

CITY OF NEW MEADOWS, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2013

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Independent Auditor's Report

Honorable Mayor
and City Council
New Meadows, Idaho

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Meadow, Idaho's basic financial statements. The schedules of revenues by source and expenditures by object for the General fund and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenues by source and expenditures by object for the General fund and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues by source and expenditures by object for the General fund and the combining fund are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the City of New Meadow, State 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of New Meadow, Idaho's internal control over financial reporting and compliance.

Zwyzart & Associates

Nampa, Idaho
December 4, 2013

City of New Meadows, Idaho
Statement of Net Position
September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 118,277	\$ 169,346	\$ 287,623
Receivables, Net:			
Accounts	-	57,673	57,673
Property Taxes	16,544	-	16,544
Due From Other Governments	12,470	-	12,470
Employee Advances	3,050	-	3,050
Prepaid Insurance	436	436	872
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	66,333	66,333
Capital Assets:			
Land and Nondepreciable Infrastructure	20,105	81,716	101,821
Depreciable Buildings, Property, and Equipment, Net	322,429	1,290,528	1,612,957
Total Capital Assets	<u>342,534</u>	<u>1,372,244</u>	<u>1,714,778</u>
Total Assets	<u>493,311</u>	<u>1,666,032</u>	<u>2,159,343</u>
Liabilities			
Current Liabilities:			
Accounts Payable	33,038	7,207	40,245
Accrued Interest	-	1,418	1,418
Customer Deposits	-	1,353	1,353
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences	668	1,002	1,670
Bond Payable	-	31,220	31,220
Municipal Lease	8,603	17,206	25,809
Portion Due or Payable After One Year:			
Bond Payable	-	504,603	504,603
Municipal Lease	47,534	95,070	142,604
Total Liabilities	<u>89,843</u>	<u>659,079</u>	<u>748,922</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	342,534	819,215	1,161,749
Restricted	51,656	66,333	117,989
Unrestricted (Deficit) Surplus	9,278	121,405	130,683
Total Net Position	<u>\$ 403,468</u>	<u>\$ 1,006,953</u>	<u>\$ 1,410,421</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, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary Government:							
Governmental Activities:							
General Administration	\$ 15,915	\$ 17,858	\$ 367	\$ -	\$ 2,310	\$ -	\$ 2,310
Highways and Streets	59,966	-	-	150,000	90,034	-	90,034
Taxes and Retirement	95,434	-	-	-	(95,434)	-	(95,434)
Parks and Recreation	27,813	-	20,577	-	(7,236)	-	(7,236)
Public Safety - Police	91,417	-	-	-	(91,417)	-	(91,417)
Planning and Zoning	551	646	-	-	95	-	95
Emergency	7,403	-	-	-	(7,403)	-	(7,403)
Interest on Long-term Debt	-	-	-	-	-	-	-
Total Governmental Activities	298,499	18,504	20,944	150,000	(109,051)	-	(109,051)
Business-type Activities:							
Water	174,259	162,191	-	-	-	(12,068)	(12,068)
Sewer	159,999	154,182	-	-	-	(5,817)	(5,817)
Industrial Park	42,228	17,890	-	-	-	(24,338)	(24,338)
Water Master Plan	-	-	-	-	-	-	-
Sewer Master Plan	-	-	-	2,474	-	2,474	2,474
Total Business-type Activities	376,486	334,263	-	2,474	-	(39,749)	(39,749)
Total Primary Government	\$ 674,985	\$ 352,767	\$ 20,944	\$ 152,474	(109,051)	(39,749)	(148,800)

General Revenues:			
Property Taxes	119,035	-	119,035
State Sources	78,097	-	78,097
Other	6,295	-	6,295
Unrestricted Investment Earnings	331	386	717
Total General Revenues and Special Items	203,758	386	204,144
Change in Net Position	94,707	(39,363)	55,344
Net Position, Beginning of Year	308,761	1,046,316	1,355,077
Net Position, End of Year	\$ 403,468	\$ 1,006,953	\$ 1,410,421

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

City of New Meadows, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2013

	General	Grant Fund	Sidewalks and ADA Ramps	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 57,506	\$ 60,656	\$ -	\$ 115	\$ 118,277
Property Taxes Receivable, Net	16,544	-	-	-	16,544
Other Receivables, Net	-	-	-	-	-
Due From Other Governments	12,470	-	-	-	12,470
Employee Advances	3,050	-	-	-	3,050
Prepaid Insurance	436	-	-	-	436
Internal Balances	58,629	-	-	-	58,629
Total Assets	\$ 148,635	\$ 60,656	\$ -	\$ 115	\$ 209,406
Liabilities and Fund Balances					
Liabilities:					
Internal Balances	\$ -	\$ -	\$ 58,629	\$ -	\$ 58,629
Accounts Payable	12,490	9,000	11,433	115	33,038
Total Liabilities	12,490	9,000	70,062	115	91,667
Deferred Inflows					
Unavailable Revenue - Property Taxes	10,197	-	-	-	10,197
Fund Balances:					
Nonspendable:					
Prepays	436	-	-	-	436
Restricted to:					
Other Purposes	-	51,656	-	-	51,656
Unassigned	125,512	-	(70,062)	-	55,450
Total Fund Balances	125,948	51,656	(70,062)	-	107,542
Total Liabilities, Deferred Inflows and Fund Balance	\$ 148,635	\$ 60,656	\$ -	\$ 115	\$ 209,406

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

City of New Meadows, Idaho
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2013

Total Fund Balances - Governmental Funds	\$	107,542
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$ 20,105	
Buildings, net of \$38,796 accumulated depreciation	32,312	
Improvements, net of \$8,867 accumulated depreciation	158,381	
Equipment, net of \$131,736 accumulated depreciation	<u>131,736</u>	
		342,534

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.		10,197
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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 are recognized as an expenditure when due. All liabilities - both current and long-term are reported in the Statement of Net Position.

Municipal Lease	(56,137)	
Compensated Absences	<u>(668)</u>	
		<u>(56,805)</u>

Net Position of Governmental Activities	\$	<u><u>403,468</u></u>
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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, 2013

	General	Grant Fund	Sidewalks and ADA Ramps	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 118,864	\$ -	\$ -	\$ -	\$ 118,864
Licenses and Permits	2,659	-	-	-	2,659
Intergovernmental	78,097	-	-	-	78,097
Grants and Donations	20,944	-	150,000	-	170,944
Earnings on Investments	157	174	-	-	331
Other	22,140	-	-	-	22,140
Total Revenues	<u>242,861</u>	<u>174</u>	<u>150,000</u>	<u>-</u>	<u>393,035</u>
Expenditures					
Current:					
General Administration	13,338	-	-	-	13,338
Highways and Streets	39,120	-	-	-	39,120
Wages, Taxes, and Retirement	96,065	-	-	-	96,065
Parks and Recreation	9,399	-	-	115	9,514
Public Safety - Police	42,664	-	-	-	42,664
Planning and Zoning	551	-	-	-	551
Emergency	7,403	-	-	-	7,403
Capital Outlay	110,117	48,753	143,384	-	302,254
Total Expenditures	<u>318,657</u>	<u>48,753</u>	<u>143,384</u>	<u>115</u>	<u>510,909</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(75,796)</u>	<u>(48,579)</u>	<u>6,616</u>	<u>(115)</u>	<u>(117,874)</u>
Other Financing Sources (Uses)					
Proceeds from Capital Lease	66,621	-	-	-	66,621
Transfer In	4,429	-	-	3,071	7,500
Transfer Out	(3,071)	-	-	(4,429)	(7,500)
Total Other Financing Sources (Uses)	<u>67,979</u>	<u>-</u>	<u>-</u>	<u>(1,358)</u>	<u>66,621</u>
Net Change in Fund Balances	(7,817)	(48,579)	6,616	(1,473)	(51,253)
Fund Balances - Beginning	133,765	100,235	(76,678)	1,473	158,795
Fund Balances - Ending	<u>\$ 125,948</u>	<u>\$ 51,656</u>	<u>\$ (70,062)</u>	<u>\$ -</u>	<u>\$ 107,542</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, 2013

Total Net Change in Fund Balance - Governmental Funds \$ (51,253)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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. Conversely, disposals of capital assets do not report a gain or loss in the governmental funds but in the Statement of Activities the remaining cost of the asset(s) is written off. In the current period these amounts are:

Capital Outlay	\$ 225,002	
Depreciation Expense	(23,707)	
Disposed Assets	-	
Net	-	201,295

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. 171

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:

Compensated Absences 631

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:

Municipal Leases Payment 10,484

Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the statement of Net Position, the municipal lease obligation is reported as a liability. (66,621)

Change in Net Position of Governmental Activities \$ 94,707

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

City of New Meadows, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2013

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Industrial Park
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 77,164	\$ 25,637	\$ 66,545
Accounts Receivable, Net	26,717	30,956	-
Prepaid Insurance	218	218	-
Internal Balance	-	24,328	-
Total Current Assets	104,099	81,139	66,545
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	26,733	39,600	-
Capital Assets:			
Land	800	80,916	-
Buildings, Net	8,075	45,346	484,659
Equipment, Net	127,103	127,791	-
Improvements, Net	180,720	316,834	-
Total Noncurrent Assets	343,431	610,487	484,659
Total Assets	447,530	691,626	551,204
Liabilities			
Current Liabilities:			
Internal Balance	-	-	-
Accounts Payable	2,058	5,149	-
Accrued Interest	454	964	-
Customer Deposits	1,353	-	-
Compensated Absences	501	501	-
Municipal Leases Payable	8,603	8,603	-
Bonds, Notes, and Loans Payable	17,106	14,114	-
Total Current Liabilities	30,075	29,331	-
Noncurrent Liabilities:			
Municipal Leases Payable	47,535	47,535	-
Bonds, Notes, and Loans Payable	150,314	354,289	-
Total Liabilities	227,924	431,155	-
Net Position			
Invested in Capital Assets, Net of Related Debt	140,675	193,881	484,659
Restricted for Debt Service	26,733	39,600	-
Unrestricted	52,198	26,990	66,545
Total Net Position	\$ 219,606	\$ 260,471	\$ 551,204

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

City of New Meadows, Idaho
Statement of Net Position -
Proprietary Funds (continued)
September 30, 2013

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	-	-	169,346
Accounts Receivable, Net	-	-	57,673
Prepaid Insurance	-	-	436
Internal Balance	-	-	24,328
Total Current Assets	-	-	251,783
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	-	66,333
Capital Assets:			
Land	-	-	81,716
Buildings, Net	-	-	538,080
Equipment, Net	-	-	254,894
Improvements, Net	-	-	497,554
Total Noncurrent Assets	-	-	1,438,577
Total Assets	-	-	1,690,360
Liabilities			
Current Liabilities:			
Internal Balance	8,316	16,012	24,328
Accounts Payable	-	-	7,207
Accrued Interest	-	-	1,418
Customer Deposits	-	-	1,353
Compensated Absences	-	-	1,002
Municipal Leases Payable	-	-	17,206
Bonds, Notes, and Loans Payable	-	-	31,220
Total Current Liabilities	8,316	16,012	83,734
Noncurrent Liabilities:			
Municipal Leases Payable	-	-	95,070
Bonds, Notes, and Loans Payable	-	-	504,603
Total Liabilities	8,316	16,012	683,407
Net Position			
Invested in Capital Assets, Net of Related Debt	-	-	819,215
Restricted for Debt Service	-	-	66,333
Unrestricted	(8,316)	(16,012)	121,405
Total Net Position	\$ (8,316)	\$ (16,012)	\$ 1,006,953

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 Position - Proprietary Funds
For the Year Ended September 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Industrial Park</u>
Operating Revenues			
Charges for Services	\$ 162,191	\$ 154,182	\$ 17,890
Total Operating Revenues	<u>162,191</u>	<u>154,182</u>	<u>17,890</u>
Operating Expenses			
Wages	31,623	31,206	-
Taxes and Benefits	18,781	18,376	-
Training	896	599	-
Travel	1,010	877	-
Utilities	15,717	10,620	-
Insurance	2,934	2,934	-
Attorney	5,507	9,597	-
Audit	1,417	1,417	-
Depreciation	66,190	31,055	15,935
Fuel	1,366	994	-
Maintenance and Operations	18,261	32,754	22,427
Professional Services	-	-	3,866
Total Operating Expenses	<u>163,702</u>	<u>140,429</u>	<u>42,228</u>
Operating Income (Loss)	<u>(1,511)</u>	<u>13,753</u>	<u>(24,338)</u>
Nonoperating Revenues (Expenses)			
Interest Earned	65	196	125
Interest Expense	(10,557)	(19,570)	-
Grants and Donations	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(10,492)</u>	<u>(19,374)</u>	<u>125</u>
Change in Net Position	<u>(12,003)</u>	<u>(5,621)</u>	<u>(24,213)</u>
Net Position - Beginning	<u>231,609</u>	<u>266,092</u>	<u>575,417</u>
Net Position - Ending	<u>\$ 219,606</u>	<u>\$ 260,471</u>	<u>\$ 551,204</u>

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 Position - Proprietary Funds (continued)
For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds		
	Water Master	Sewer Master	Total
	Plan	Plan	Total
Operating Revenues			
Charges for Services	\$ -	\$ -	\$ 334,263
Total Operating Revenues	-	-	334,263
Operating Expenses			
Wages	-	-	62,829
Taxes and Benefits	-	-	37,157
Training	-	-	1,495
Travel	-	-	1,887
Utilities	-	-	26,337
Insurance	-	-	5,868
Attorney	-	-	15,104
Audit	-	-	2,834
Depreciation	-	-	113,180
Fuel	-	-	2,360
Maintenance and Operations	-	-	73,442
Professional Services	-	-	3,866
Total Operating Expenses	-	-	346,359
Operating Income (Loss)	-	-	(12,096)
Nonoperating Revenues (Expenses)			
Interest Earned	-	-	386
Interest Expense	-	-	(30,127)
Grants and Donations	-	2,474	2,474
Total Nonoperating Revenues (Expenses)	-	2,474	(27,267)
Change in Net Position	-	2,474	(39,363)
Net Position - Beginning	(8,316)	(18,486)	1,046,316
Net Position - Ending	\$ (8,316)	\$ (16,012)	\$ 1,006,953

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, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	Water	Sewer	Industrial Park
Cash Flows From Operating Activities			
Charges for Services	\$ 158,998	\$ 149,234	\$ 17,890
Payments to Suppliers for Goods and Services	(47,284)	(54,643)	(26,293)
Payments to Employees for Services	(50,814)	(49,992)	-
Net Cash Provided (Used) by Operating Activities	60,900	44,599	(8,403)
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities			
Debt Proceeds	66,621	66,621	-
Purchase of Capital Assets	(66,621)	(66,621)	-
Principal Paid on Capital Debt	(26,659)	(23,909)	-
Interest Paid on Capital Debt	(10,557)	(19,571)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(37,216)	(43,480)	-
Cash Flows From Investing Activities			
Interest and Dividends	65	196	125
Net Increase (Decrease) in Cash and Cash Equivalents	23,749	1,315	(8,278)
Cash and Cash Equivalents, Beginning	80,148	88,250	74,823
Cash and Cash Equivalents, Ending	\$ 103,897	\$ 89,565	\$ 66,545
Displayed As:			
Cash	\$ 77,164	\$ 25,637	\$ 66,545
Internal Balances	-	24,328	-
Restricted Assets	26,733	39,600	-
	\$ 103,897	\$ 89,565	\$ 66,545

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, 2013

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Cash Flows From Operating Activities			
Charges for Services	\$ -	\$ -	\$ 326,122
Payments to Suppliers for Goods and Services	-	-	(128,220)
Payments to Employees for Services	-	-	(100,806)
Net Cash Provided (Used) by Operating Activities	-	-	97,096
Cash Flows From Noncapital Financing Activities			
Grants and Donations	-	2,474	2,474
Cash Flows From Capital and Related Financing Activities			
Debt Proceeds	-	-	133,242
Purchase of Capital Assets	-	-	(133,242)
Principal Paid on Capital Debt	-	-	(50,568)
Interest Paid on Capital Debt	-	-	(30,128)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(80,696)
Cash Flows From Investing Activities			
Interest and Dividends	-	-	386
Net Increase (Decrease) in Cash and Cash Equivalents	-	2,474	19,260
Cash and Cash Equivalents, Beginning	(8,316)	(18,486)	216,419
Cash and Cash Equivalents, Ending	<u>\$ (8,316)</u>	<u>\$ (16,012)</u>	<u>\$ 235,679</u>
Displayed As:			
Cash	\$ -	\$ -	\$ 169,346
Internal Balances	(8,316)	(16,012)	-
Restricted Assets	-	-	66,333
	<u>\$ (8,316)</u>	<u>\$ (16,012)</u>	<u>\$ 235,679</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, 2013

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Industrial Park
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (1,511)	\$ 13,753	\$ (24,338)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	66,190	31,055	15,935
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(2,981)	(4,948)	-
(Increase) Decrease in Prepaid Expenses	63	63	-
Increase (Decrease) in Accounts Payable	(176)	5,149	-
Increase (Decrease) in Customer Deposits	(212)	-	-
Increase (Decrease) in Compensated Absences	(473)	(473)	-
Net Cash Provided by Operating Activities	\$ 60,900	\$ 44,599	\$ (8,403)

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, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Master</u>	<u>Sewer Master</u>	<u>Total</u>
	Plan	Plan	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ -	\$ -	\$ (12,096)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	113,180
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	-	(7,929)
(Increase) Decrease in Prepaid Expense	-	-	126
Increase (Decrease) in Accounts Payable	-	-	4,973
Increase (Decrease) in Customer Deposits	-	-	(212)
Increase (Decrease) in Compensated Absences	-	-	(946)
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,096</u>

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

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 governmental reporting entity as defined by generally accepted accounting principles. Council 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.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position 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, 2013

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.
- *Sidewalks and ADA Ramps fund.* This fund is to account for grants received for the construction of sidewalks and ADA ramps.

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 that arise 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.
- *Water Master Plan.* This fund accounts for the grant monies received to upgrade the City's water system.
- *Sewer Master Plan.* This fund accounts for the grant monies received to upgrade the City's sewer system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Prepaid expenditures that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned*. Balances available for any purpose or fund deficits.

The remaining fund balance classifications (committed and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

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 position available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Restricted fund balance in the governmental funds consists of grants and donations that the grantors and/or donors have restricted to the use of youth sports and park activities, energy efficiency improvements, and road and street improvements.

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.

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Receivables

All trade receivables are shown net of an allowance for doubtful accounts. As of September 30, 2013, there was no allowance.

Use of 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, 2013, the carrying amount of the City's deposits was \$13,580 and the respective bank balances totaled \$14,809. 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, 2012, all of the City's deposits 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.

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 not been rated. 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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2013

2. CASH AND INVESTMENTS (continued)

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, 2013, are summarized below:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
External Investment Pool	\$ 340,376	\$ 340,376	\$ -

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ (51,897)	\$ 65,477	\$ 13,580
Restricted cash	-	66,333	66,333
Investments categorized as deposits	170,174	103,869	274,043
	\$ 118,277	\$ 235,679	\$ 353,956

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (State of Idaho) consist of highway revenue tax of \$3,880, liquor apportionment of \$4,712, and state revenue sharing of \$3,878 for a total of \$12,470.

4. 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.

5. 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, 2013, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2013, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

6. 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 five 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.

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, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% 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 \$14,230, \$14,163, and \$16,587 for the three years ended September 30, 2013, 2012, and 2011, respectively.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2013

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2013, was as follows:

	<u>Balance</u> <u>9/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2013</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 20,105	\$ -	\$ -	\$ 20,105
Capital Assets Being Depreciated:				
Buildings	71,108	-	-	71,108
Improvements	8,867	158,381	-	167,248
Equipment	<u>177,583</u>	<u>66,621</u>	-	<u>244,204</u>
Total Depreciable Assets	<u>257,558</u>	<u>225,002</u>	-	<u>482,560</u>
Less Accumulated Depreciation:				
Buildings	36,219	2,577	-	38,796
Improvements	8,276	591	-	8,867
Equipment	<u>91,929</u>	<u>20,539</u>	-	<u>112,468</u>
Total Acc. Depr.	<u>136,424</u>	<u>23,707</u>	-	<u>160,131</u>
Net Depreciable Assets	<u>121,134</u>	<u>201,295</u>	-	<u>322,429</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 141,239</u>	<u>\$ 201,295</u>	<u>\$ -</u>	<u>\$ 342,534</u>
 <u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 81,716	\$ -	\$ -	\$ 81,716
Capital Assets Being Depreciated:				
Buildings	739,576	-	-	739,576
Improvements	2,458,552	-	-	2,458,552
Equipment	<u>297,193</u>	<u>133,242</u>	-	<u>430,435</u>
Total Depreciable Assets	<u>3,495,321</u>	<u>133,242</u>	-	<u>3,628,563</u>
Less Accumulated Depreciation:				
Buildings	183,459	18,037	-	201,496
Improvements	1,900,428	60,571	-	1,960,999
Equipment	<u>140,967</u>	<u>34,572</u>	-	<u>175,539</u>
Total Acc. Depr.	<u>2,224,854</u>	<u>113,180</u>	-	<u>2,338,034</u>
Net Depreciable Assets	<u>1,270,467</u>	<u>20,062</u>	-	<u>1,290,529</u>
Business-type Activities				
Capital Assets - Net	<u>\$ 1,352,183</u>	<u>\$ 20,062</u>	<u>\$ -</u>	<u>\$ 1,372,245</u>

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2013

7. CAPITAL ASSETS (continued)

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

Governmental Activities:		
General Administration	\$	2,577
Highways and Streets		20,539
Parks and Recreation		591
		<u>\$ 23,707</u>
Business-type Activities:		
Water	\$	66,190
Sewer		31,055
Industrial Park		15,935
		<u>\$ 113,180</u>

8. 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, 2013, are as follows:

	<u>9/30/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2013</u>	<u>Current Portion</u>
Governmental Activities	\$ 1,299	\$ 2,208	\$ (2,839)	\$ 668	\$ 668
Business-type Activities	<u>1,948</u>	<u>3,313</u>	<u>(2,839)</u>	<u>1,003</u>	<u>1,003</u>
	<u>\$ 3,247</u>	<u>\$ 5,521</u>	<u>\$ (5,678)</u>	<u>\$ 1,671</u>	<u>\$ 1,671</u>

9. DEFICIT FUND BALANCE

At September 30, 2013, the Sidewalks and ADA ramps fund, a major fund, and the Youth sports fund, a nonmajor fund, had a deficit fund balance of \$70,062, and \$115, respectively.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2013

10. LEASE COMMITMENTS

The City began leasing a copier in June 2012. Payments are due monthly and it is anticipated the copier will be returned at the end of the lease term. Rent expenditures (including month-to-month leases) for the year totaled \$1,368. Future minimum lease payments are as follows:

Year Ending	
September 30,	Amount
2014	\$ 1,368
2015	1,368
2016	1,368
2017	<u>1,254</u>
	<u>\$ 5,358</u>

Rent expenditures for the year ended September 30, 2013, totaled \$1,368.

11. LONG-TERM OBLIGATIONS

Bonds payable have been issued to provide funds for water and sewer projects. The City also 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:

Equipment	\$ 132,154
Less accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(45,044)</u>
	<u>\$ 87,110</u>

Changes in long-term obligations for the year ended September 30, 2012, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>	<u>9/30/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2013</u>	<u>Current Portion</u>
<u>Governmental Activities:</u>								
Grader Lease	2018	3.30%	N/A	\$ 0	\$ 66,621	\$ (10,484)	\$ 56,137	\$ 8,603
				<u>\$ 0</u>	<u>\$ 66,621</u>	<u>\$ (10,484)</u>	<u>\$ 56,137</u>	<u>\$ 8,603</u>
<u>Business-type Activities:</u>								
Water Bond	2020	5.75%	\$26,733	\$ 183,596	\$ 0	\$ (16,176)	\$167,420	\$ 17,106
Sewer Bond	2029	5.13%	\$32,995	381,829	0	(13,426)	368,403	14,114
Grader Lease	2018	3.30%	N/A	<u>0</u>	<u>133,242</u>	<u>(20,967)</u>	<u>112,275</u>	<u>17,205</u>
				<u>\$ 565,425</u>	<u>\$ 133,242</u>	<u>\$ (50,569)</u>	<u>\$648,098</u>	<u>\$ 48,425</u>

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2013

LONG-TERM OBLIGATIONS (continued)

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

Debt service requirements on long-term debt at September 30, 2013, are as follows:

September 30,	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 31,220	\$ 28,508	\$ 59,728	25,808	5,642	31,450
2015	32,927	26,801	59,728	26,673	4,777	31,450
2016	34,728	25,000	59,728	27,491	3,959	31,450
2017	36,627	23,101	59,728	28,490	2,960	31,450
2018	38,630	21,098	59,728	29,444	2,006	31,450
2019-2023	136,066	107,298	243,364	30,507	944	31,451
2024-2027	100,462	31,518	131,980	-	-	-
2028-2029	89,389	7,706	97,095	-	-	-
	<u>\$500,049</u>	<u>\$ 271,030</u>	<u>\$ 771,079</u>	<u>\$168,413</u>	<u>\$ 20,288</u>	<u>\$ 188,701</u>

Interest expense for the year was \$30,126 for business-type activities. No interest was capitalized.

11. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at September 30, 2013, consist of the following:

\$ 58,629	Due to the General fund from the Sidewalks and ADA Ramps fund representing short-term loans to cover cash overdrafts.
8,316	Due to the Water fund from the Water Master Plan fund representing short-term loans to cover cash overdrafts.
<u>16,012</u>	Due to the Sewer fund from the Sewer Master Plan fund representing short-term loans to cover cash overdrafts.
<u>\$ 82,957</u>	

12. OTHER COMMITMENTS

The City also has five credit cards available for use. As of September 30, 2013, credit available on these credit cards totaled \$10,000, of which \$1,180 was in use.

REQUIRED SUPPLEMENTARY INFORMATION

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 114,840	\$ 114,840	\$ 118,864	\$ 4,024
Licenses and Permits	5,700	3,525	2,659	(866)
Intergovernmental	64,698	72,079	78,097	6,018
Grants and Donations	500	25,200	20,944	(4,256)
Earnings on Investments	150	150	157	7
Other	25,200	20,200	22,140	1,940
Total Revenues	<u>211,088</u>	<u>235,994</u>	<u>242,861</u>	<u>6,867</u>
Expenditures				
Current:				
General Administration	19,416	20,416	13,338	7,078
Highways and Streets	29,530	29,530	39,120	(9,590)
Wages, Taxes, and Retirement	69,663	69,663	96,065	(26,402)
Parks and Recreation	12,530	12,530	9,399	3,131
Public Safety - Police	44,900	44,900	42,664	2,236
Planning and Zoning	5,000	5,000	551	4,449
Emergency	-	3,000	7,403	(4,403)
Capital Outlay	25,518	49,000	110,117	(61,117)
Total Expenditures	<u>206,557</u>	<u>234,039</u>	<u>318,657</u>	<u>(84,618)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,531</u>	<u>1,955</u>	<u>(75,796)</u>	<u>(77,751)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	-	-	66,621	(66,621)
Transfer In	-	-	4,429	(4,429)
Transfer Out	-	-	(3,071)	3,071
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>67,979</u>	<u>(67,979)</u>
Net Change in Fund Balances	4,531	1,955	(7,817)	(9,772)
Fund Balances - Beginning	-	-	133,765	133,765
Fund Balances - Ending	<u>\$ 4,531</u>	<u>\$ 1,955</u>	<u>\$ 125,948</u>	<u>\$ 123,993</u>

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Grant Fund
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Grants and Donations	\$ 419,000	\$ 419,000	\$ -	\$ (419,000)
Earnings on Investments	100	100	174	74
Total Revenues	<u>419,100</u>	<u>419,100</u>	<u>174</u>	<u>(418,926)</u>
Expenditures				
Capital Outlay	419,100	419,100	48,753	370,347
Total Expenditures	<u>419,100</u>	<u>419,100</u>	<u>48,753</u>	<u>370,347</u>
Net Change in Fund Balances	-	-	(48,579)	(48,579)
Fund Balances - Beginning	-	-	100,235	100,235
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,656</u>	<u>\$ 51,656</u>

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Sidewalks and ADA Ramps Fund
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Grants and Donations	\$ -	\$ -	\$ 150,000	\$ 150,000
Total Revenues	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Expenditures				
Capital Outlay	-	-	143,384	(143,384)
Total Expenditures	<u>-</u>	<u>-</u>	<u>143,384</u>	<u>(143,384)</u>
Net Change in Fund Balances	-	-	6,616	6,616
Fund Balances - Beginning	-	-	(76,678)	(76,678)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,062)</u>	<u>\$ (70,062)</u>

City New Meadows, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2012

1. 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.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The General fund had expenditures in excess of appropriations in the amount of \$84,618

The Sidewalk and ADA ramp fund had expenditures in excess of appropriations in the amount of \$143,384

SUPPLEMENTAL INFORMATION

City of New Meadows, Idaho
Supplemental Schedule of Revenues by Source -
Budget and Actual - General Fund
For the Year Ended September 30, 2013

	Budget	Actual	Variance
Taxes			
Property Taxes	\$ 114,840	\$ 118,864	\$ 4,024
Licenses and Permits			
Building Permits	1,000	296	(704)
Dog Licenses	950	600	(350)
City Liquor	1,475	1,495	20
Review and Solid Waste Fees	100	268	168
Total Licenses and Permits	<u>3,525</u>	<u>2,659</u>	<u>(866)</u>
Intergovernmental			
County Road and Bridge	28	-	(28)
State Revenue Sharing	15,542	14,659	(883)
State Highway Users	16,590	16,244	(346)
State Liquor Fees	23,435	29,928	6,493
State Sales Tax	16,484	17,266	782
Total Intergovernmental	<u>72,079</u>	<u>78,097</u>	<u>6,018</u>
Other			
Miscellaneous	-	1,397	1,397
Franchise Fees	13,000	15,763	2,763
Dividends/Refunds	200	278	78
Donations	200	367	167
Planning and Zoning	1,000	350	(650)
Interest	150	157	7
Fines	6,000	4,352	(1,648)
Grants	25,000	20,577	(4,423)
Total Other	<u>45,550</u>	<u>43,241</u>	<u>(2,309)</u>
Total Revenue	<u>\$ 235,994</u>	<u>\$ 242,861</u>	<u>\$ 6,867</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, 2013

	Budget	Actual	Variance
General Administration			
Training	\$ 1,700	\$ 807	\$ 893
Travel	1,700	1,566	134
Attorney	3,000	1,051	1,949
Audit	1,416	1,416	-
Maintenance and Operations	10,000	8,498	1,502
Solid Waste Fees	350	-	350
Building Inspection	2,250	-	2,250
Total General Administration	<u>20,416</u>	<u>13,338</u>	<u>7,078</u>
Highways and Streets			
Maintenance and Operations	14,530	22,711	(8,181)
Utilities	9,000	9,735	(735)
Municipal Insurance	3,000	2,934	66
Fuel	3,000	3,740	(740)
Capital Outlay	24,000	25,788	(1,788)
Total Highways and Streets	<u>53,530</u>	<u>64,908</u>	<u>(11,378)</u>
Wages, Taxes, and Retirement			
Wages	41,700	62,281	(20,581)
Mayor and Council	6,600	6,600	-
Medical Insurance	10,000	13,563	(3,563)
Retirement	5,468	7,442	(1,974)
State Insurance	1,700	794	906
Social Security	2,995	4,364	(1,369)
Medicare	700	1,021	(321)
Unemployment	500	-	500
Total Taxes and Retirement	<u>69,663</u>	<u>96,065</u>	<u>(26,402)</u>
Parks and Recreation			
Utilities	5,000	3,494	1,506
Maintenance and Operations	7,530	5,905	1,625
Park Improvements	25,000	17,708	7,292
Total Parks and Recreation	<u>37,530</u>	<u>27,107</u>	<u>10,423</u>

City of New Meadows, Idaho
 Supplemental Schedule of Expenditures by Object of Expenditure -
 Budget and Actual - General Fund (continued)
 For the Year Ended September 30, 2013

	Budget	Actual	Variance
Public Safety - Police			
Attorneys	10,000	5,181	4,819
Code Enforcement	30,600	30,600	-
Maintenance and Operations	500	2,497	(1,997)
Animal Control	3,800	4,386	(586)
Total Public Safety - Police	<u>44,900</u>	<u>42,664</u>	<u>2,236</u>
Planning and Zoning			
Wages	3,000	132	2,868
Maintenance and Operations	2,000	419	1,581
Total Planning and Zoning	<u>5,000</u>	<u>551</u>	<u>4,449</u>
Emergency			
Maintenance and Operations	3,000	7,403	(4,403)
Total Emergency	<u>3,000</u>	<u>7,403</u>	<u>(4,403)</u>
 Total Expenditures	 <u>\$ 234,039</u>	 <u>\$ 252,036</u>	 <u>\$ (17,997)</u>

City of New Meadows, Idaho
Combining Balance Sheet -
Nonmajor Special Revenue Funds
September 30, 2013

	Youth Sports	Youth Park	Parks and Recreation	Total
Assets				
Cash and Cash Equivalents	\$ 115	\$ -	\$ -	\$ 115
Total Assets	\$ 115	\$ -	\$ -	\$ 115
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 115	\$ -	\$ -	\$ 115
Internal Balances	-	-	-	-
Total Liabilities	115	-	-	115
Fund Balances:				
Restricted to:				
Other Purposes	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 115	\$ -	\$ -	\$ 115

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, 2013

	Youth Sports	Youth Park	Parks and Recreation	Total
Revenues				
Grants and Donations	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Current:				
Maintenance and Operations	115	-	-	115
Insurance and Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	115	-	-	115
Excess (Deficiency) of Revenues Over Expenditures				
	(115)	-	-	(115)
Other Financing Sources (Uses)				
Transfer In	-	129	2,942	3,071
Transfer Out	(4,429)	-	-	(4,429)
Total Other Financing Sources (Uses)	(4,429)	129	2,942	(1,358)
Net Change in Fund Balances	(4,544)	129	2,942	(1,473)
Fund Balances - Beginning	4,544	(129)	(2,942)	1,473
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

FEDERAL REPORTS

Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City New Meadows, Idaho, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of New Meadow, Idaho's basic financial statements and have issued our report thereon dated December 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of New Meadow, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of New Meadow, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of City of New Meadow, Idaho's internal control.

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

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

2013-1: Segregation of Duties

Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets. The City lacks a segregation of duties over cash and cash equivalents and the reporting of transactions in these accounts. This is a result of staffing limitations necessitated by budget constraints common to a City this size. The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations. Management should look into the cost/benefit of realigning job descriptions and duties to accomplish proper internal control procedures over cash and cash equivalents and the related transactions and implement these changes accordingly, if possible.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of New Meadow, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of New Meadow, Idaho's Response to Findings

City of New Meadow, Idaho's response to the findings identified in our audit is described in the accompanying management's response to findings. City of New Meadow, Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zwysart & Associates PC

Nampa, Idaho
December 4, 2013

City of New Meadows, Idaho
Management's Response to Findings
For the Year Ended September 30, 2013

2012-3: Segregation of Duties

As soon as possible, the City will look into realigning job duties and/or adding mitigating controls to accomplish proper internal control procedures over cash and cash equivalents and the related transactions and implement these changes accordingly, if possible.