CITY OF NEW MEADOWS, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2015

Draft

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City of New Meadows, Idaho
Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 7,135	$ 205,669	$ 212,804
Receivables, Net:			
Accounts	2,616	53,861	56,477
Property Taxes	12,129	-	12,129
Other	-	-	-
Due From Other Governments	3,935	-	3,935
Employee Advances	150	-	150
Prepaid Insurance	436	436	872
Noncurrent Assets:			
Long-Term Investments	100,000	-	100,000
Restricted Investments	-	59,728	59,728
Capital Assets:			
Land and Nondepreciable Infrastructure	20,105	113,815	133,920
Depreciable Buildings, Property, and Equipment, Net	355,218	1,107,445	1,462,663
Total Capital Assets	375,323	1,221,260	1,596,583
Total Assets	501,724	1,540,954	2,042,678
Deferred Inflows			
Pension Related Items	7,183	13,944	21,127
Total Deferred Inflows	7,183	13,944	21,127
Liabilities			
Current Liabilities:			
Accounts Payable	10,972	43,202	54,174
Accrued Interest	-	1,013	1,013
Customer Deposits	-	853	853
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences	1,160	1,740	2,900
Bond Payable	-	34,727	34,727
Municipal Lease	13,942	27,882	41,824
Portion Due or Payable After One Year:			
Bond Payable	-	437,722	437,722
Municipal Lease	43,903	87,808	131,711
Net Pension Liability	16,819	23,716	40,535
Total Liabilities	86,796	658,663	745,459
Deferred Inflows			
Pension Related Items	12,218	32,648	44,866
Total Deferred Inflows	12,218	32,648	44,866
Net Position			
Invested in Capital Assets, Net of Related Debt	375,323	720,929	1,096,252
Restricted	35,341	59,728	95,069
Unrestricted (Deficit) Surplus	(771)	82,930	82,159
Total Net Position	$ 409,893	$ 863,587	$ 1,273,480

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

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City of New Meadows, Idaho
Statement of Activities
For the Year Ended September 30, 2015

		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	$ 32,311	$ 21,299	$ 2,020	$ -	$ (8,992)	$ -	$ (8,992)
Highways and Streets	63,914	-	-	-	(63,914)	-	(63,914)
Taxes and Retirement	78,542	-	-	-	(78,542)	-	(78,542)
Parks and Recreation	34,092	-	2,500	-	(31,592)	-	(31,592)
Public Safety - Police	44,537	-	-	-	(44,537)	-	(44,537)
Planning and Zoning	3,958	3,216	-	-	(742)	-	(742)
Interest on Long-term Debt	1,592	-	-	-	(1,592)	-	(1,592)
Total Governmental Activities	258,946	24,515	4,520	-	(229,911)	-	(229,911)
Business-type Activities:							
Water	169,732	165,585	-	-	-	(4,147)	(4,147)
Sewer	164,979	150,312	-	-	-	(14,667)	(14,667)
Industrial Park	31,572	17,323	-	-	-	(14,249)	(14,249)
Water Master Plan	-	-	-	-	-	-	-
Sewer Master Plan	7,702	-	-	-	-	(7,702)	(7,702)
Total Business-type Activities	373,985	333,220	-	-	-	(40,765)	(40,765)
Total Primary Government	$ 632,931	$ 357,735	$ 4,520	$ -	(229,911)	(40,765)	(270,676)
		General Revenues:					
		Property Taxes			123,301	-	123,301
		State Sources			68,484	-	68,484
		Other			8,295	-	8,295
		Unrestricted Investment Earnings			182	266	448
		Total General Revenues and Special Items			200,262	266	200,528
		Change in Net Position			(29,649)	(40,499)	(70,148)
		Net Position, Beginning, Previous			513,198	1,030,588	1,543,786
		Prior Period Adjustment			(73,656)	(126,502)	(200,158)
		Net Position, Beginning, Restated			439,542	904,086	1,343,628
		Net Position, End of Year			$ 409,893	$ 863,587	$ 1,273,480

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

City of New Meadows, Idaho
Balance Sheet -
Governmental Funds
September 30, 2015

	General	Grant Fund	Sidewalks and ADA Ramps	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 7,135	$ -	$ -	$ 7,135
Investments	-	100,000		100,000
Property Taxes Receivable, Net	12,129	-	-	12,129
Other Receivables, Net	2,616	-	-	2,616
Due From Other Governments	3,935	-	-	3,935
Employee Advances	150	-	-	150
Prepaid Insurance	436	-	-	436
Internal Balances	99,910	-	-	99,910
Total Assets	$ 126,311	$ 100,000	$ -	$ 226,311
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Internal Balances	$ -	$ 64,659	$ 35,251	99,910
Accounts Payable	10,972	-	-	10,972
Total Liabilities	10,972	64,659	35,251	110,882
Deferred Inflows				
Unavailable Revenue - Property Taxes	10,805	-		10,805
Total Deferred Inflows				
Fund Balances:				
Nonspendable:				
Prepaids	436	-	-	436
Restricted to:				
Other Purposes	-	35,341	-	35,341
Unassigned	104,098	-	(35,251)	68,847
Total Fund Balances	104,534	35,341	(35,251)	104,624
Total Liabilities, Deferred Inflows and Fund Balance	$ 126,311	$ 100,000	$ -	$ 226,311

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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, 2015

Total Fund Balances - Governmental Funds		$ 104,624
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 $43,947 accumulated depreciation	28,044	
Improvements, net of $43,064 accumulated depreciation	194,997	
Equipment, net of $144,267 accumulated depreciation	132,177	
		375,323
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.		10,805
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	(16,819)	
Pension Related Deferred Inflows	(12,218)	
Pension Related Deferred Outflows	7,183	
		(21,854)
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	(57,845)	
Compensated Absences	(1,160)	
		(59,005)
Net Position of Governmental Activities		$ 409,893

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part of the financial statements.

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City of New Meadows, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2015

	General	Grant Fund	Sidewalks and ADA Ramps	Total Governmental Funds
Revenues				
Property Taxes	$ 124,504	$ -	$ -	$ 124,504
Licenses and Permits	3,635	-	-	3,635
Intergovernmental	68,666	-	-	68,666
Grants and Donations	4,520	-	-	4,520
Earnings on Investments	182	-	-	182
Other	28,993	-	-	28,993
Total Revenues	230,500	-	-	230,500
Expenditures				
Current:				
General Administration	20,300	-	-	20,300
Highways and Streets	37,958	-	-	37,958
Wages, Taxes, and Retirement	82,278	-	-	82,278
Parks and Recreation	9,348	-	-	9,348
Public Safety - Police	44,537	-	-	44,537
Planning and Zoning	5,840	-	-	5,840
Emergency	-	-	-	-
Debt Service:				
Principal	8,602	-	-	8,602
Interest	1,881	-	-	1,881
Capital Outlay	55,734	6,307	401	62,442
Total Expenditures	266,478	6,307	401	273,186
Excess (Deficiency) of Revenues Over Expenditures	(35,978)	(6,307)	(401)	(42,686)
Other Financing Sources (Uses)				
Proceeds from Capital Lease	24,040	-	-	24,040
Total Other Financing Sources (Uses)	24,040	-	-	24,040
Net Change in Fund Balances	(11,938)	(6,307)	(401)	(18,646)
Fund Balances - Beginning, Previously	124,960	41,648	(34,850)	131,758
Prior Period Adjustment	(8,488)	-	-	(8,488)
Fund Balances - Beginning, Restate	116,472	41,648	(34,850)	123,270
Fund Balances - Ending	$ 104,534	$ 35,341	$ (35,251)	$ 104,624

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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, 2015

Total Net Change in Fund Balance - Governmental Funds		$ (18,646)
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	$ 32,240	
Depreciation Expense	(36,772)	
Disposed Assets	-	
Net		(4,532)
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.		(1,203)
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		(576)
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		13,730
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		(24,040)
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.		5,618
Change in Net Position of Governmental Activities		$ (29,649)

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City of New Meadows, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2015

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Industrial Park
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 109,533	$ 14,757	$ 81,379
Accounts Receivable, Net	28,930	23,465	1,466
Prepaid Insurance	218	218	-
Internal Balance	8,316	37,813	-
Total Current Assets	146,997	76,253	82,845
Noncurrent Assets:			
Restricted Assets:			
Long-Term Investments	26,733	32,995	-
Capital Assets:			
Land	800	113,015	-
Buildings, Net	7,386	41,830	452,791
Equipment, Net	114,336	123,759	-
Improvements, Net	83,397	283,946	-
Total Noncurrent Assets	232,652	595,545	452,791
Total Assets	379,649	671,798	535,636
Deferred Inflows			
Pension Related Items	6,972	6,972	-
Total Deferred Inflows	6,972	6,972	-
Liabilities			
Current Liabilities:			
Internal Balance	-	-	-
Accounts Payable	7,654	33,767	1,781
Accrued Interest	250	763	-
Customer Deposits	853	-	-
Compensated Absences	870	870	-
Municipal Leases Payable	13,941	13,941	-
Bonds, Notes, and Loans Payable	19,130	15,597	-
Total Current Liabilities	42,698	64,938	1,781
Noncurrent Liabilities:			
Municipal Leases Payable	43,904	43,904	-
Bonds, Notes, and Loans Payable	113,094	324,628	-
Net Pension Liability	11,858	11,858	-
Total Liabilities	211,554	445,328	1,781
Deferred Inflows			
Pension Related Items	16,324	16,324	-
Total Deferred Inflows	16,324	16,324	-
Net Position			
Invested in Capital Assets, Net of Related Debt	59,754	208,384	452,791
Restricted for Debt Service	26,733	32,995	-
Unrestricted	72,256	(24,261)	81,064
Total Net Position	$ 158,743	$ 217,118	$ 533,855

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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, 2015

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	-	-	205,669
Accounts Receivable, Net	-	-	53,861
Prepaid Insurance	-	-	436
Internal Balance	-	-	46,129
Total Current Assets	-	-	306,095
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	-	59,728
Capital Assets:			
Land	-	-	113,815
Buildings, Net	-	-	502,007
Equipment, Net	-	-	238,095
Improvements, Net	-	-	367,343
Total Noncurrent Assets	-	-	1,280,988
Total Assets	-	-	1,587,083
Deferred Inflows			
Pension Related Items	-	-	13,944
Total Deferred Inflows	-	-	13,944
Liabilities			
Current Liabilities:			
Internal Balance	8,316	37,813	46,129
Accounts Payable	-	-	43,202
Accrued Interest	-	-	1,013
Customer Deposits	-	-	853
Compensated Absences	-	-	1,740
Municipal Leases Payable	-	-	27,882
Bonds, Notes, and Loans Payable	-	-	34,727
Total Current Liabilities	8,316	37,813	155,546
Noncurrent Liabilities:			
Municipal Leases Payable	-	-	87,808
Bonds, Notes, and Loans Payable	-	-	437,722
Net Pension Liability	-	-	23,716
Total Liabilities	8,316	37,813	704,792
Deferred Inflows			
Pension Related Items	-	-	32,648
Total Deferred Inflows	-	-	32,648
Net Position			
Invested in Capital Assets, Net of Related Debt	-	-	720,929
Restricted for Debt Service	-	-	59,728
Unrestricted	(8,316)	(37,813)	82,930
Total Net Position	$ (8,316)	$ (37,813)	$ 863,587

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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, 2015

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Industrial Park
Operating Revenues			
Charges for Services	$ 165,585	$ 150,312	$ 17,323
Total Operating Revenues	165,585	150,312	17,323
Operating Expenses			
Wages	32,119	37,322	-
Taxes and Benefits	8,863	10,973	-
Training	874	708	-
Travel	601	723	-
Utilities	15,182	10,821	2,737
Attorney	2,232	5,607	-
Audit	1,467	1,467	-
Depreciation	69,853	34,648	15,934
Fuel	1,297	1,080	-
Maintenance and Operations	25,024	34,626	12,863
Professional Services	2,473	7,488	38
Total Operating Expenses	159,985	145,463	31,572
Operating Income (Loss)	5,600	4,849	(14,249)
Nonoperating Revenues (Expenses)			
Interest Earned	113	84	69
Interest Expense	(9,747)	(19,516)	-
Grants and Donations	-	-	-
Total Nonoperating Revenues (Expenses)	(9,634)	(19,432)	69
Change in Net Position	(4,034)	(14,583)	(14,180)
Net Position - Beginning, Previously Stated	226,028	294,952	548,035
Prior Period Adjustment	(63,251)	(63,251)	-
Net Position - Beginning, Restated	162,777	231,701	548,035
Net Position - Ending	$ 158,743	$ 217,118	$ 533,855

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City of New Meadows, Idaho
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds (continued)
For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Operating Revenues			
Charges for Services	$ -	$ -	$ 333,220
Total Operating Revenues	-	-	333,220
Operating Expenses			
Wages	-	-	69,441
Taxes and Benefits	-	-	19,836
Training	-	-	1,582
Travel	-	-	1,324
Utilities	-	-	28,740
Attorney	-	-	7,839
Audit	-	-	2,934
Depreciation	-	-	120,435
Fuel	-	-	2,377
Maintenance and Operations	-	-	72,513
Professional Services	-	7,702	17,701
Total Operating Expenses	-	7,702	344,722
Operating Income (Loss)	-	(7,702)	(11,502)
Nonoperating Revenues (Expenses)			
Interest Earned	-	-	266
Interest Expense	-	-	(29,263)
Grants and Donations	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	(28,997)
Change in Net Position	-	(7,702)	(40,499)
Net Position - Beginning, Previously Stated	(8,316)	(30,111)	1,030,588
Prior Period Adjustment	-	-	(126,502)
Net Position - Beginning	(8,316)	(30,111)	904,086
Net Position - Ending	$ (8,316)	$ (37,813)	$ 863,587

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City of New Meadows, Idaho
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Industrial Park
Cash Flows From Operating Activities			
Charges for Services	$ 160,766	$ 154,064	$ 16,810
Payments to Suppliers for Goods and Services	(52,129)	(31,522)	(13,939)
Payments to Employees for Services	(82,591)	(89,904)	-
Net Cash Provided (Used) by Operating Activities	26,046	32,638	2,871
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	(26,650)	(58,749)	-
Principal Paid on Capital Debt	(74,685)	(71,181)	-
Interest Paid on Capital Debt	(9,951)	(19,717)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(44,665)	(83,026)	-
Cash Flows From Investing Activities			
Proceeds from Sale of Investments	-	6,605	-
Interest and Dividends	113	84	69
Net Cash Provided (Used) by Investing Activites	113	6,689	69
Net Increase (Decrease) in Cash and Cash Equivalents	(18,506)	(43,699)	2,940
Cash and Cash Equivalents, Beginning	99,768	59,682	78,439
Cash and Cash Equivalents, Ending	$ 81,262	$ 15,983	$ 81,379
Displayed As:			
Cash	$ 109,533	$ 14,757	$ 81,379
Internal Balances	8,316	37,813	-
	$ 117,849	$ 52,570	$ 81,379

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part of the financial statements.

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City of New Meadows, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Cash Flows From Operating Activities			
Charges for Services	$ -	$ -	$ 331,640
Payments to Suppliers for Goods and Services	-	(8,070)	(105,660)
Payments to Employees for Services	-	-	(172,495)
Net Cash Provided (Used) by Operating Activities	-	(8,070)	53,485
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities			
Debt Proceeds	-	-	133,242
Purchase of Capital Assets	-	-	(85,399)
Principal Paid on Capital Debt	-	-	(145,866)
Interest Paid on Capital Debt	-	-	(29,668)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(127,691)
Cash Flows From Investing Activities			
Proceeds from Sale of Investments	-	-	6,605
Interest and Dividends	-	-	266
Net Cash Provided (Used) by Investing Activites	-	-	6,871
Net Increase (Decrease) in Cash and Cash Equivalents	-	(8,070)	(67,335)
Cash and Cash Equivalents, Beginning	(8,316)	(29,743)	199,830
Cash and Cash Equivalents, Ending	$ (8,316)	$ (37,813)	$ 132,495
Displayed As:			
Cash	$ -	$ -	$ 205,669
Internal Balances	(8,316)	(37,813)	-
	$ (8,316)	$ (37,813)	$ 205,669

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part of the financial statements.

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City of New Meadows, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2015

	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)	$ 5,600	$ 4,849	$ (14,249)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	69,853	34,648	15,934
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(4,588)	3,796	(513)
(Increase) Decrease in Prepaid Expenses	-	-	
(Increase) Decrease in Deferred Outflows	(2,819)	(2,819)	
Increase (Decrease) in Accounts Payable	(2,979)	30,998	1,699
Increase (Decrease) in Customer Deposits	(231)	(44)	-
Increase (Decrease) in Compensated Absences	432	432	-
Increase (Decrease) in Net Pension Liability	(55,546)	(55,546)	
Increase (Decrease) in Deferred Inflows	16,324	16,324	
Net Cash Provided by Operating Activities	$ 26,046	$ 32,638	$ 2,871

Draft

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, 2015

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ -	$ (7,702)	$ (11,502)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	120,435
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	-	(1,305)
(Increase) Decrease in Prepaid Expense	-	-	-
(Increase) Decrease in Deferred Outflows	-	-	(5,638)
Increase (Decrease) in Accounts Payable	-	(368)	29,350
Increase (Decrease) in Customer Deposits	-	-	(275)
Increase (Decrease) in Compensated Absences	-	-	864
Increase (Decrease) in Net Pension Liability	-	-	(111,092)
Increase (Decrease) in Deferred Inflows	-	-	32,648
Net Cash Provided by Operating Activities	$ -	$ (8,070)	$ 53,485

Draft

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

<u>Basis of Accounting</u>

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

<u>Fund Balance Reporting in Governmental Funds</u>

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 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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition 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.

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
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, 2015, there was no allowance.

Pensions

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

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Pronouncements

In June 2014, the GASB issued statement No. 68, Accounting and Financial Reporting for Pensions. Beginning with fiscal year 2015, the City implemented the provisions of this statement, which establishes accounting standards and financial reporting standards for pension related items. Implementation of this new statement resulted in a restatement of beginning net position in the City's government-wide financial statements (see note 13)

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, 2015, the carrying amount of the City's deposits was $66,387 and the respective bank balances totaled $79,471. 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, 2015, 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.

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2. CASH AND INVESTMENTS (continued)

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.

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, 2015, are summarized below:

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less Than 1	1 - 5
External Investment Pool	$ 146,417	$ 146,417	$ -
Certificate of Deposits	159,728	-	159,728
Total	$ 306,145	$ 146,417	$ 159,728

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	$ (76,261)	$ 142,648	$ 66,387
Investments categorized as deposits	83,396	63,021	146,417
Restricted Investments	-	59,728	59,728
Long-term Investments	100,000	-	100,000
	$ 107,135	$ 265,397	$ 372,532

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of $3,935.

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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, 2015, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2015, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

6. PENSION PLAN

Plan Description

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

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

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6. PENSION PLAN (continued)

Employee membership data related to the PERSI Base Plan, as of September 30, 2015 was as follows:

Retirees and beneficiaries currently receiving benefits	40,776
Terminated employees entitled to but not yet receiving benefits	11,504
Active plan members	66,223
	118,503

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and

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

Member and Employer Contributions

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

The contribution rates for employees are set by stature at 60% (72%) of the employer rate. As of September 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The City of New Meadows, Idaho's contributions were $14,339 the year ended September 30, 2015.

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

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6. PENSION PLAN (continued)

At September 30, 2015, the City of New Meadows, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of New Meadows, Idaho's proportion of the net pension liability was based on the City of New Meadows, Idaho's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the City of New Meadows, Idaho's proportion was 0.0048814 percent.

For the year ended September 30, 2015, the City of New Meadows, Idaho recognized pension revenue of $24,000. At September 30, 2015, the City of New Meadows, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual	$ -	$ 4,461
Changes in assumptions or other inputs	2,991	-
Net difference between projected and actual earnings on pension plan investments	-	45,008
City of New Meadows, Idaho's contributions subsequent to the measurement date	18,135	
Total	$ 21,126	$ 49,469

$18,135 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2015.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013, the beginning of the measurement period ended June 30, 2014, is 5.6 years.

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6. PENSION PLAN (continued)

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

For the Year Ended September 30:	PERSI
2016	$ (25,309)
2017	(25,309)
2018	(25,309)
2019	(25,309)
2020	(419)

Actuarial Assumptions

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

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expense
Cost-of-living	1%

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

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries

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

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6. PENSION PLAN (continued)

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions.

Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

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

Discount Rate

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

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6. PENSION PLAN (continued)

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

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			**7.10%**

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

	1% Decrease	**Current Discount Rate (7.10%)**	**1% Increase**
Employer's proportionate share of the net pension liability	$ 272,948	$ 78,598	$ (82,963)

Pension plan fiduciary net position

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

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

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7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015, was as follows:

	Balance 9/30/2014	Additions	Disposals	Balance 9/30/2015
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 20,105	$ -	$ -	$ 20,105
Capital Assets Being Depreciated:				
Buildings	71,108	-	-	71,108
Improvements	238,944	-	-	238,944
Equipment	244,204	32,240	-	276,444
Total Depreciable Assets	554,256	32,240	-	586,496
Less Accumulated Depreciation:				
Buildings	41,372	2,575	-	43,947
Improvements	20,371	22,693	-	43,064
Equipment	132,763	11,504	-	144,267
Total Acc. Depr.	194,506	36,772	-	231,278
Net Depreciable Assets	359,750	(4,532)	-	355,218
Governmental Activities Capital Assets - Net	$ 379,855	$ (4,532)	$ -	$ 375,323
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 81,716	$ -	$ -	$ 81,716
Construction in Progress	-	32,099	-	32,099
	81,716	32,099	-	113,815
Capital Assets Being Depreciated:				
Buildings	739,576	-	-	739,576
Improvements	2,458,552	-	-	2,458,552
Equipment	430,435	53,283	-	483,718
Total Depreciable Assets	3,628,563	53,283	-	3,681,846
Less Accumulated Depreciation:				
Buildings	219,532	18,037	-	237,569
Improvements	2,021,567	69,643	-	2,091,210
Equipment	212,883	32,755	-	245,638
Total Acc. Depr.	2,453,982	120,435	-	2,574,417
Net Depreciable Assets	1,174,581	(67,152)	-	1,107,429

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7. CAPITAL ASSETS (continued)

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

Governmental Activities:	
General Administration	$ 2,574
Highways and Streets	11,767
Parks and Recreation	22,431
	$ 36,772
Business-type Activities:	
Water	$ 69,853
Sewer	34,648
Industrial Park	15,934
	$ 120,435

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, 2015, are as follows:

	9/30/2014	Increase	Decrease	9/30/2015	Current Portion
Governmental Activities	$ 584	$ 2,532	$ (1,956)	$ 1,160	$ 1,160
Business-type Activities	876	3,798	(1,956)	1,740	1,740
	$ 1,460	$ 6,330	$ (3,912)	$ 2,900	$ 2,900

9. DEFICIT FUND BALANCE

At September 30, 2015, the Sidewalks and ADA ramps fund, a major fund had a deficit fund balance of $35,251.

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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
2016	$ 1,368
2017	1,254
	$ 2,622

Rent expenditures for the year ended September 30, 2015, 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 grader 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)	(45,044)
	$ 87,110

Changes in long-term obligations for the year ended September 30, 2015, are as follows:

Description	Maturity	Rate	Required Reserve	9/30/2014	Increase	Decrease	9/30/2015	Current Portion
Governmental Activities:								
Grader Lease	2018	3.30%	N/A	$ 47,535	$ -	$ (8,891)	$ 38,644	$ 9,163
Back Hoe	2019	4.50%	N/A	-	24,040	(4,839)	19,201	4,779
				$ 47,535	$ 24,040	$ (13,730)	$ 57,845	$ 13,942
Business-type Activities:								
Water Bond	2020	5.75%	$26,733	$ 150,598	$ -	$ 18,374	$132,224	$ 19,094
Sewer Bond	2029	5.13%	$32,995	355,095	-	(14,871)	340,224	15,597
Back Hoe	2019	4.50%	N/A	-	48,080	(9,678)	38,402	9,557
Grader Lease	2018	3.30%	N/A	95,070	-	(17,782)	77,288	18,327
				$ 600,763	$ 48,080	$ (23,957)	$588,138	$ 62,575

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11. 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, 2015, are as follows:

Year Ending	Bonds and Notes			Municipal Leases		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2016	$ 34,728	$ 25,000	$ 59,728	41,826	4,142	45,968
2017	36,627	23,101	59,728	42,867	3,100	45,967
2018	38,631	21,097	59,728	43,866	2,101	45,967
2019	40,744	18,984	59,728	44,974	922	45,896
2020	67,896	16,754	84,650	2	-	2
2021-2025	110,931	54,044	164,975	-	-	-
2026-2029	142,890	20,956	163,846	-	-	-
	$ 472,447	$ 179,936	$ 652,383	$ 173,535	$ 10,265	$ 183,800

Interest expense for the year was $30,855 for business-type activities. No interest was capitalized.

11. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at September 30, 2015, consist of the following:

$ 8,316	Due to the Water fund from the Water Master Plan fund representing short-term loans to cover cash overdrafts.
37,813	Due to the Sewer fund from the Sewer Master Plan fund representing short-term loans to cover cash overdrafts.
64,659	Due to the General fund from the Grant fund representing short-term loans to cover cash overdrafts.
35,251	Due to the General fund from the Sidewalks and ADA Ramps fund representing short-term loans to cover cash overdrafts.
$ 146,039	

12. OTHER COMMITMENTS

The City also has five credit cards available for use. As of September 30, 2015, credit available on these credit cards totaled $10,000, of which $1,394 was in use.

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13. RESTATEMENT

As mentioned in Note 1 to the financial statements, the City implemented GASB statement No. 68. The provisions of this statement required that the District's portion of Net Pension Liability and Deferred Inflows and Outflows from pension related items be reported on the Statement of Net Position.

In prior periods Due from Other Governments was overstated causing Fund Balance and Net Position to be overstated as well.

These changes caused Net Position and Fund Balance to be restated as follows:

	Governmental Funds
Fund Balance - As Previously Stated	$ 131,757
Decrease in Fund Balances due to Due From Other Governments overstated	(8,488)
Net Position, Beginning - Restated	$ 123,269

	Governmental Activities
Net Position, Beginning - As Previously Stated	$ 475,502
Decrease in Net Position due to Due From Other Governments overstated	(8,488)
Decrease in Net Position due to Net Pension Liability	(69,447)
Increase in Net Position due to Deferred Outflows from Pension Related Items	4,279
Net Position, Beginning - Restated	$ 401,846

	Business-Type Activities
Net Position, Beginning - As Previously Stated	$ 957,414
Decrease in Net Position due to Net Pension Liability	(134,808)
Increase in Net Position due to Deferred Outflows from Pension Related Items	8,306
Net Position, Beginning - Restated	$ 830,912

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REQUIRED SUPPLEMENTARY INFORMATION

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City of New Meadows, Idaho
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 112,631	$ 112,631	$ 124,504	$ 11,873
Licenses and Permits	5,065	5,065	3,635	(1,430)
Intergovernmental	93,375	93,375	68,666	(24,709)
Grants and Donations	89,810	89,810	4,520	(85,290)
Earnings on Investments	106	106	182	76
Other	41,113	41,113	28,993	(12,120)
Total Revenues	342,100	342,100	230,500	(111,600)
Expenditures				
Current:				
General Administration	21,697	21,697	20,300	1,397
Highways and Streets	44,350	44,350	37,958	6,392
Wages, Taxes, and Retirement	79,536	79,536	82,278	(2,742)
Parks and Recreation	12,740	12,740	9,348	3,392
Public Safety - Police	44,471	44,471	44,537	(66)
Planning and Zoning	3,000	3,000	5,840	(2,840)
Emergency	-	-	-	-
Debt Service:				
Principal	8,603	8,603	8,602	1
Interest	1,881	1,881	1,881	-
Capital Outlay	125,822	125,822	55,734	70,088
Total Expenditures	342,100	342,100	266,478	75,622
Excess (Deficiency) of Revenues Over Expenditures	-	-	(35,978)	(35,978)
Other Financing Sources (Uses)				
Proceeds from Capital Lease	-	-	24,040	(24,040)
Total Other Financing Sources (Uses)	-	-	24,040	(24,040)
Net Change in Fund Balances	-	-	(11,938)	(11,938)
Fund Balances - Beginning, Previous	-	-	124,960	124,960
Prior Period Adjustment	-	-	(8,488)	(8,488)
Fund Balances - Beginning, Restated	-	-	116,472	116,472
Fund Balances - Ending	$ -	$ -	$ 104,534	$ 104,534

Draft

City of New Meadows, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Grant Fund
For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Grants and Donations	$ 143,386	$ 143,386	$ -	$ (143,386)
Earnings on Investments	-	-	-	-
Total Revenues	143,386	143,386	-	(143,386)
Expenditures				
Capital Outlay	143,386	143,386	6,307	137,079
Total Expenditures	143,386	143,386	6,307	137,079
Net Change in Fund Balances	-	-	(6,307)	(6,307)
Fund Balances - Beginning	-	-	41,648	41,648
Fund Balances - Ending	$ -	$ -	$ 35,341	$ 35,341

Draft

City of New Meadows, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Sidewalks and ADA Ramps Fund
For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Grants and Donations	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Capital Outlay	-	-	401	(401)
Total Expenditures	-	-	401	(401)
Net Change in Fund Balances	-	-	(401)	(401)
Fund Balances - Beginning	-	-	(34,850)	(34,850)
Fund Balances - Ending	$ -	$ -	$ (35,251)	$ (35,251)

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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 Clerk, 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 Sidewalk and ADA ramp fund had expenditures in excess of appropriations in the amount of $401

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City of New Meadows, Idaho

Schedule of the City's Proportionate Share of the Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2015
District proportion of the net pension liability (asset)	1.0676800%
District's proportionate share of the net pension liability (asset)	$ 78,598
District's covered-employee payroll	$ 126,667
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	62.05%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

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

Data reported is measured as of July 1, 2014

City of New Meadows, Idaho
Schedule of City Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2015
Contractually required contributions	$ 14,339
Contributions in relation to the contractually required contribution	14,339
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 126,667
Contributions as a percentage of covered-employee payroll	11.32%

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

Data reported is measured as of September 30, 2015

SUPPLEMENTAL INFORMATION

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City of New Meadows, Idaho
Supplemental Schedule of Revenues by Source -
Budget and Actual - General Fund
For the Year Ended September 30, 2015

	Budget	Actual	Variance
Taxes			
Property Taxes	$ 112,631	$ 124,504	$ 11,873
Licenses and Permits			
Building Permits	1,148	790	(358)
Dog Licenses	710	792	82
City Liquor	2,825	2,050	(775)
Review and Solid Waste Fees	382	3	(379)
Total Licenses and Permits	5,065	3,635	(1,430)
Intergovernmental			
City Street Tax	17,500	-	(17,500)
State Revenue Sharing	15,299	16,211	912
State Highway Users	16,104	15,870	(234)
State Liquor Fees	26,190	22,921	(3,269)
State Sales Tax	18,282	13,664	(4,618)
Total Intergovernmental	93,375	68,666	(24,709)
Other			
Miscellaneous	-	152	152
Franchise Fees	18,300	17,664	(636)
Local Option Tax	15,013	-	(15,013)
Dividends/Refunds	200	610	410
Donations	24,760	2,020	(22,740)
Planning and Zoning	100	3,216	3,116
Interest	106	182	76
Special Fees	-	340	340
Fines	7,500	7,011	(489)
Grants	65,050	2,500	(62,550)
Total Other	131,029	33,695	(97,334)
Total Revenue	$ 342,100	$ 230,500	$ (111,600)

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City of New Meadows, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget and Actual - General Fund
For the Year Ended September 30, 2015

	Budget	Actual	Variance
General Administration			
Training	$ 1,500	$ 582	$ 918
Travel	1,700	1,449	251
Attorney	1,000	704	296
Utilities	1,630	1,671	(41)
Insurance	8,539	8,539	-
Audit	1,467	1,467	-
Maintenance and Operations	5,000	5,888	(888)
Building Inspection	861	-	861
Capital Outlay	4,000	2,153	1,847
Total General Administration	25,697	22,453	3,244
Highways and Streets			
Maintenance and Operations	30,250	24,632	5,618
Utilities	9,600	9,401	199
Fuel	4,500	3,925	575
Capital Outlay	22,072	50,268	(28,196)
Total Highways and Streets	66,422	88,226	(21,804)
Wages, Taxes, and Retirement			
Wages	48,168	51,681	(3,513)
Mayor and Council	6,600	4,950	1,650
Medical Insurance	12,640	13,212	(572)
Retirement	6,092	6,702	(610)
State Insurance	1,050	830	220
Social Security	3,636	4,043	(407)
Medicare	850	860	(10)
Unemployment	500	-	500
Total Taxes and Retirement	79,536	82,278	(2,742)
Parks and Recreation			
Utilities	5,340	3,825	1,515
Maintenance and Operations	7,400	5,523	1,877
Park Improvements	99,750	3,313	96,437
Total Parks and Recreation	112,490	12,661	99,829

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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, 2015

	Budget	Actual	Variance
Public Safety - Police			
Attorneys	10,000	6,690	3,310
Code Enforcement	30,600	33,660	(3,060)
Maintenance and Operations	-	2,156	(2,156)
Animal Control	3,871	2,031	1,840
Total Public Safety - Police	44,471	44,537	(66)
Planning and Zoning			
Wages	1,700	1,882	(182)
Professional Services	800	3,625	(2,825)
Maintenance and Operations	500	333	167
Total Planning and Zoning	3,000	5,840	(2,840)
Debt Service			
Principal	8,603	8,602	1
Interest	1,881	1,881	-
Total Debt Service	10,484	10,483	1
Total Expenditures	$ 342,100	$ 266,478	$ 75,622

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FEDERAL REPORTS

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Millington Zwygart
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Preformed 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, 2015, 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 2, 2014.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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.

Millington Zwygart CPAs, PLLC

Caldwell, Idaho
December 2, 2014

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