

CITY OF NEW MEADOWS, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2016

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	15
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	37
Grant Fund	38
Sidewalks and ADA Ramps Fund	39

	<u>Page</u>
Notes to Required Supplementary Information	40
Schedule of the City's Proportionate Share of the Net Pension Liability	41
Schedule of City Contributions	42
SUPPLEMENTAL INFORMATION	
Supplemental Schedule of Revenues by Source - Budget and Actual - General Fund	43
Supplemental Schedule of Expenditures by Object of Expenditure - Budget and Actual - General Fund	44
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 <i>Government Auditing Standards</i>	46



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, 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, 2016, 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, schedule of City's proportionate share of Net Pension Liability, and schedule of City contributions on pages 37 through 42 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 6, 2016, 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.

Millington Zwyzart CPAs, PLLC

Caldwell
December 6, 2016

City of New Meadows, Idaho
Statement of Net Position
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 46,270	\$ 163,932	\$ 210,202
Investments	100,000		100,000
Receivables, Net:			
Accounts	721	65,930	66,651
Property Taxes	18,549	-	18,549
Other	-	-	-
Due From Other Governments	3,136	-	3,136
Employee Advances	649	-	649
Prepaid Insurance	271	542	813
Noncurrent Assets:			
Restricted Investments	-	59,728	59,728
Capital Assets:			
Land and Construction in Progress	149,520	349,858	499,378
Depreciable Buildings, Property, and Equipment, Net	317,265	993,874	1,311,139
Total Capital Assets	<u>466,785</u>	<u>1,343,732</u>	<u>1,810,517</u>
Total Assets	<u>636,381</u>	<u>1,633,864</u>	<u>2,270,245</u>
Deferred Outflows			
Pension Related Items	17,741	34,438	52,179
Total Deferred Inflows	<u>17,741</u>	<u>34,438</u>	<u>52,179</u>
Liabilities			
Current Liabilities:			
Accounts Payable	71,824	5,394	77,218
Accrued Interest	-	1,013	1,013
Customer Deposits	-	1,478	1,478
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences	10,550	15,826	26,376
Bond Payable	-	36,627	36,627
Municipal Lease	14,289	28,576	42,865
Portion Due or Payable After One Year:			
Bond Payable	-	400,331	400,331
Municipal Lease	29,614	59,230	88,844
Net Pension Liability	32,061	62,238	94,299
Total Liabilities	<u>158,338</u>	<u>610,713</u>	<u>769,051</u>
Deferred Inflows			
Pension Related Items	10,486	20,356	30,842
Total Deferred Inflows	<u>10,486</u>	<u>20,356</u>	<u>30,842</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	466,785	818,968	1,285,753
Restricted	5,925	59,728	65,653
Unrestricted (Deficit) Surplus	12,588	158,537	171,125
Total Net Position	<u>\$ 485,298</u>	<u>\$ 1,037,233</u>	<u>\$ 1,522,531</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, 2016

	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	\$ 44,951	\$ 21,520	\$ 5,431	\$ 100,000	\$ 82,000	\$ -	\$ 82,000
Highways and Streets	83,209	-	-	-	(83,209)	-	(83,209)
Wages, Taxes, and Retirement	78,103	-	-	-	(78,103)	-	(78,103)
Parks and Recreation	21,089	-	1,011	-	(20,078)	-	(20,078)
Public Safety - Police	40,969	-	-	-	(40,969)	-	(40,969)
Planning and Zoning	958	1,697	-	-	739	-	739
Interest on Long-term Debt	1,380	-	-	-	(1,380)	-	(1,380)
Total Governmental Activities	270,659	23,217	6,442	100,000	(141,000)	-	(141,000)
Business-type Activities:							
Water	193,817	165,505	-	8,992	-	(19,320)	(19,320)
Sewer	216,812	194,095	-	230,852	-	208,135	208,135
Industrial Park	32,459	19,114	-	-	-	(13,345)	(13,345)
Water Master Plan	-	-	-	-	-	-	-
Sewer Master Plan	900	-	-	3,988	-	3,088	3,088
Total Business-type Activities	443,988	378,714	-	243,832	-	178,558	178,558
Total Primary Government	\$ 714,647	\$ 401,931	\$ 6,442	\$ 343,832	(141,000)	178,558	37,558
General Revenues:							
Property Taxes					124,946	-	124,946
State Sources					81,161	-	81,161
Other					12,483	-	12,483
Gain/(Loss) on Sale of Assets					-	(645)	(645)
Unrestricted Investment Earnings					132	228	360
Total General Revenues and Special Items					218,722	(417)	218,305
Change in Net Position					77,722	178,141	255,863
Net Position, Beginning, Previous					409,890	863,588	1,273,478
Prior Period Adjustment					(2,314)	(4,496)	(6,810)
Net Position, Beginning, Restated					407,576	859,092	1,266,668
Net Position, End of Year					\$ 485,298	\$ 1,037,233	\$ 1,522,531

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

City of New Meadows, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2016

	General	Grant Fund	Sidewalks and ADA Ramps	Total Governmenta I Funds
Assets				
Cash and Cash Equivalents	\$ 46,270	\$ -	\$ -	\$ 46,270
Investments	-	100,000		100,000
Property Taxes Receivable, Net	18,549	-	-	18,549
Other Receivables, Net	721	-	-	721
Due From Other Governments	3,136	-	-	3,136
Employee Advances	649	-	-	649
Prepaid Insurance	271	-	-	271
Internal Balances	66,088	-	-	66,088
Total Assets	\$ 135,684	\$ 100,000	\$ -	\$ 235,684
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Internal Balances	\$ -	\$ 30,836	\$ 35,252	66,088
Accounts Payable	8,585	63,239	-	71,824
Total Liabilities	8,585	94,075	35,252	137,912
Deferred Inflows				
Unavailable Revenue - Property Taxes	15,390	-		15,390
Total Deferred Inflows				
Fund Balances:				
Nonspendable:				
Prepays	271	-	-	271
Restricted to:				
Other Purposes	-	5,925	-	5,925
Unassigned	111,438	-	(35,252)	76,186
Total Fund Balances	111,709	5,925	(35,252)	82,382
Total Liabilities, Deferred Inflows and Fund Balance	\$ 135,684	\$ 100,000	\$ -	\$ 235,684

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, 2016

Total Fund Balances - Governmental Funds \$ 82,382

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	\$ 149,520	
Buildings, net of \$46,524 accumulated depreciation	24,584	
Improvements, net of \$51,936 accumulated depreciation	187,008	
Equipment, net of \$155,771 accumulated depreciation	<u>105,673</u>	
		466,785

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. 15,390

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	\$ (32,061)	
Pension Related Deferred Inflows	(10,486)	
Pension Related Deferred Outflows	<u>17,741</u>	
		(24,806)

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	\$ (43,903)	
Compensated Absences	<u>(10,550)</u>	
		<u>(54,453)</u>

Net Position of Governmental Activities \$ 485,298

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, 2016

	General	Grant Fund	Sidewalks and ADA Ramps	Total Governmental Funds
Revenues				
Property Taxes	\$ 120,361	\$ -	\$ -	\$ 120,361
Licenses and Permits	4,466	-	-	4,466
Intergovernmental	81,293	-	-	81,293
Grants and Donations	6,442	100,000	-	106,442
Earnings on Investments	132	-	-	132
Other	31,102	-	-	31,102
Total Revenues	<u>243,796</u>	<u>100,000</u>	<u>-</u>	<u>343,796</u>
Expenditures				
Current:				
General Administration	38,068	-	-	38,068
Highways and Streets	59,704	-	-	59,704
Wages, Taxes, and Retirement	68,075	-	-	68,075
Parks and Recreation	8,413	-	-	8,413
Public Safety - Police	40,969	-	-	40,969
Planning and Zoning	958	-	-	958
Emergency	-	-	-	-
Debt Service:				
Principal	13,941	-	-	13,941
Interest	1,381	-	-	1,381
Capital Outlay	5,111	129,415	-	134,526
Total Expenditures	<u>236,620</u>	<u>129,415</u>	<u>-</u>	<u>366,035</u>
Net Change in Fund Balances	7,176	(29,415)	-	(22,239)
Fund Balances - Beginning	<u>104,533</u>	<u>35,340</u>	<u>(35,252)</u>	<u>104,621</u>
Fund Balances - Ending	<u>\$ 111,709</u>	<u>\$ 5,925</u>	<u>\$ (35,252)</u>	<u>\$ 82,382</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, 2016

Total Net Change in Fund Balance - Governmental Funds \$ (22,239)

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	\$ 129,415	
Depreciation Expense	<u>(37,953)</u>	
Net		91,462

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. 4,585

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	(9,390)
----------------------	---------

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	13,942
--------------------------	--------

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. (638)

Change in Net Position of Governmental Activities	<u><u>\$ 77,722</u></u>
---	-------------------------

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

City of New Meadows, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Industrial Park
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 81,103	\$ 1,074	\$ 81,755
Accounts Receivable, Net	31,535	32,186	2,209
Prepaid Insurance	271	271	-
Internal Balance	8,316	34,725	-
Total Current Assets	<u>121,225</u>	<u>68,256</u>	<u>83,964</u>
Noncurrent Assets:			
Restricted Assets:			
Long-Term Investments	26,733	32,995	-
Capital Assets:			
Land	800	80,916	-
Construction in Progress	38,281	229,861	-
Buildings, Net	6,411	40,073	436,857
Equipment, Net	92,492	92,638	-
Improvements, Net	44,292	281,111	-
Total Noncurrent Assets	<u>209,009</u>	<u>757,594</u>	<u>436,857</u>
Total Assets	<u>330,234</u>	<u>825,850</u>	<u>520,821</u>
Deferred Outflows			
Pension Related Items	17,219	17,219	-
Total Deferred Inflows	<u>17,219</u>	<u>17,219</u>	<u>-</u>
Liabilities			
Current Liabilities:			
Internal Balance	-	-	-
Accounts Payable	2,851	2,324	219
Accrued Interest	250	763	-
Customer Deposits	1,478	-	-
Compensated Absences	7,913	7,913	-
Municipal Leases Payable	14,288	14,288	-
Bonds, Notes, and Loans Payable	20,230	16,397	-
Total Current Liabilities	<u>47,010</u>	<u>41,685</u>	<u>219</u>
Noncurrent Liabilities:			
Municipal Leases Payable	29,615	29,615	-
Bonds, Notes, and Loans Payable	92,864	307,467	-
Net Pension Liability	31,119	31,119	-
Total Liabilities	<u>200,608</u>	<u>409,886</u>	<u>219</u>
Deferred Inflows			
Pension Related Items	10,178	10,178	-
Total Deferred Inflows	<u>10,178</u>	<u>10,178</u>	<u>-</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	25,279	356,832	436,857
Restricted for Debt Service	26,733	32,995	-
Unrestricted	84,655	33,178	83,745
Total Net Position	<u>\$ 136,667</u>	<u>\$ 423,005</u>	<u>\$ 520,602</u>

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, 2016

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ 163,932
Accounts Receivable, Net	-	-	65,930
Prepaid Insurance	-	-	542
Internal Balance	-	-	43,041
Total Current Assets	<u>-</u>	<u>-</u>	<u>273,445</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	-	59,728
Capital Assets:			
Land	-	-	81,716
Construction in Progress	-	-	268,142
Buildings, Net	-	-	483,341
Equipment, Net	-	-	185,130
Improvements, Net	-	-	325,403
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,403,460</u>
Total Assets	<u>-</u>	<u>-</u>	<u>1,676,905</u>
Deferred Outflows			
Pension Related Items	-	-	34,438
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>34,438</u>
Liabilities			
Current Liabilities:			
Internal Balance	8,316	34,725	43,041
Accounts Payable	-	-	5,394
Accrued Interest	-	-	1,013
Customer Deposits	-	-	1,478
Compensated Absences	-	-	15,826
Municipal Leases Payable	-	-	28,576
Bonds, Notes, and Loans Payable	-	-	36,627
Total Current Liabilities	<u>8,316</u>	<u>34,725</u>	<u>131,955</u>
Noncurrent Liabilities:			
Municipal Leases Payable	-	-	59,230
Bonds, Notes, and Loans Payable	-	-	400,331
Net Pension Liability	-	-	62,238
Total Liabilities	<u>8,316</u>	<u>34,725</u>	<u>653,754</u>
Deferred Inflows			
Pension Related Items	-	-	20,356
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>20,356</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	-	-	818,968
Restricted for Debt Service	-	-	59,728
Unrestricted	(8,316)	(34,725)	158,537
Total Net Position	<u>\$ (8,316)</u>	<u>\$ (34,725)</u>	<u>\$ 1,037,233</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
For the Year Ended September 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Industrial Park</u>
Operating Revenues			
Charges for Services	\$ 165,505	\$ 194,095	\$ 19,114
Total Operating Revenues	<u>165,505</u>	<u>194,095</u>	<u>19,114</u>
Operating Expenses			
Wages	42,511	45,694	-
Taxes and Benefits	15,835	16,957	-
Training	717	742	-
Travel	897	1,038	-
Utilities	14,186	17,681	1,941
Attorney	1,119	1,119	-
Audit	1,483	1,483	-
Depreciation	61,279	35,713	15,934
Fuel	1,091	944	-
Maintenance and Operations	43,978	73,580	14,584
Water Master Plan	(1)	-	-
Professional Services	1,800	3,908	-
Total Operating Expenses	<u>184,895</u>	<u>198,859</u>	<u>32,459</u>
Operating Income (Loss)	<u>(19,390)</u>	<u>(4,764)</u>	<u>(13,345)</u>
Nonoperating Revenues (Expenses)			
Interest Earned	137	-	91
Interest Expense	(8,922)	(17,953)	-
Grants and Donations	8,992	230,852	-
Gain/(Loss) on Sale of Assets	(645)	-	-
Total Nonoperating Revenues (Expenses)	<u>(438)</u>	<u>212,899</u>	<u>91</u>
Change in Net Position	<u>(19,828)</u>	<u>208,135</u>	<u>(13,254)</u>
Net Position - Beginning, Previously Stated	158,743	217,118	533,856
Prior Period Adjustment	<u>(2,248)</u>	<u>(2,248)</u>	<u>-</u>
Net Position - Beginning, Restated	<u>156,495</u>	<u>214,870</u>	<u>533,856</u>
Net Position - Ending	<u>\$ 136,667</u>	<u>\$ 423,005</u>	<u>\$ 520,602</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, 2016

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Operating Revenues			
Charges for Services	\$ -	\$ -	\$ 378,714
Total Operating Revenues	-	-	378,714
Operating Expenses			
Wages	-	-	88,205
Taxes and Benefits	-	-	32,792
Training	-	-	1,459
Travel	-	-	1,935
Utilities	-	-	33,808
Attorney	-	-	2,238
Audit	-	-	2,966
Depreciation	-	-	112,926
Fuel	-	-	2,035
Maintenance and Operations	-	-	132,142
Water Master Plan	-	-	(1)
Professional Services	-	900	6,608
Total Operating Expenses	-	900	417,113
Operating Income (Loss)	-	(900)	(38,399)
Nonoperating Revenues (Expenses)			
Interest Earned	-	-	228
Interest Expense	-	-	(26,875)
Grants and Donations	-	3,988	243,832
Gain/(Loss) on Sale of Assets	-	-	(645)
Total Nonoperating Revenues (Expenses)	-	3,988	216,540
Change in Net Position	-	3,088	178,141
Net Position - Beginning, Previously Stated	(8,316)	(37,813)	863,588
Prior Period Adjustment	-	-	(4,496)
Net Position - Beginning	(8,316)	(37,813)	859,092
Net Position - Ending	\$ (8,316)	\$ (34,725)	\$ 1,037,233

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, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Industrial Park</u>
Cash Flows From Operating Activities			
Charges for Services	\$ 163,525	\$ 185,374	\$ 18,371
Payments to Suppliers for Goods and Services	(70,073)	(131,938)	(18,087)
Payments to Employees for Services	(50,736)	(55,041)	-
Net Cash Provided (Used) by Operating Activities	<u>42,716</u>	<u>(1,605)</u>	<u>284</u>
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Debt Proceeds	-	-	-
Grant Proceeds	8,992	230,852	-
Purchase of Capital Assets	(38,281)	(197,762)	-
Principal Paid on Capital Debt	(33,072)	(30,303)	-
Interest Paid on Capital Debt	(8,922)	(17,953)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(71,283)</u>	<u>(15,166)</u>	<u>-</u>
Cash Flows From Investing Activities			
Proceeds from Sale of Investments	-	(32,995)	-
Interest and Dividends	137	-	91
Net Cash Provided (Used) by Investing Activities	<u>137</u>	<u>(32,995)</u>	<u>91</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,430)	(49,766)	375
Cash and Cash Equivalents, Beginning	117,849	85,565	81,380
Cash and Cash Equivalents, Ending	<u>\$ 89,419</u>	<u>\$ 35,799</u>	<u>\$ 81,755</u>
Displayed As:			
Cash	\$ 81,103	\$ 1,074	\$ 81,755
Internal Balances	8,316	34,725	-
	<u>\$ 89,419</u>	<u>\$ 35,799</u>	<u>\$ 81,755</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, 2016

	Business-type Activities - Enterprise Funds		
	Water Master Plan	Sewer Master Plan	Total
Cash Flows From Operating Activities			
Charges for Services	\$ -	\$ -	\$ 367,270
Payments to Suppliers for Goods and Services	-	(900)	(220,998)
Payments to Employees for Services	-	-	(105,777)
Net Cash Provided (Used) by Operating Activities	<u>-</u>	<u>(900)</u>	<u>40,495</u>
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Debt Proceeds	-	-	-
Grant Proceeds	-	3,988	243,832
Purchase of Capital Assets	-	-	(236,043)
Principal Paid on Capital Debt	-	-	(63,375)
Interest Paid on Capital Debt	-	-	(26,875)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>3,988</u>	<u>(82,461)</u>
Cash Flows From Investing Activities			
Proceeds from Sale of Investments	-	-	(32,995)
Interest and Dividends	-	-	228
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>(32,767)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	3,088	(74,733)
Cash and Cash Equivalents, Beginning	<u>(8,316)</u>	<u>(37,813)</u>	<u>238,665</u>
Cash and Cash Equivalents, Ending	<u>\$ (8,316)</u>	<u>\$ (34,725)</u>	<u>\$ 163,932</u>
Displayed As:			
Cash	\$ -	\$ -	\$ 163,932
Internal Balances	(8,316)	(34,725)	-
	<u>\$ (8,316)</u>	<u>\$ (34,725)</u>	<u>\$ 163,932</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, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Industrial Park</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (19,390)	\$ (4,764)	\$ (13,345)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	61,279	35,713	15,934
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(2,605)	(8,721)	(743)
(Increase) Decrease in Prepaid Expenses	(53)	(53)	
(Increase) Decrease in Deferred Outflows	(7,982)	(7,982)	
Increase (Decrease) in Accounts Payable	(4,803)	(31,443)	(1,562)
Increase (Decrease) in Customer Deposits	625	-	-
Increase (Decrease) in Compensated Absences	7,043	7,043	-
Increase (Decrease) in Net Pension Liability	22,765	22,765	
Increase (Decrease) in Deferred Inflows	(14,163)	(14,163)	
Net Cash Provided by Operating Activities	<u>\$ 42,716</u>	<u>\$ (1,605)</u>	<u>\$ 284</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, 2016

	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)	\$ -	\$ (900)	\$ (38,399)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	112,926
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	-	(12,069)
(Increase) Decrease in Prepaid Expense	-	-	(106)
(Increase) Decrease in Deferred Outflows	-	-	(15,964)
Increase (Decrease) in Accounts Payable	-	-	(37,808)
Increase (Decrease) in Customer Deposits	-	-	625
Increase (Decrease) in Compensated Absences	-	-	14,086
Increase (Decrease) in Net Pension Liability	-	-	45,530
Increase (Decrease) in Deferred Inflows	-	-	(28,326)
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ (900)</u>	<u>\$ 40,495</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.

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.

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.

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.

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 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.

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.

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:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	10 – 40 Years
Equipment and Vehicles	\$5,000	Straight-Line	3 – 20 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, 2016, 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.

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, 2016, the carrying amount of the City's deposits was \$102,821 and the respective bank balances totaled \$118,913. 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, 2016, 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. The City had \$500 of cash on hand at the end of the year.

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, 2016

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, 2016, are summarized below:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
External Investment Pool	\$ 106,881	\$ 106,881	\$ -
Certificate of Deposits	159,728	159,728	-
Total	\$ 266,609	\$ 266,609	\$ -

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	\$ (27,258)	\$ 130,579	\$ 103,321
Investments categorized as deposits	73,528	33,353	106,881
Certificates of Deposit	100,000	-	100,000
Restricted Investments	-	59,728	59,728
	\$ 146,270	\$ 223,660	\$ 369,930

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$3,136.

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, 2016, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2016, 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.

Employee membership data related to the PERSI Base Plan, as of September 30, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	44,181
Terminated employees entitled to but not yet receiving benefits	12,251
Active plan members	<u>68,517</u>
	<u>124,949</u>

Pension Benefits

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

6. PENSION PLAN (continued)

of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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 statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2016 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City of New Meadows, Idaho's contributions were \$15,881 the year ended September 30, 2016.

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

At September 30, 2016, 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 June 30, 2016, 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 June 30, 2016, the City of New Meadows, Idaho's proportion was 0.0046518 percent.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

6. PENSION PLAN (continued)

For the year ended September 30, 2016, the City of New Meadows, Idaho recognized pension expense/ (revenue) of \$17,832. At September 30, 2016, 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	\$ -	\$ 9,396
Changes in assumptions or other inputs	2,096	-
Net difference between projected and actual earnings on pension plan investments	45,897	21,445
City of New Meadows, Idaho's contributions subsequent to the measurement date	4,186	
Total	\$ 52,179	\$ 30,841

\$4,186 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, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2016, is 4.9 and 5.5 for measurement period June 30, 2015 years.

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	\$ 4,282
2017	96
2018	10,940
2019	6,020

6. PENSION PLAN (continued)

Actuarial Assumptions

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

The total pension liability in the June 30, 2016 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 for the period July 1, 2007 through June 30, 2013 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, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

6. PENSION PLAN (continued)

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, 2016.

Capital Market Assumptions

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	90.00%	0%	0% - 5%
Total Fund	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	
Portfolio Arithmetic Mean Return	2.00%
Portfolio Standard Deviation	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	<u><u>7.10%</u></u>

6. PENSION PLAN (continued)

Discount Rate

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

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

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 (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability	\$ 184,981	\$ 94,299	\$ 18,887

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016, was as follows:

	<u>Balance</u> <u>9/30/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2016</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 20,105	\$ -	\$ -	\$ 20,105
Construction in Process	-	129,415	-	129,415
Total Assets Not Being Depreciated:	<u>20,105</u>	<u>129,415</u>	<u>-</u>	<u>149,520</u>
Capital Assets Being Depreciated:				
Buildings	71,108	-	-	71,108
Improvements	238,944	-	-	238,944
Equipment	276,444	-	(15,000)	261,444
Total Depreciable Assets	<u>586,496</u>	<u>-</u>	<u>(15,000)</u>	<u>571,496</u>
Less Accumulated Depreciation:				
Buildings	43,947	2,577	-	46,524
Improvements	43,064	23,872	(15,000)	51,936
Equipment	144,267	11,504	-	155,771
Total Acc. Depr.	<u>231,278</u>	<u>37,953</u>	<u>(15,000)</u>	<u>254,231</u>
Net Depreciable Assets	<u>355,218</u>	<u>(37,953)</u>	<u>-</u>	<u>317,265</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 375,323</u>	<u>\$ 91,462</u>	<u>\$ -</u>	<u>\$ 466,785</u>
 <u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 81,716	\$ -	\$ -	\$ 81,716
Construction in Progress	32,099	236,043	-	268,142
Total Assets Not Being Depreciated:	<u>113,815</u>	<u>236,043</u>	<u>-</u>	<u>349,858</u>
Capital Assets Being Depreciated:				
Buildings	739,576	-	(2,400)	737,176
Improvements	2,458,552	-	(16,000)	2,442,552
Equipment	483,718	-	(34,800)	448,918
Total Depreciable Assets	<u>3,681,846</u>	<u>-</u>	<u>(53,200)</u>	<u>3,628,646</u>
Less Accumulated Depreciation:				
Buildings	237,569	18,021	(1,755)	253,835
Improvements	2,091,210	51,013	(16,000)	2,126,223
Equipment	245,711	43,892	(34,800)	254,803
Total Acc. Depr.	<u>2,574,490</u>	<u>112,926</u>	<u>(52,555)</u>	<u>2,634,861</u>
Net Depreciable Assets	<u>1,107,356</u>	<u>(112,926)</u>	<u>(645)</u>	<u>993,785</u>
Business-type Activities				
Capital Assets - Net	<u>\$ 1,221,171</u>	<u>\$ 123,117</u>	<u>\$ (645)</u>	<u>\$ 1,343,643</u>

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

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	22,700
Parks and Recreation	<u>12,676</u>
	<u>\$ 37,953</u>
Business-type Activities:	
Water	\$ 61,279
Sewer	35,713
Industrial Park	<u>15,934</u>
	<u>\$ 112,926</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, 2016, are as follows:

	<u>9/30/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2016</u>	<u>Current Portion</u>
Governmental Activities	\$ 1,160	\$ 2,650	\$ 6,740	\$ 10,550	\$ 10,550
Business-type Activities	<u>1,740</u>	<u>3,976</u>	<u>10,109</u>	<u>15,825</u>	<u>15,825</u>
	<u>\$ 2,900</u>	<u>\$ 6,626</u>	<u>\$ 16,849</u>	<u>\$ 26,375</u>	<u>\$ 26,375</u>

9. DEFICIT FUND BALANCE

At September 30, 2016, the Sidewalks and ADA ramps fund, a major fund had a deficit fund balance of \$35,252.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

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
2017	<u>\$ 1,245</u>
	<u>\$ 1,245</u>

Rent expenditures for the year ended September 30, 2016, 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 grade and a John Deere backhoe 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	\$271,983
Less accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(109,596)</u>
	<u>\$162,387</u>

Changes in long-term obligations for the year ended September 30, 2016, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>	<u>9/30/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2016</u>	<u>Current Portion</u>
<u>Governmental Activities:</u>								
Grader Lease	2018	3.30%	N/A	\$ 38,644	\$ -	\$ (9,164)	\$ 29,480	\$ 9,496
Back Hoe	2019	4.50%	N/A	<u>19,201</u>	-	<u>(4,778)</u>	<u>14,423</u>	<u>4,793</u>
				<u>\$ 57,845</u>	<u>\$ -</u>	<u>\$ (13,942)</u>	<u>\$ 43,903</u>	<u>\$ 14,289</u>
<u>Business-type Activities:</u>								
Water Bond	2020	5.75%	\$26,733	\$ 132,224	\$ -	\$ (19,130)	\$113,094	\$ 20,230
Sewer Bond	2029	5.13%	\$32,995	340,224	-	(16,360)	323,864	16,397
Back Hoe	2019	4.50%	N/A	38,402	-	(9,556)	28,846	9,586
Grader Lease	2018	3.30%	N/A	<u>77,288</u>	-	<u>(18,328)</u>	<u>58,960</u>	<u>18,992</u>
				<u>\$ 588,138</u>	<u>\$ -</u>	<u>\$ (63,374)</u>	<u>\$524,764</u>	<u>\$ 65,205</u>

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

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, 2016, are as follows:

Year Ending September 30,	Bonds and Notes			Municipal Leases		
	Principal	Interest	Total	Principal	Interest	Total
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	992	45,966
2020	67,896	16,754	84,650	2	-	2
2021	20,026	12,969	32,995	-	-	-
2021-2025	116,616	48,359	164,975	-	-	-
2026-2029	116,418	13,672	130,090	-	-	-
	<u>\$436,958</u>	<u>\$ 154,936</u>	<u>\$ 591,894</u>	<u>\$131,709</u>	<u>\$ 6,193</u>	<u>\$ 137,902</u>

Interest expense for the year was \$26,875 for business-type activities. No interest was capitalized.

12. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at September 30, 2016, 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.
34,725	Due to the Sewer fund from the Sewer Master Plan fund representing short-term loans to cover cash overdrafts.
30,836	Due to the General fund from the Grant fund representing short-term loans to cover cash overdrafts.
<u>35,252</u>	Due to the General fund from the Sidewalks and ADA Ramps fund representing short-term loans to cover cash overdrafts.
<u>\$109,129</u>	

13. OTHER COMMITMENTS

The City also has five credit cards available for use. As of September 30, 2016, credit available on these credit cards totaled \$10,000, of which \$1,043 was in use.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

14. RESTATEMENT

In prior periods pension related items were misstated. These changes caused Net Position and Fund Balance to be restated as follows:

	Governmental Activities
Net Position, Beginning - As Previously Stated	\$ 409,890
Decrease in Net Position due to Net Pension Liability	(8,259)
Increase in Net Position due to Deferred Inflows from Pension Related Items	3,611
Increase in Net Position due to Deferred Outflows from Pension Related Items	2,334
Net Position, Beginning - Restated	\$ 407,576
	Business- Type Activities
Net Position, Beginning - As Previously Stated	\$ 863,588
Decrease in Net Position due to Net Pension Liability	(16,034)
Increase in Net Position due to Deferred Inflows from Pension Related Items	7,008
Increase in Net Position due to Deferred Outflows from Pension Related Items	4,530
Net Position, Beginning - Restated	\$ 859,092

REQUIRED SUPPLEMENTARY INFORMATION

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 115,321	\$ 115,321	\$ 120,361	\$ 5,040
Licenses and Permits	9,025	9,025	4,466	(4,559)
Intergovernmental	86,391	86,391	81,293	(5,098)
Grants and Donations	49,232	49,232	6,442	(42,790)
Earnings on Investments	150	150	132	(18)
Other	74,189	74,189	31,102	(43,087)
Total Revenues	<u>334,308</u>	<u>334,308</u>	<u>243,796</u>	<u>(90,512)</u>
Expenditures				
Current:				
General Administration	28,135	28,135	38,068	(9,933)
Highways and Streets	94,007	94,007	59,704	34,303
Wages, Taxes, and Retirement	59,708	59,708	68,075	(8,367)
Parks and Recreation	62,260	62,260	8,413	53,847
Public Safety - Police	67,253	67,253	40,969	26,284
Planning and Zoning	2,821	2,821	958	1,863
Emergency	-	-	-	-
Debt Service:				
Principal	13,943	13,943	13,941	2
Interest	1,381	1,381	1,381	-
Capital Outlay	4,800	4,800	5,111	(311)
Total Expenditures	<u>334,308</u>	<u>334,308</u>	<u>236,620</u>	<u>97,688</u>
Net Change in Fund Balances	-	-	7,176	7,176
Fund Balances - Beginning	-	-	104,533	104,533
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,709</u>	<u>\$ 111,709</u>

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Grant Fund
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Grants and Donations	\$ 117,080	\$ 117,080	\$ 100,000	\$ (17,080)
Earnings on Investments	-	-	-	-
Total Revenues	<u>117,080</u>	<u>117,080</u>	<u>100,000</u>	<u>(17,080)</u>
Expenditures				
Capital Outlay	117,080	117,080	129,415	(12,335)
Total Expenditures	<u>117,080</u>	<u>117,080</u>	<u>129,415</u>	<u>(12,335)</u>
Net Change in Fund Balances	-	-	(29,415)	(29,415)
Fund Balances - Beginning	-	-	35,340	35,340
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,925</u>	<u>\$ 5,925</u>

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Sidewalks and ADA Ramps Fund
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Grants and Donations	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	(35,252)	(35,252)
Fund Balances - Ending	\$ -	\$ -	\$ (35,252)	\$ (35,252)

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 Grant fund had expenditures in excess of appropriations in the amount of \$10,105.

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*

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0046518%	0.4573600%
City's proportionate share of the net pension liability (asset)	\$ 94,299	\$ 60,227
City's covered-employee payroll	\$ 140,289	\$ 126,667
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.22%	47.55%
Plan fiduciary net position as a percentage of the total pension liability	82.26%	94.95%

* 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, 2016

City of New Meadows, Idaho
Schedule of City Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2016	2015
Contractually required contributions	\$ 15,881	\$ 14,339
Contributions in relation to the contractually required contribution	15,881	14,339
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 140,289	\$ 126,667
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

* 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, 2016

SUPPLEMENTAL INFORMATION

City of New Meadows, Idaho
Supplemental Schedule of Revenues by Source -
Budget and Actual - General Fund
For the Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes			
Property Taxes	\$ 115,321	\$ 120,361	\$ 5,040
Licenses and Permits			
Building Permits	5,000	1,740	(3,260)
Dog Licenses	700	1,018	318
City Liquor	2,825	1,600	(1,225)
Review and Solid Waste Fees	500	108	(392)
Total Licenses and Permits	<u>9,025</u>	<u>4,466</u>	<u>(4,559)</u>
Intergovernmental			
City Street Tax	-	-	-
State Revenue Sharing	11,578	15,093	3,515
State Highway Users	19,884	21,013	1,129
State Liquor Fees	27,626	26,077	(1,549)
State Sales Tax	27,303	19,110	(8,193)
Total Intergovernmental	<u>86,391</u>	<u>81,293</u>	<u>(5,098)</u>
Other			
Miscellaneous	41,958	1,711	(40,247)
Franchise Fees	17,971	17,054	(917)
Local Option Tax	-	-	-
Dividends/Refunds	200	742	542
Donations	29,232	5,431	(23,801)
Court Judgements	1,435	4,628	3,193
Planning and Zoning	2,000	1,697	(303)
Interest	150	132	(18)
Special Fees	3,150	202	(2,948)
Fines	7,475	5,068	(2,407)
Grants	20,000	1,011	(18,989)
Total Other	<u>123,571</u>	<u>37,676</u>	<u>(85,895)</u>
Total Revenue	<u>\$ 334,308</u>	<u>\$ 243,796</u>	<u>\$ (90,512)</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, 2016

	Budget	Actual	Variance
General Administration			
Training	\$ 1,500	\$ 397	\$ 1,103
Travel	1,500	1,505	(5)
Attorney	1,700	14,304	(12,604)
Utilities	3,140	2,476	664
Insurance	10,215	11,345	(1,130)
Audit	1,500	1,483	17
Maintenance and Operations	8,580	6,558	2,022
Solid Waste Fees	-	-	-
Building Inspection	-	-	-
Capital Outlay	4,000	4,306	(306)
Total General Administration	<u>32,135</u>	<u>42,374</u>	<u>(10,239)</u>
Highways and Streets			
Wages and Benefits	-	10,978	(10,978)
Maintenance and Operations	49,332	15,072	34,260
Utilities	1,600	8,191	(6,591)
Municipal Insurance	-	-	-
Fuel	10,238	1,967	8,271
Dust Abatement	32,837	23,496	9,341
Capital Outlay	800	805	(5)
Total Highways and Streets	<u>94,807</u>	<u>60,509</u>	<u>34,298</u>
Wages, Taxes, and Retirement			
Wages	28,665	39,075	(10,410)
Mayor and Council	6,600	6,600	-
Medical Insurance	12,918	11,512	1,406
Retirement	6,637	6,440	197
State Insurance	-	-	-
Social Security	3,961	3,605	356
Medicare	927	843	84
Unemployment	-	-	-
Total Taxes and Retirement	<u>59,708</u>	<u>68,075</u>	<u>(8,367)</u>
Parks and Recreation			
Wages and Benefits	10,610	1,586	9,024
Utilities	4,920	3,235	1,685
Maintenance and Operations	46,730	3,592	43,138
Park Improvements	-	-	-
Total Parks and Recreation	<u>62,260</u>	<u>8,413</u>	<u>53,847</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, 2016

	Budget	Actual	Variance
Public Safety - Police			
Wages and Benefits	\$ 19,918	\$ 570	\$ 19,348
Attorneys	8,100	4,451	3,649
Code Enforcement	33,660	33,660	-
Maintenance and Operations	2,075	836	1,239
Animal Control	3,500	1,452	2,048
Total Public Safety - Police	<u>67,253</u>	<u>40,969</u>	<u>26,284</u>
Planning and Zoning			
Wages	1,184	500	684
Professional Services	1,412	413	999
Maintenance and Operations	225	45	180
Total Planning and Zoning	<u>2,821</u>	<u>958</u>	<u>1,863</u>
Emergency			
Wages	-	-	-
Professional Services	-	-	-
Maintenance and Operations	-	-	-
Total Emergency	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service			
Principal	13,943	13,941	2
Interest	1,381	1,381	-
Total Debt Service	<u>15,324</u>	<u>15,322</u>	<u>2</u>
Total Expenditures	<u>\$ 334,308</u>	<u>\$ 236,620</u>	<u>\$ 97,688</u>

FEDERAL REPORTS



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, 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 6, 2016.

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 Zwyzart CPAs, PLLC

Caldwell, Idaho
December 6, 2016