-Mayor form of government. The City's major operations include park, public works and general administrative services. In addition, the City owns and operates a water and sewer system.

The accounting and reporting framework and the more significant accounting principles and practices of City of Kimberly are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the year ended September 30, 2009.

The City is governed by an elected City Council which possesses final decision making authority and is held primarily accountable for those decisions. The Council is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance municipal system operations and construction. All operations controlled by the Council are included within these financial statements.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Council (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Council (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the City are discussed below.

**B - REPORTING ENTITY**

These financial statements present the City (the primary government) and any component units of the City. As defined by GASB No. 14, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City. Based on this definition, the City has no component units.

**C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The Statement of Net Assets and Statement of Activities display information about the City as a whole. They include all funds of the City except for fiduciary funds with governmental interfund activities removed. Governmental activities generally are financed through taxes, State funds, grants, and other intergovernmental revenues. The City has two business-type activities that primarily rely on fees and charges for support. They are the water fund and the sewer fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect costs are all allocated to the administrative function.

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds - The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes no Capital Project Funds.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the City. Ad valorem taxes are used for the payment of principal and interest on the City's judgment. The reporting entity has no Debt Service Funds.

**PROPRIETARY FUNDS**

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City has two enterprise funds which are the water fund and the sewer fund.

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FIDUCIARY FUNDS (Not included in government-wide statements)

Agency Funds - Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The City has one agency fund.

E - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**CITY OF KIMBERLY**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**F - ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions may occur between individual funds that may result in amounts owed between funds. Those related to goods/services type transactions are classified as "due to/from other funds." Short-term interfund loans are reported as "interfund receivable/payable ." Long-term interfund loans (noncurrent portion) are reported as "advances to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, grants, and State funding. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, property tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days of year-end since they would be considered both measurable and available. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories

In the government-wide statements, materials and supplies are carried in an inventory account at the lower of cost or market and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance, operating, and road supplies. In the fund financial statements, inventory items are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to reserves to be used for a debt payments of the City. For expenditures that apply to both restricted and unrestricted resources, the City uses restricted funds first.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts and can represent a reservation of fund balances in the governmental fund financial statements. The City does not use encumbrance accounting. Therefore, there is no reservation of fund balance.

Capital Assets

The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. For fund financial statements, the City has maintained a \$500 limit before an item is recorded as a capital expenditure. The limits for the government-wide statements vary and are shown below.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to September 30, 2003.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets are not required to be valued and reported on the City's financial statements and the City has not elected to report them. Therefore, the value of any infrastructure assets purchased prior to October 1, 2003, are not included in these statements.

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**KIMBERLY, IDAHO**  
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**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

<u>Description</u>	<u>Life</u>	<u>Capitalization Amount</u>
Aggregate Cost of Library Books	6	\$5,000
Automobiles	5	\$5,000
Office and Light-weight Equipment	5	\$5,000
Heavy Equipment	7	\$10,000
Buildings and Improvements	40	\$15,000
Infrastructure	50	\$50,000

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Liability for Compensated Absences**

Employees are not allowed to accrue vacation or PTO time. Therefore, there is no accrual for compensated absences.

**Long-Term Debt**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances 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.

**Equity Classifications (Net Assets and Fund Balance)**

**Government-wide Financial Statements**

When the City incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

**CITY OF KIMBERLY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investment in Capital Assets, Net of Related Debt - The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserved Fund Balance - That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Unreserved Fund Balance - Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of the fund balance that is available for budgeting in future periods. Designated fund balances represents tentative plans for future use of financial resources.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**2 - CASH AND INVESTMENTS**

The City's funds are required to be deposited and invested under the terms of Idaho Code Sections 33-701 and 67-1210. Under Idaho Code, the City, at its own discretion, may invest funds in time deposits and certificates of deposits provided by the depository bank at interest rates approximating United States treasury bill rates.

The classifications of risk associated with cash and investments are concentration of credit risk, interest rate risk, credit risk, and custodial credit risk. These are defined as:

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk - The exposure to an unfavorable change in interest rates.

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**2 - CASH AND INVESTMENTS (Continued)**

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The City does not have formal investment policies to limit the concentration of credit risk or the interest rate risk.

At September 30, 2009, the City had a carrying value of cash deposits of \$1,394,437 and a bank balance of \$1,519,611. Based on the above definitions, the City is subject to \$366,210 of concentration of credit risk.

Idaho Code authorizes the City to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was \$898,621 (Idaho State Local Government Investment Pool) which approximates market value. The Idaho State Local Government Investment Pool has a credit rating of AAf from Standard & Poor's.

Investments by the City in the State Treasury Pool are specifically excluded from reporting for custodial credit risk and concentration of credit risk by GASB 40.

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES**

The City's property tax is levied each October on the value listed as of the prior January 1 for all property located in the City. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2008, upon which the 2008 levy was based was \$94,740,012.

The tax rates assessed, per \$100 of valuation, for the year ended September 30, 2009, and maximum levy rates limited by Idaho Code Section 33-802 are as follows:

<u>Type</u>	<u>Rate</u>	<u>Maximum Rate</u>
General	0.6299	0.9000
Library	0.0232	0.1000
Tort	0.0000	No Limit

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES (Continued)**

At September 30, 2009, the components of taxes receivable are as follows:

<u>Year</u>	<u>General Fund</u>	<u>Library Fund</u>	<u>Total</u>
2008	\$ 21,858	\$	\$ 21,858
2007	3,634	710	4,344
2006	2,404	279	2,683
<u>Total</u>	<u>\$ 27,896</u>	<u>\$ 989</u>	<u>\$ 28,885</u>

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the September 30, 2009, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by November 30, 2009, are deferred revenue. The components of deferred revenue are as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 20,616
Library Fund	731
<u>Total</u>	<u>\$ 21,347</u>

For government-wide statements, an allowance for uncollectable taxes is calculated. However, historical information shows that the uncollectable amount is immaterial to these statements and no allowance will be recorded until it becomes a material amount. Also, the above deferred amounts are not included in the government-wide statements.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

The City can participate in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the City receives support from the State of Idaho. Amounts due from federal and state governments at September 30, 2009, are as follows:

<u>Description - Source</u>	<u>General Fund</u>
Highway User - State	\$ 25,717
Liquor Apportionment - State	4,024
Revenue Share - State	24,775
<u>Total</u>	<u>\$ 54,516</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 5 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The City controls risk of loss by having adequate insurance coverage. The type and coverage amount is listed below:

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 3,000,000
Boiler and Machinery	100,000,000
Auto	3,000,000
Criminal Acts	500,000
Errors and Omissions	3,000,000
Real and Personal Property	Replacement Value
Chemical Spraying	500,000

The City believes that the above coverage is proper to protect the City from any losses.

**NOTE 6 - CONTINGENCIES**

The City is not aware of any pending or threatened litigation which would adversely affect the City. The City has received several federal/state grants for specific purposes that were subject to review and audit of compliance conditions of the programs. Since this amount is not capable of being measured at year end, no accrual has been recorded. The reports on internal accounting controls and compliance elements are contained on page 41 to 42. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

**NOTE 7 - CAPITAL ASSET ACTIVITY**

Depreciation expense was charged to governmental functions as follows:

General Expense	\$ 8,389
Police	14,304
Fire	1,470
Street	58,490
Park	3,123
Library	6,581
	6,581
Total	<u>\$ 92,357</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 7 - CAPITAL ASSET ACTIVITY (Continued)**

Capital asset activity for the City's governmental functions for the year ended September 30, 2009, was as follows (beginning amounts restated to reflect GASB 34):

	Primary Government - Governmental Activities			Ending Balance
	Beginning Balance	Additions	Retirements	
Not being depreciated:				
Land	\$ 549,321	\$		\$ 549,321
Subtotal	549,321	0	\$ 0	549,321
Other capital assets:				
Buildings and Improvements	212,198			212,198
Infrastructure	2,553,068			2,553,068
Equipment	275,378			275,378
Library	198,785	6,279		205,064
Automobiles	170,896	5,000		175,896
Subtotal	3,410,325	11,279	0	3,421,604
Less accumulated depreciation for:				
Buildings and Improvements	(80,380)	(4,888)		(85,268)
Infrastructure	(85,315)	(51,062)		(136,377)
Equipment	(172,606)	(14,522)		(187,128)
Library	(191,814)	(6,581)		(198,395)
Automobiles	(129,135)	(15,304)		(144,439)
Subtotal	(659,250)	(92,357)	0	(751,607)
Net Depreciated Assets	2,751,075	(81,078)	0	2,669,997
Net Capital Assets	\$ 3,300,396	\$ (81,078)	\$ 0	\$ 3,219,318

A summary of property and equipment of proprietary funds is presented below:

	Water Fund	Sewer Fund	Total
Land	\$ 32,850		\$ 32,850
Buildings	85,318	\$ 5,721	91,039
Equipment	125,286	28,147	153,433
Systems	4,387,778	3,377,135	7,764,913
	4,631,232	3,411,003	8,042,235
Less: Accumulated Depreciation	(1,192,626)	(1,091,554)	(2,284,180)
Net Capital Assets	\$ 3,438,606	\$ 2,319,449	\$ 5,758,055

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 8 - RETIREMENT PLAN**

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the City and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2009, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The City's employer contributions required and paid were \$68,881, \$64,587, and \$58,637 for the three years ended September 30, 2009, 2008, and 2007, respectively.

**NOTE 9 - INTERFUND TRANSACTIONS**

Interfund transfers and due to/from for the City for the year ended September 30, 2009, are summarized below:

	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Interfund Transfers:			
Pay current year's expenditures	Library	General	\$ 15,799
Due To/From:			
Fund borrowing	Library	General	10,190

**NOTE 10 - RESTRICTED ASSETS**

The following lists restricted assets:

<u>Fund / Purpose</u>	<u>Location</u>	<u>Type</u>	<u>Amount</u>
General / Mayor's Youth Advisory Council	Magic Valley Bank	Checking	\$ 643
General / Building Construction	FFSB	Savings	250,948
General / Building Construction	Zions Bank	Savings	251,160
General / Building Construction	D.L. Evans Bank	C.D.	125,631
Water / Debt Service	Magic Valley Bank	C.D.	101,302
Sewer / Debt Service	Farmers Bank	C.D.	153,459
Sewer / Sewer Capacity	State of Idaho	LGIP	50,017

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 11 - DEBT**

The following is a summary of the City's long-term debt obligations and transactions for the year ended September 30, 2009:

	<u>Beginning Outstanding</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Outstanding</u>
Patrol Car Lease	\$ 16,667		\$ 8,204	\$ 8,463
Street Sweeper Lease	41,801		21,342	20,459
Water Revenue Bonds	485,000		55,000	430,000
Sewer Notes - D.E.Q.	756,919		39,688	717,231
	<u>\$ 1,300,387</u>	<u>\$ 0</u>	<u>\$ 124,234</u>	<u>\$ 1,176,153</u>

The annual requirements to amortize the City's debt as of September 30, 2009, is as follows:

Patrol Car Lease:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 8,463	\$ 271	\$ 8,734
	<u>\$ 8,463</u>	<u>\$ 271</u>	<u>\$ 8,734</u>

Street Sweeper Lease:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 20,459	\$ 1,094	\$ 21,553
	<u>\$ 20,459</u>	<u>\$ 1,094</u>	<u>\$ 21,553</u>

	<u>Bond</u>	<u>Note</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 60,000	\$ 41,017	\$ 56,006	\$ 157,023
2011	60,000	42,674	50,705	153,379
2012	65,000	44,398	46,282	155,680
2013	70,000	46,192	45,636	161,828
2014	175,000	48,058	32,548	255,606
2015 - 2019	0	270,231	76,361	346,592
2020 - 2025	0	224,661	17,953	242,614
	<u>\$ 430,000</u>	<u>\$ 717,231</u>	<u>\$ 325,491</u>	<u>\$ 1,472,722</u>

**REQUIRED SUPPLEMENTAL  
INFORMATION SECTION**

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 0	\$ 0	\$ 895,173	\$ 895,173
<u>Resources (Inflows)</u>				0
Property Taxes	589,853	589,853	613,085	23,232
Other Tax Revenue	66,701	66,701	78,941	12,240
Franchise Revenue	42,500	42,500	47,382	4,882
Fees, License and Permits	42,250	42,250	46,100	3,850
State Revenue	211,224	211,224	218,191	6,967
Zoning Revenue / Building Inspection	4,400	4,400	3,520	(880)
Sanitation Revenue	102,168	102,168	95,726	(6,442)
Court Fines	20,000	20,000	24,311	4,311
Contracts	66,457	66,457	67,357	900
Other Revenue	5,026	5,026	7,749	2,723
Investment Revenue	11,110	11,110	10,868	(242)
<u>Total Revenue</u>	<u>1,161,689</u>	<u>1,161,689</u>	<u>1,213,230</u>	<u>51,541</u>
<u>Amount Available for Appropriations</u>	<u>1,161,689</u>	<u>1,161,689</u>	<u>2,108,403</u>	<u>946,714</u>
<u>Charges to Appropriations (Outflows)</u>				
Administration and General Government	183,219	183,219	180,698	2,521
Planning and Zoning	78,093	78,093	50,884	27,209
Police Department	413,760	413,760	371,495	42,265
Fire Department	31,166	31,166	21,814	9,352
Building Inspection	20,000	20,000	19,429	571
Animal Control	43,746	43,746	40,612	3,134
Street Department	204,833	204,833	122,717	82,116
Sanitation Department	150,968	150,968	162,690	(11,722)
Park Department	20,105	20,105	8,080	12,025
Interfund Transfers	15,799	15,799	15,799	0
<u>Total Charges to Appropriations</u>	<u>1,161,689</u>	<u>1,161,689</u>	<u>994,218</u>	<u>167,471</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,114,185</u>	<u>\$ 779,243</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**LIBRARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 0	\$ 0	\$ (3,154)	\$ (3,154)
<u>Resources (Inflows)</u>				0
Property Taxes	21,939	21,939	22,119	180
Other Revenue			2,963	2,963
Interfund Transfers	15,799	15,799	15,799	0
Investment Revenue			9	9
<u>Total Revenue</u>	<u>37,738</u>	<u>37,738</u>	<u>40,890</u>	<u>3,152</u>
<u>Amount Available for Appropriations</u>	<u>37,738</u>	<u>37,738</u>	<u>37,736</u>	<u>(2)</u>
<u>Charges to Appropriations (Outflows)</u>				
Salaries & Benefits	28,213	28,213	27,382	831
Supplies	1,150	1,150	1,205	(55)
Books	6,200	6,200	6,279	(79)
Postage	100	100		100
Utilities	575	575	1,621	(1,046)
Repairs	1,000	1,000	861	139
Miscellaneous Charges	500	500	390	110
<u>Total Charges to Appropriations</u>	<u>37,738</u>	<u>37,738</u>	<u>37,738</u>	<u>0</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2)</u>	<u>\$ (2)</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2007**

**NOTE 1 - RECONCILIATION OF BUDGET TO GAAP**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

	<u>General Fund</u>	<u>Library Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,108,403	\$ 37,736
<u>Differences - Budget to GAAP</u>		
Interfund transfers are not included in fund revenue but are shown as "other financing sources."		(15,799)
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(895,173)</u>	<u>3,154</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,213,230</u>	<u>\$ 25,091</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 994,218	\$ 37,738
Interfund transfers are not included in fund expenditures but are shown as "other financing uses."	<u>(15,799)</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 978,419</u>	<u>\$ 37,738</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2007**

**NOTE 2 - BUDGET PROCESS**

The city council adopts a budget on a basis consistent with the GAAP. The City is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the City:

- 1) At least 28 days prior to its annual meeting, the city council shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
- 2) At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
- 3) The city council shall publish a summary statement of the budget in the local newspaper.
- 4) The City may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.
- 5) The legal budget is adopted at the item level.

**NOTE 3 - REQUIRED FUND DISCLOSURE**

Only funds reported as major funds with a legally adopted budget are required to be reported in the budget comparison statement. The only funds that meets the criteria are the general fund and the library fund.

**SUPPLEMENTAL  
INFORMATION SECTION**

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**COMBINING BALANCE SHEET**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and Cash Equivalents	\$ 204,096	\$ 68,591	\$ 272,687
Investments	364,734	200,048	564,782
Net Receivables	41,484	37,363	78,847
	<u>610,314</u>	<u>306,002</u>	<u>916,316</u>
<b><u>TOTAL CURRENT ASSETS</u></b>			
<b><u>NONCURRENT ASSETS</u></b>			
Restricted Assets	112,881	203,476	316,357
Capital Assets (non-depreciated)	32,850		32,850
Capital Assets (net)	3,405,756	2,513,969	5,919,725
	<u>3,551,487</u>	<u>2,717,445</u>	<u>6,268,932</u>
<b><u>TOTAL NONCURRENT ASSETS</u></b>			
<b><u>TOTAL ASSETS</u></b>			
	<u>\$ 4,161,801</u>	<u>\$ 3,023,447</u>	<u>\$ 7,185,248</u>
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Accounts Payable	\$ 1,792	\$ 414	\$ 2,206
Accrued Interest Payable	4,563	9,589	14,152
Deposits Payable	11,579		11,579
Current Portion of Long-term Debt	60,000	41,017	101,017
	<u>77,934</u>	<u>51,020</u>	<u>128,954</u>
<b><u>TOTAL CURRENT LIABILITIES</u></b>			
<b><u>NONCURRENT LIABILITIES</u></b>			
Note Payable (net of current portion)			0
Bond Payable (net of current portion)	370,000	676,214	1,046,214
	<u>370,000</u>	<u>676,214</u>	<u>1,046,214</u>
<b><u>TOTAL NONCURRENT LIABILITIES</u></b>			
<b><u>TOTAL LIABILITIES</u></b>			
	<u>447,934</u>	<u>727,234</u>	<u>1,175,168</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, net of related debt	2,975,756	1,796,738	4,772,494
Restricted for:			
Debt Service	101,302	153,459	254,761
Sewer Capacity		50,017	50,017
Unrestricted	636,809	295,999	932,808
	<u>3,713,867</u>	<u>2,296,213</u>	<u>6,010,080</u>
<b><u>TOTAL NET ASSETS</u></b>			
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>			
	<u>\$ 4,161,801</u>	<u>\$ 3,023,447</u>	<u>\$ 7,185,248</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**COMBINING SCHEDULE OF REVENUE, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUES</u></b>			
Service Fees	\$ 534,976	\$ 477,454	\$ 1,012,430
Service Hookups	48,500	30,600	79,100
Late Fees and Fines	18,799		18,799
Canal Water Shares Leased	12,851		12,851
Other Revenue	25,942	7,440	33,382
	<u>641,068</u>	<u>515,494</u>	<u>1,156,562</u>
<b><u>TOTAL OPERATING REVENUES</u></b>			
<b><u>OPERATING EXPENSES</u></b>			
Salaries and Benefits	162,438	195,450	357,888
Supplies	20,431	3,220	23,651
Travel and Training	1,480	428	1,908
Professional Fees	25,354	25,956	51,310
Interceptor		103,368	103,368
Office Supplies/Expenses	4,263	2,393	6,656
Insurance	11,072	11,072	22,144
Utilities	85,168	771	85,939
Fuel	2,384	1,432	3,816
Repairs and Maintenance	39,792	6,212	46,004
Water Testing and Assessments	6,296		6,296
Depreciation Expense	102,163	75,233	177,396
	<u>460,841</u>	<u>425,535</u>	<u>886,376</u>
<b><u>TOTAL OPERATING EXPENSES</u></b>			
<b><u>OPERATING INCOME (LOSS)</u></b>			
	<u>180,227</u>	<u>89,959</u>	<u>270,186</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Investment Earnings	12,942	11,138	24,080
Interest Expense	(30,574)	(24,381)	(54,955)
	<u>(17,632)</u>	<u>(13,243)</u>	<u>(30,875)</u>
<b><u>TOTAL NONOPERATING REVENUE (EXPENSES)</u></b>			
<b><u>CHANGE IN NET ASSETS</u></b>			
	162,595	76,716	239,311
<b><u>TOTAL NET ASSETS - BEGINNING</u></b>			
	<u>3,551,272</u>	<u>2,219,497</u>	<u>5,770,769</u>
<b><u>TOTAL NET ASSETS - ENDING</u></b>			
	<u>\$ 3,713,867</u>	<u>\$ 2,296,213</u>	<u>\$ 6,010,080</u>

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts Form Customers	\$ 633,246	\$ 502,656	\$ 1,135,902
Payments to Suppliers	(222,256)	(160,182)	(382,438)
Payments to Employees	(162,438)	(195,450)	(357,888)
	<u>248,552</u>	<u>147,024</u>	<u>395,576</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal Paid on Capital Debt	(55,000)	(39,688)	(94,688)
Acquisition of Capital Assets	0	0	0
Interfund Borrowing Activity	7,180	494	7,674
Interest Paid on Capital Debt	(30,574)	(24,381)	(54,955)
	<u>(78,394)</u>	<u>(63,575)</u>	<u>(141,969)</u>
<u>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest	12,942	11,138	24,080
	<u>12,942</u>	<u>11,138</u>	<u>24,080</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
<u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	183,100	94,587	277,687
<u>BALANCES - BEGINNING OF THE YEAR</u>	<u>498,611</u>	<u>377,528</u>	<u>876,139</u>
<u>BALANCES - END OF THE YEAR</u>	<u>\$ 681,711</u>	<u>\$ 472,115</u>	<u>\$ 1,153,826</u>
 <u>BALANCE DISPLAYED AS:</u>			
Cash	\$ 204,096	\$ 68,591	\$ 272,687
Investments	364,734	200,048	564,782
Restricted Assets	112,881	203,476	316,357
	<u>\$ 681,711</u>	<u>\$ 472,115</u>	<u>\$ 1,153,826</u>

(Continued)

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ 180,227	\$ 89,959	\$ 270,186
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	102,163	75,233	177,396
(Increase) Decrease in Accounts Receivable	(7,822)	(12,838)	(20,660)
Increase (Decrease) in Accounts Payable	(1,473)	(4,799)	(6,272)
Increase (Decrease) in Accrued Interest Payable	(584)	(531)	(1,115)
Increase (Decrease) in Deposits Payable	<u>(23,959)</u>	<u>                    </u>	<u>(23,959)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 248,552</u>	<u>\$ 147,024</u>	<u>\$ 395,576</u>
 <u>NON-CASH TRANSACTIONS</u>			
None	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

# R. MICHAEL BURR

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## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mayor and City Council  
City of Kimberly  
Kimberly, Idaho 83341

December 1, 2009

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kimberly, as of and for the year ended September 30, 2009, which collectively comprise the City of Kimberly's basic financial statements and have issued our report thereon dated December 1, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Kimberly's internal control over financial reporting as a basis for designing our auditing procedures 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 City of Kimberly's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Kimberly's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Kimberly's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Kimberly's financial statements that is more than inconsequential will not be prevented or detected by the City of Kimberly's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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  
Page Two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Kimberly's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described on the schedule findings and responses, we consider items 2009-1 and 2009-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kimberly's financial statements are free of 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.

City of Kimberly's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Kimberly's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, mayor, city council, and the State of Idaho and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

# R. MICHAEL BURR

Certified Public Accountant

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

Mayor and City Council  
City of Kimberly  
Kimberly, Idaho 83341

December 1, 2009

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of City of Kimberly for the year ended September 30, 2009, and have issued my report thereon dated December 1, 2009. Professional standards require that I provide you with the following information related to my audit.

## Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated October 9, 2009, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

As part of my audit, I considered the internal control of City of Kimberly. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of City of Kimberly's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

## Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 9, 2009 .

## Significant Audit Findings

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Kimberly are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2007-08 fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

## Communication with Those Charged with Governance

Management's estimate of the useful life of assets is based on industry standards and experience. I evaluated the key factors and assumptions used to develop the depreciation policy in determining that it is reasonable in relation to the financial statements taken as a whole.

### Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of the audit.

### Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 1, 2009.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the mayor, council and management of City of Kimberly and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*R. Michael Burr*

R. Michael Burr, CPA

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2009**

**CITY OF KIMBERLY**  
**KIMBERLY, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2009**

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