

**CITY OF NEW MEADOWS, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2009

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## Independent Auditor's Report

Honorable Mayor  
and City Council  
New Meadows, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of New Meadows, Idaho** (the City), 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 the City'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 the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of New Meadows, Idaho**, as of September 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the **City of New Meadows, Idaho'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 27 through 29, is not a required part of the financial statements but is 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.

The City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of New Meadows, Idaho's** basic financial statements. The supplemental information (pages 30 to 34) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bailey & Co.*

Nampa, Idaho  
December 7, 2009

**City of New Meadows, Idaho**  
**Statement of Net Assets**  
**September 30, 2009**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 102,098	\$ 175,167	\$ 277,265
Receivables, Net	12,054	35,749	47,803
Due from Other Governments	13,069	0	13,069
Prepaid Insurance	174	348	522
Employee Advances	600	0	600
Restricted Cash and Cash Equivalents	0	59,728	59,728
<b>Capital Assets:</b>			
Land and Nondepreciable Infrastructure	20,105	1,600	21,705
Depreciable Buildings, Property, and Equipment, Net	185,746	1,574,620	1,760,366
<b>Total Capital Assets</b>	<u>205,851</u>	<u>1,576,220</u>	<u>1,782,071</u>
<b>Total Assets</b>	<u>333,846</u>	<u>1,847,212</u>	<u>2,181,058</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accrued Interest	0	1,418	1,418
Salaries and Benefits Payable	3,388	3,918	7,306
<b>Long-Term Liabilities:</b>			
<b>Portion Due or Payable Within One Year:</b>			
Municipal Leases Payable	10,478	20,956	31,434
Bond Payable	0	25,234	25,234
<b>Portion Due or Payable After One Year:</b>			
Municipal Leases Payable	15,478	30,954	46,432
Bond Payable	0	620,117	620,117
<b>Total Liabilities</b>	<u>29,344</u>	<u>702,597</u>	<u>731,941</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	205,851	878,959	1,084,810
<b>Restricted for:</b>			
Parks and Recreation	3,464	0	3,464
Debt Service	0	59,728	59,728
Unrestricted (Deficit) Surplus	95,187	205,928	301,115
<b>Total Net Assets</b>	<u>\$ 304,502</u>	<u>\$ 1,144,615</u>	<u>\$ 1,449,117</u>

The accompanying notes are an integral  
part of the financial statements.

**City of New Meadows, Idaho**  
**Statement of Activities**  
For the Year Ended September 30, 2009

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Administration	\$ 32,323	\$ 5,994	\$ 0	\$ 0
Highway and Streets	39,561	0	0	0
Taxes and Retirement	100,592	0	185,320	0
Parks and Recreation	6,772	0	0	0
Public Safety - Police	41,724	0	0	0
Planning and Zoning	6,063	0	0	0
Interest on Long-term Debt	1,834	0	0	0
Total Governmental Activities	<u>228,869</u>	<u>5,994</u>	<u>185,320</u>	<u>0</u>
Business-type Activities:				
Water	186,186	135,567	0	0
Sewer	155,782	134,560	0	0
Industrial Park	21,065	17,454	0	0
Total Business-type Activities	<u>363,033</u>	<u>287,581</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$ 591,902</u>	<u>\$ 293,575</u>	<u>\$ 185,320</u>	<u>\$ 0</u>

General Revenues:  
Property Taxes  
State Sources  
Other  
Unrestricted Investment Earnings  
Total General Revenues and Special Items  
Transfers  
Change in Net Assets  
Net Assets, Beginning of Year  
Net Assets, End of Year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (26,329)	\$ 0	\$ (26,329)
(39,561)	0	(39,561)
84,728	0	84,728
(6,772)	0	(6,772)
(41,724)	0	(41,724)
(6,063)	0	(6,063)
(1,834)	0	(1,834)
<u>(37,555)</u>	<u>0</u>	<u>(37,555)</u>
0	(50,619)	(50,619)
0	(21,222)	(21,222)
0	(3,611)	(3,611)
<u>0</u>	<u>(75,452)</u>	<u>(75,452)</u>
<u>(37,555)</u>	<u>(75,452)</u>	<u>(113,007)</u>
96,591	0	96,591
78,242	0	78,242
27,506	6,245	33,751
920	2,356	3,276
<u>203,259</u>	<u>8,601</u>	<u>211,860</u>
<u>(140,856)</u>	<u>140,856</u>	<u>0</u>
24,848	74,005	98,853
279,654	1,070,610	1,350,264
<u>\$ 304,502</u>	<u>\$ 1,144,615</u>	<u>\$ 1,449,117</u>

**City of New Meadows, Idaho**

Balance Sheet -

Governmental Funds

September 30, 2009

	<u>General</u>	<u>Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 96,931	\$ 0	\$ 5,167	\$ 102,098
Taxes Receivable, Net	12,054	0	0	12,054
Due from Other Governments	13,069	0	0	13,069
Prepaid Insurance	174	0	0	174
Employee Advances	600	0	0	600
Total Assets	<u>\$ 122,828</u>	<u>\$ 0</u>	<u>\$ 5,167</u>	<u>\$ 127,995</u>
 <b>Liabilities and Fund Balances</b>				
Liabilities:				
Deferred Revenue	\$ 10,246	\$ 0	\$ 0	\$ 10,246
Total Liabilities	<u>10,246</u>	<u>0</u>	<u>0</u>	<u>10,246</u>
 <b>Fund Balances:</b>				
Reverved For:				
Parks and Recreation	0	0	3,464	3,464
Unreserved	112,582	0	0	112,582
Unreserved, Reported in:				
Special Revenue Funds	0	0	1,703	1,703
Total Fund Balances	<u>112,582</u>	<u>0</u>	<u>5,167</u>	<u>117,749</u>
Total Liabilities and Fund Balances	<u>\$ 122,828</u>	<u>\$ 0</u>	<u>\$ 5,167</u>	<u>\$ 127,995</u>

The accompanying notes are an integral  
part of the financial statements.

**City of New Meadows, Idaho**  
 Reconciliation of the Governmental Funds' Balance  
 Sheet to the Statement of Net Assets  
 September 30, 2009

		Total Governmental Funds
Total Fund Balances - Governmental Funds		\$ 117,749
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:</p>		
Land	\$ 20,105	
Buildings, net of \$28,492 accumulated depreciation	42,615	
Improvements, net of \$5,616 accumulated depreciation	3,251	
Equipment, net of \$164,225 accumulated depreciation	<u>139,880</u>	
		205,851
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.		10,246
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Compensated absences are not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets.</p>		
Municipal Leases Payable	(25,956)	
Compensated Absences	<u>(3,388)</u>	
		<u>(29,344)</u>
Net Assets of Governmental Activities		<u>\$ 304,502</u>

The accompanying notes are an integral part of the financial statements.

**City of New Meadows, Idaho**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended September 30, 2009**

	General	Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 93,749	\$ 0	\$ 0	\$ 93,749
Licenses and Permits	5,994	0	0	5,994
Intergovernmental	78,242	185,320	0	263,562
Other	26,326	0	2,100	28,426
Total Revenues	<u>204,311</u>	<u>185,320</u>	<u>2,100</u>	<u>391,731</u>
<b>Expenditures</b>				
Current:				
General Administration	12,954	0	0	12,954
Highways and Streets	22,536	0	0	22,536
Wages, Taxes, and Retirement	100,675	0	0	100,675
Parks and Recreation	4,682	0	1,203	5,885
Public Safety - Police	41,724	0	0	41,724
Planning and Zoning	6,063	0	0	6,063
Debt Service:				
Principal	9,927	0	0	9,927
Interest	1,834	0	0	1,834
Capital Outlay	15,594	70,427	1,199	87,220
Total Expenditures	<u>215,989</u>	<u>70,427</u>	<u>2,402</u>	<u>288,818</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(11,678)</u>	<u>114,893</u>	<u>(302)</u>	<u>102,913</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	27,480	0	27,480
Transfers Out	(27,480)	(140,856)	0	(168,336)
Total Other Financing Sources (Use)	<u>(27,480)</u>	<u>(113,376)</u>	<u>0</u>	<u>(140,856)</u>
Net Change in Fund Balances	(39,158)	1,517	(302)	(37,943)
Fund Balances - Beginning	151,740	(1,517)	5,469	155,692
Fund Balances - Ending	<u>\$ 112,582</u>	<u>\$ 0</u>	<u>\$ 5,167</u>	<u>\$ 117,749</u>

The accompanying notes are an integral  
part of the financial statements.

**City of New Meadows, Idaho**  
 Reconciliation of the Statement of Revenues  
 Expenditures, and Changes in Fund Balances of the  
 Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2009

Total Net Change in Fund Balance - Governmental Funds	\$ (37,943)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$70,428) exceeds depreciation expense (\$20,489) in the period.</p>	49,939
<p>Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.</p>	2,842
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This requires an adjustment in the following accounts:</p>	
Compensated Absences	83
<p>Long-term liabilities, including municipal leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Change in long-term liabilities at year-end consist of:</p>	
Municipal Leases Payable	<u>9,927</u>
Change in Net Assets of Governmental Activities	<u>\$ 24,848</u>

The accompanying notes are an integral part of the financial statements.

**City of New Meadows, Idaho**  
Statement of Net Assets -  
Proprietary Funds  
September 30, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 15,409	\$ 99,906	\$ 59,852	\$ 175,167
Receivables, Net	19,201	16,548	0	35,749
Prepaid Insurance	174	174	0	348
<b>Total Current Assets</b>	<b>34,784</b>	<b>116,628</b>	<b>59,852</b>	<b>211,264</b>
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	26,733	32,995	0	59,728
Capital Assets:				
Land	800	800	0	1,600
Buildings, Net	10,160	52,376	548,396	610,932
Equipment, Net	111,094	112,604	0	223,698
Improvements, Net	375,527	364,463	0	739,990
<b>Total Noncurrent Assets</b>	<b>524,314</b>	<b>563,238</b>	<b>548,396</b>	<b>1,635,948</b>
<b>Total Assets</b>	<b>559,098</b>	<b>679,866</b>	<b>608,248</b>	<b>1,847,212</b>
<b>Liabilities</b>				
Current Liabilities:				
Accrued Interest	454	964	0	1,418
Compensated Absences	1,959	1,959	0	3,918
Municipal Leases Payable	10,478	10,478	0	20,956
Bonds, Notes, and Loans Payable	13,678	11,556	0	25,234
<b>Total Current Liabilities</b>	<b>26,569</b>	<b>24,957</b>	<b>0</b>	<b>51,526</b>
Noncurrent Liabilities:				
Municipal Leases Payable	15,477	15,477	0	30,954
Bonds, Notes, and Loans Payable	213,358	406,759	0	620,117
<b>Total Liabilities</b>	<b>255,404</b>	<b>447,193</b>	<b>0</b>	<b>702,597</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	244,590	85,973	548,396	878,959
Restricted for Debt Service	26,733	32,995	0	59,728
Unrestricted	32,371	113,705	59,852	205,928
<b>Total Net Assets</b>	<b>\$ 303,694</b>	<b>\$ 232,673</b>	<b>\$ 608,248</b>	<b>\$ 1,144,615</b>

The accompanying notes are an integral  
part of the financial statements.

**City of New Meadows, Idaho**  
**Statement of Revenues, Expenses, and Changes**  
**In Fund Net Assets - Proprietary Funds**  
**For the Year Ended September 30, 2009**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 135,567	\$ 134,560	\$ 17,454	\$ 287,581
<b>Total Operating Revenues</b>	<u>135,567</u>	<u>134,560</u>	<u>17,454</u>	<u>287,581</u>
<b>Operating Expenses</b>				
Wages	43,255	43,254	0	86,509
Taxes and Benefits	15,871	17,044	0	32,915
Training	353	459	0	812
Travel	480	480	0	960
Utilities	13,710	9,885	0	23,595
Improvements	20,083	9,444	0	29,527
Insurance	3,138	3,138	0	6,276
Attorney	1,194	4,083	0	5,277
Audit	1,291	1,291	0	2,582
Depreciation	59,609	23,083	15,934	98,626
Fuel	1,503	1,503	0	3,006
Maintenance and Operations	11,901	20,116	5,131	37,148
<b>Total Operating Expenses</b>	<u>172,388</u>	<u>133,780</u>	<u>21,065</u>	<u>327,233</u>
<b>Operating Income (Loss)</b>	<u>(36,821)</u>	<u>780</u>	<u>(3,611)</u>	<u>(39,652)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Earned	312	1,599	445	2,356
Interest Expense	(13,798)	(22,002)	0	(35,800)
Other Income	5,777	468	0	6,245
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(7,709)</u>	<u>(19,935)</u>	<u>445</u>	<u>(27,199)</u>
Income (Loss) Before Transfers	<u>(44,530)</u>	<u>(19,155)</u>	<u>(3,166)</u>	<u>(66,851)</u>
<b>Transfers</b>				
Transfer In	70,428	70,428	0	140,856
Transfer Out	0	0	0	0
<b>Net Transfers</b>	<u>70,428</u>	<u>70,428</u>	<u>0</u>	<u>140,856</u>
<b>Change in Net Assets</b>	25,898	51,273	(3,166)	74,005
<b>Total Net Assets - Beginning</b>	<u>277,796</u>	<u>181,400</u>	<u>611,414</u>	<u>1,070,610</u>
<b>Total Net Assets - Ending</b>	<u>\$ 303,694</u>	<u>\$ 232,673</u>	<u>\$ 608,248</u>	<u>\$ 1,144,615</u>

The accompanying notes are an integral part of the financial statements.

**City of New Meadows, Idaho**  
Statement of Cash Flows -  
Proprietary Funds  
For the Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
<b>Cash Flows From Operating Activities</b>				
Charges for Services	\$ 135,901	\$ 136,399	\$ 17,454	\$ 289,754
Payments to Suppliers for Goods and Services	(53,862)	(50,608)	(5,131)	(109,601)
Payments to Employees for Services	(59,126)	(60,298)	0	(119,424)
Internal Activity - Payments from (to) Other Funds	(5)	5	0	0
Net Cash Provided (Used) by Operating Activities	<u>22,908</u>	<u>25,498</u>	<u>12,323</u>	<u>60,729</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Other Receipts	5,777	468	0	6,245
Transfers In	70,428	70,428	0	140,856
Transfers Out	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>76,205</u>	<u>70,896</u>	<u>0</u>	<u>147,101</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases and Construction of Capital Assets	(70,428)	(70,428)	0	(140,856)
Principal Paid on Capital Debt	(22,862)	(20,920)	0	(43,782)
Interest Paid on Capital Debt	(13,799)	(22,003)	0	(35,802)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(107,089)</u>	<u>(113,351)</u>	<u>0</u>	<u>(220,440)</u>
<b>Cash Flows From Investing Activities</b>				
Interest and Dividends	312	1,599	445	2,356
Net Increase (Decrease) in Cash and Cash Equivalents	(7,664)	(15,358)	12,768	(10,254)
<b>Balances - Beginning of Year</b>	49,806	148,259	47,084	245,149
<b>Balances - End of Year</b>	<u>\$ 42,142</u>	<u>\$ 132,901</u>	<u>\$ 59,852</u>	<u>\$ 234,895</u>
<b>Displayed As:</b>				
Cash	\$ 15,409	\$ 99,906	\$ 59,852	\$ 175,167
Restricted Assets	26,733	32,995	0	59,728
	<u>\$ 42,142</u>	<u>\$ 132,901</u>	<u>\$ 59,852</u>	<u>\$ 234,895</u>

The accompanying notes are an integral part of the financial statements.

**City of New Meadows, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
For the Year Ended September 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Industrial Park</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (36,821)	\$ 780	\$ (3,611)	\$ (39,652)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	59,609	23,083	15,934	98,626
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	334	1,839	0	2,173
(Increase) Decrease in Prepaids	(174)	(174)	0	(348)
(Increase) Decrease in Internal Balances	(5)	5	0	0
(Increase) Decrease in Employee Advances	0	0	0	0
Increase (Decrease) in Compensated Absences	(35)	(35)	0	(70)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 22,908</b>	<b>\$ 25,498</b>	<b>\$ 12,323</b>	<b>\$ 60,729</b>

The accompanying notes are an integral  
part of the financial statements.

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the **City of New Meadows, Idaho** (the City), which has responsibility and control over all activities related to public safety and water and sewer services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other government reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Grant fund.* This fund accounts for major grants the City receives.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the **City of New Meadows, Idaho** and providing services to other parts of the City government. Revenues and expenses arising from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City reports the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the activities of the City's sewage treatment plant and collection systems.
- *Industrial Park.* This fund accounts for the activities related to the City's Industrial Park.

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

All business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Clerk. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	15 – 40 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 – 15 Years

The City (a phase three government) has elected not to report major general infrastructure assets retroactively. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. Since October 1, 2003, the City has acquired no new infrastructure assets.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

The City uses the vesting method to compute compensated absences for sick leave.

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Summary of Deposit and Investment Balances

The City maintains a cash and investment pool for use by all funds.

Deposits

As of September 30, 2009, the carrying amount of the City's deposits was \$256 and the respective bank balances totaled \$23,917. The total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2009, all of the City's deposits totaling \$23,917 were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were not exposed to custodial credit risk. The City does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or a counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

**City of New Meadows, Idaho**  
**Notes to Financial Statements**  
For the Year Ended September 30, 2009

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool, which has been rated AAf by Standard & Poor's Rating Services. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the City's investments in the pool is the same as the value of the pool shares.

The City follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The City's investments at September 30, 2009, are summarized below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1 - 5</u>
State Investment Pool	\$ 336,737	\$ 336,737	\$ 0

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Cash and cash equivalents	\$ (21,328)	\$ 21,584	\$ 256
Investments categorized as deposits	123,426	213,311	336,737
	<u>\$ 102,098</u>	<u>\$ 234,895</u>	<u>\$ 336,993</u>

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

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3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units (State of Idaho) consist of highway revenue tax of \$4,078, liquor apportionment of \$4,677, and state revenue sharing of \$4,314 for a total of \$13,069.

4. PROPERTY TAXES

The **City of New Meadows, Idaho** receives tax revenue from Adams County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2009, are considered by the City as a receivable.

The City follows the Governmental Accounting Standards Board's rule in the recording of its property tax as a receivable. Taxes not collected within 60 days after September 30, 2009, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

5. PENSION 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).

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

5. PENSION PLAN (continued)

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 June 30, 2008, 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. **City of New Meadows, Idaho** employer contributions required and paid were \$16,603, \$15,812, and \$10,663 for the three years ended September 30, 2009, 2008, and 2007, respectively.

6. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees who have been employed by the City for more than one year. In the event of termination, an employee is reimbursed for accumulated vacation leave.

Changes in compensated absences for the year ended September 30, 2009, are as follows:

<u>10/1/2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2009</u>	<u>Current Portion</u>
<u>\$ 7,459</u>	<u>\$ 8,051</u>	<u>\$ (8,204)</u>	<u>\$ 7,306</u>	<u>\$ 7,306</u>

7. RESTRICTED ASSETS

The City received, in a prior year, a Fosdick Grant in the amount \$3,464 that is restricted for park improvements.

8. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

**City of New Meadows, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2009**

9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2009, was as follows:

	Balance 9/30/08	Additions	Disposals	Balance 9/30/09
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 20,105	\$ 0	\$ 0	\$ 20,105
Capital Assets Being Depreciated:				
Buildings	71,108	0	0	71,108
Improvements	8,867	0	0	8,867
Equipment	233,678	70,427	0	304,105
Total Depreciable Assets	313,653	70,427	0	384,080
Less: Accumulated Depreciation				
Buildings	25,915	2,577	0	28,492
Improvements	4,729	887	0	5,616
Equipment	147,201	17,025	0	164,226
Total Acc. Depr.	177,845	20,489	0	198,334
Net Depreciable Assets	135,808	49,938	0	185,746
Governmental Activities				
Capital Assets - Net	\$ 155,913	\$ 49,938	\$ 0	\$ 205,851

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities:	
General Administration	\$ 2,577
Highways and Streets	17,025
Parks and Recreation	887
	\$ 20,489

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

9. CAPITAL ASSETS (continued)

	Balance 9/30/08	Additions	Disposals	Balance 9/30/09
<u>Business-type Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,600	\$ 0	\$ 0	\$ 1,600
Capital Assets Being Depreciated:				
Buildings	739,578	0	0	739,578
Improvements	2,458,553	0	0	2,458,553
Equipment	156,335	140,856	0	297,191
Total Depreciable Assets	3,354,466	140,856	0	3,495,322
Less: Accumulated Depreciation				
Buildings	109,902	18,743	0	128,645
Improvements	1,657,311	61,253	0	1,718,564
Equipment	54,863	18,630	0	73,493
Total Acc. Depr.	1,822,076	98,626	0	1,920,702
Net Depreciable Assets	1,532,390	42,230	0	1,574,620
<u>Business-type Activities</u>				
Capital Assets - Net	\$ 1,533,990	\$ 42,230	\$ 0	\$ 1,576,220

10. LONG-TERM OBLIGATIONS

Business-type Activities:

Bonds payable have been issued to provide funds for water and sewer projects.

The City leases a John Deere Loader and Attachments under long-term lease agreements. These leases have been recorded as municipal leases and have been split between the Water, Sewer, and General funds. The municipal leases consist of:

**City of New Meadows, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2009**

10. LONG-TERM OBLIGATIONS (continued)

Loader and attachments	\$ 132,154
Less accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(18,616)</u>
	<u>\$ 113,538</u>

Changes in long-term obligations for the year ended September 30, 2009, are as follows:

Description	Maturity	Rate	Required Reserve	10/1/2008	Increase	Decrease	9/30/2009	Current Portion
<u>Governmental Activities:</u>								
Loader Lease	2012	5.25	N/A	\$ 28,620	\$ 0	\$ (7,649)	\$ 20,971	\$ 8,060
Loader Attachments Lease	2012	5.95	N/A	7,263	0	(2,278)	4,985	2,418
				<u>\$ 35,883</u>	<u>\$ 0</u>	<u>\$ (9,927)</u>	<u>\$ 25,956</u>	<u>\$ 10,478</u>
<u>Business-type Activities:</u>								
Water Bond	2020	5.75	\$ 26,733	\$ 239,971	\$ 0	\$ (12,935)	\$ 227,036	\$ 13,678
Sewer Bond	2029	5.13	32,995	429,308	0	(10,993)	418,315	11,556
Loader Lease	2012	5.25	N/A	57,240	0	(15,298)	41,942	16,120
Loader Attachments Lease	2012	5.95	N/A	14,524	0	(4,556)	9,968	4,836
				<u>\$ 741,043</u>	<u>\$ 0</u>	<u>\$ (43,782)</u>	<u>\$ 697,261</u>	<u>\$ 46,190</u>

All reserve amounts have been set aside in the State Investment Pool.

Debt service requirements on long-term debt at September 30, 2009, are as follows:

Governmental Activities:

Year Ending	Municipal Leases		
	Principal	Interest	Total
September 30,			
2010	\$ 10,478	\$ 1,127	\$ 11,605
2011	11,060	545	11,605
2012	4,418	68	4,486
	<u>\$ 25,956</u>	<u>\$ 1,740</u>	<u>\$ 27,696</u>

**City of New Meadows, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2009

10. LONG-TERM OBLIGATIONS (continued)

Year Ending September 30,	Bonds and Notes			Municipal Leases		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 25,234	\$ 34,493	\$ 59,727	\$ 20,956	\$ 2,254	\$ 23,210
2011	26,614	33,114	59,728	22,120	1,090	23,210
2012	28,068	31,660	59,728	8,834	136	8,970
2013	29,602	30,126	59,728	0	0	0
2014	31,220	28,508	59,728	0	0	0
2015-2019	183,657	114,983	298,640	0	0	0
2020-2024	154,370	62,260	216,630	0	0	0
2025-2029	166,586	29,494	196,080	0	0	0
	<u>\$ 645,351</u>	<u>\$ 364,638</u>	<u>\$ 1,009,989</u>	<u>\$ 51,910</u>	<u>\$ 3,480</u>	<u>\$ 55,390</u>

Interest expense for the year was \$1,834 for governmental activities and \$35,802 for business-type activities.

11. TRANSFERS

Transfers to/from other funds at September 30, 2009, consisted of the following:

\$140,856	From the Grant fund to the Water fund and the Sewer fund to address the split of the flusher/deicer truck.
<u>27,480</u>	From the General fund to the Grant fund to address the cash overdrafts for the period.
<u>\$168,336</u>	Total

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of New Meadows, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 100,000	\$ 100,000	\$ 93,749	\$ (6,251)
Licenses and Permits	33,400	33,400	5,994	(27,406)
Intergovernmental	82,000	82,000	78,242	(3,758)
Other	41,500	41,500	26,326	(15,174)
Total Revenues	<u>256,900</u>	<u>256,900</u>	<u>204,311</u>	<u>(52,589)</u>
<b>Expenditures</b>				
Current:				
General Administration	51,100	51,100	12,954	38,146
Highways and Streets	26,100	26,100	22,536	3,564
Wages, Taxes, and Retirement	103,850	103,850	100,675	3,175
Parks and Recreation	7,000	7,000	4,682	2,318
Public Safety - Police	37,600	37,600	41,724	(4,124)
Planning and Zoning	13,700	13,700	6,063	7,637
Debt Service:				
Principal	0	0	9,927	(9,927)
Interest	0	0	1,834	(1,834)
Capital Outlay	41,000	41,000	15,594	25,406
Total Expenditures	<u>280,350</u>	<u>280,350</u>	<u>215,989</u>	<u>64,361</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(23,450)</u>	<u>(23,450)</u>	<u>(11,678)</u>	<u>11,772</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	(27,480)	(27,480)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(27,480)</u>	<u>(27,480)</u>
<b>Net Change in Fund Balances</b>	<u>(23,450)</u>	<u>(23,450)</u>	<u>(39,158)</u>	<u>(15,708)</u>
Fund Balance - Beginning	54,130	54,130	151,740	97,610
Fund Balance - Ending	<u>\$ 30,680</u>	<u>\$ 30,680</u>	<u>\$ 112,582</u>	<u>\$ 81,902</u>

**City of New Meadows, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Grant Fund  
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 185,320	\$ 185,320	\$ 185,320	\$ 0
<b>Total Revenues</b>	<u>185,320</u>	<u>185,320</u>	<u>185,320</u>	<u>0</u>
<b>Expenditures</b>				
Capital Outlay	216,000	216,000	70,427	145,573
<b>Total Expenditures</b>	<u>216,000</u>	<u>216,000</u>	<u>70,427</u>	<u>145,573</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(30,680)</u>	<u>(30,680)</u>	<u>114,893</u>	<u>145,573</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	27,480	27,480
Transfers Out	0	0	(140,856)	(140,856)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(113,376)</u>	<u>(113,376)</u>
<b>Net Change in Fund Balances</b>	(30,680)	(30,680)	1,517	32,197
Fund Balance - Beginning	0	0	(1,517)	(1,517)
Fund Balance - Ending	<u>\$ (30,680)</u>	<u>\$ (30,680)</u>	<u>\$ 0</u>	<u>\$ 30,680</u>

**City New Meadows, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2009

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1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the City Manager, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when Federal or State grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for Enterprise Funds may also be revised in the same manner as those situations involving Federal and State grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

**SUPPLEMENTAL INFORMATION**

**City of New Meadows, Idaho**  
 Supplemental Schedule of Revenues by Source -  
 Budget and Actual - General Fund  
 For the Year Ended September 30, 2009

	Budget	Actual	Variance
<b>Taxes</b>			
Property Taxes	\$ 100,000	\$ 93,749	\$ (6,251)
<b>Licenses and Permits</b>			
Building Permits	30,000	3,208	(26,792)
Dog Licenses	1,600	1,086	(514)
City Liquor	1,800	1,700	(100)
Total Licenses and Permits	33,400	5,994	(27,406)
<b>Intergovernmental</b>			
County Road and Bridge	1,000	69	(931)
State Revenue Sharing	22,400	17,128	(5,272)
State Highway Users	18,000	16,911	(1,089)
State Liquor Fees	22,400	27,735	5,335
State Sales Tax	18,200	16,399	(1,801)
Total Intergovernmental	82,000	78,242	(3,758)
<b>Other</b>			
Miscellaneous	500	479	(21)
Franchise Fees	15,000	13,679	(1,321)
Dividends/Refunds	200	142	(58)
Donations	100	1,169	1,069
Planning and Zoning	4,500	386	(4,114)
Street Light Fee	8,000	0	(8,000)
Review and Solid Waste Fee	3,000	46	(2,954)
Interest	6,000	1,606	(4,394)
Special Fees	200	920	720
Fines	4,000	7,899	3,899
Total Other	41,500	26,326	(15,174)
<b>Total Revenue</b>	<b>\$ 256,900</b>	<b>\$ 204,311</b>	<b>\$ (52,589)</b>

**City of New Meadows, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure -  
 Budget and Actual - General Fund  
 For the Year Ended September 30, 2009

	Budget	Actual	Variance
<b>General Administration</b>			
Training	\$ 700	\$ 643	\$ 57
Travel	900	1,025	(125)
Attorney	3,000	1,190	1,810
Audit	1,500	1,291	209
Maintenance and Operations	12,000	8,282	3,718
Solid Waste Fees	3,000	0	3,000
Building Inspection	30,000	523	29,477
Capital Outlay	3,000	80	2,920
Total General Administration	<u>54,100</u>	<u>13,034</u>	<u>41,066</u>
<b>Highways and Streets</b>			
Maintenance and Operations	12,000	10,414	1,586
Utilities	7,500	7,481	19
Municipal Insurance	3,100	3,138	(38)
Fuel	3,500	1,503	1,997
Street Project	22,000	15,514	6,486
Capital Outlay	16,000	0	16,000
Total Highways and Streets	<u>64,100</u>	<u>38,050</u>	<u>26,050</u>
<b>Wages, Taxes, and Retirement</b>			
Wages	72,300	67,346	4,954
Mayor and Council	6,600	6,100	500
Medical Insurance	8,000	11,382	(3,382)
Retirement	8,200	7,846	354
State Insurance	1,500	523	977
Social Security	5,500	5,139	361
Medicare	1,250	1,131	119
Unemployment	500	1,208	(708)
Total Taxes and Retirement	<u>103,850</u>	<u>100,675</u>	<u>3,175</u>
<b>Parks and Recreation</b>			
Utilities	3,500	3,347	153
Maintenance and Operations	3,500	1,335	2,165
Total Parks and Recreation	<u>7,000</u>	<u>4,682</u>	<u>2,318</u>

**City of New Meadows, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure -  
 Budget and Actual - General Fund  
 For the Year Ended September 30, 2009  
 (continued)

	Budget	Actual	Variance
<b>Public Safety - Police</b>			
Attorneys	2,000	5,905	(3,905)
Code Enforcement	30,600	32,149	(1,549)
Maintenance and Operations	500	654	(154)
Animal Control	4,500	3,016	1,484
<b>Total Public Safety - Police</b>	<u>37,600</u>	<u>41,724</u>	<u>(4,124)</u>
<b>Planning and Zoning</b>	<u>13,700</u>	<u>6,063</u>	<u>7,637</u>
<b>Debt Service</b>			
Principal	0	9,927	(9,927)
Interest	0	1,834	(1,834)
<b>Total Debt Service</b>	<u>0</u>	<u>11,761</u>	<u>(11,761)</u>
<b>Total Expenditures</b>	<u>\$ 280,350</u>	<u>\$ 215,989</u>	<u>\$ 64,361</u>

**City of New Meadows, Idaho**  
 Combining Balance Sheet -  
 Nonmajor Special Revenue Funds  
 September 30, 2009

	Youth Sports	Youth Park	Parks and Recreation	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,307	\$ 396	\$ 3,464	\$ 5,167
Total Assets	<u>\$ 1,307</u>	<u>\$ 396</u>	<u>\$ 3,464</u>	<u>\$ 5,167</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Internal Balances	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Reserved For:				
Parks and Recreation	0	0	3,464	3,464
Unreserved	1,307	396	0	1,703
Total Fund Balances	<u>1,307</u>	<u>396</u>	<u>3,464</u>	<u>5,167</u>
Total Liabilities and Fund Balances	<u>\$ 1,307</u>	<u>\$ 396</u>	<u>\$ 3,464</u>	<u>\$ 5,167</u>

**City of New Meadows, Idaho**  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Nonmajor Special Revenue Funds  
For the Year Ended September 30, 2009

	Youth Sports	Youth Park	Parks and Recreation	Total
<b>Revenues</b>				
Grants	\$ 0	\$ 0	\$ 0	\$ 0
Other	2,100	0	0	2,100
Total Revenues	<u>2,100</u>	<u>0</u>	<u>0</u>	<u>2,100</u>
<b>Expenditures</b>				
Current:				
Maintenance and Operations	817	81	0	898
Insurance and Miscellaneous	305	0	0	305
Capital Outlay	1,199	0	0	1,199
Total Expenditures	<u>2,321</u>	<u>81</u>	<u>0</u>	<u>2,402</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(221)</u>	<u>(81)</u>	<u>0</u>	<u>(302)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(221)	(81)	0	(302)
Fund Balances - Beginning	1,528	477	3,464	5,469
Fund Balances - Ending	<u>\$ 1,307</u>	<u>\$ 396</u>	<u>\$ 3,464</u>	<u>\$ 5,167</u>

**FEDERAL REPORTS**

**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***

Honorable Mayor  
and City Council  
New Meadows, Idaho

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of New Meadows, Idaho** (the City), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 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 the **City of New Meadows, Idaho'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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'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's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

#### 2009-1: Preparation of Financial Statements

Government Auditing Standards places the responsibility on management for the preparation of the annual financial statements and footnotes in accordance with generally accepted accounting principles (GAAP). The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited. As auditors, we were requested to draft the annual financial statements and footnotes from the City's accounting system. This circumstance is not unusual for an entity of this size. The lack of this control could cause a misstatement in the annual financial statements and footnotes to go undetected. Management should look at the cost/benefit of implementing internal controls over preparation of the annual financial statements.

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'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, we believe that the significant deficiency described above is not a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the **City of New Meadows, Idaho'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 is required to be reported under *Government Auditing Standards*.

**City of New Meadows, Idaho's** response to the finding identified in our audit is described in the accompanying management's response to findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bailey & Co.*

Nampa, Idaho  
December 7, 2009

**City of New Meadows, Idaho**  
Management's Response to Findings  
For the Year Ended September 30, 2009

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2009-1: Preparation of Financial Statements

The City Council will research the cost/benefit of implementing internal controls over preparation of the annual financial statements and, if possible, implement those changes accordingly.

If there are any questions regarding these responses, please contact the City at (208) 347-2171.