

CITY OF NEW MEADOWS, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2020

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Independent Auditor's Report

Honorable Mayor
and City Council
New Meadows, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Meadows, Idaho (the City), as of and for the year ended September 30, 2020, 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, 2020, 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 the City's proportionate share of Net Pension Liability, and schedule of City contributions on pages 32 through 35 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 Meadows, Idaho's basic financial statements. The schedules of revenues by source and expenditures by object for the General Fund, and the combining nonmajor funds 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 nonmajor 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 February 5, 2021, on our consideration of the City of New Meadows, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the City of New Meadows, Idaho's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho

February 5, 2021

City of New Meadows, Idaho
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 92,229	\$ 488,444	\$ 580,673
Receivables, Net:			
Accounts	-	57,516	57,516
Property Taxes	8,332	-	8,332
Other	4,645	-	4,645
Due From Other Governments	10,901	-	10,901
Prepaid Insurance	1,070	4,018	5,088
Noncurrent Assets:			
Restricted Cash	-	63,447	63,447
Capital Assets:			
Land and Construction in Progress	149,520	2,761,959	2,911,479
Buildings, Net	20,667	411,438	432,105
Equipment, Net	47,118	34,226	81,344
Improvements, Net	149,550	245,247	394,797
Total Capital Assets	366,855	3,452,870	3,819,725
Total Assets	484,032	4,066,295	4,550,327
Deferred Outflows			
Pension Related Items	8,777	7,660	16,437
Total Deferred Inflows	8,777	7,660	16,437
Liabilities			
Current Liabilities:			
Accounts Payable	3,262	12,526	15,788
Accrued Interest	-	2,155	2,155
Customer Deposits	-	6,047	6,047
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences	13,790	20,686	34,476
Bond Payable	-	49,958	49,958
Portion Due or Payable After One Year:			
Bond Payable	-	822,947	822,947
Net Pension Liability	33,947	31,872	65,819
Total Liabilities	50,999	946,191	997,190
Deferred Inflows			
Pension Related Items	1,246	14,614	15,860
Total Deferred Inflows	1,246	14,614	15,860
Net Position			
Invested in Capital Assets, Net of Related Debt	366,855	2,579,965	2,946,820
Restricted	6,582	63,447	70,029
Unrestricted Surplus	67,127	469,738	536,865
Total Net Position	\$ 440,564	\$ 3,113,150	\$ 3,553,714

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, 2020

	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	\$ 32,675	\$ 20,500	\$ 3,972	\$ -	\$ (8,203)	\$ -	\$ (8,203)
Highways and Streets	108,509	-	-	-	(108,509)	-	(108,509)
Wages, Taxes, and Retirement	62,947	-	-	-	(62,947)	-	(62,947)
Parks and Recreation	36,096	-	8,000	-	(28,096)	-	(28,096)
Public Safety - Police	53,624	-	-	-	(53,624)	-	(53,624)
Planning and Zoning	580	-	-	-	(580)	-	(580)
Total Governmental Activities	<u>294,431</u>	<u>20,500</u>	<u>11,972</u>	<u>-</u>	<u>(261,959)</u>	<u>-</u>	<u>(261,959)</u>
Business-type Activities:							
Water	147,061	207,950	-	446,197	-	507,086	507,086
Sewer	197,877	213,733	-	93,862	-	109,718	109,718
Industrial Park	35,366	21,823	-	-	-	(13,543)	(13,543)
Total Business-type Activities	<u>380,304</u>	<u>443,506</u>	<u>-</u>	<u>540,059</u>	<u>-</u>	<u>603,261</u>	<u>603,261</u>
Total Primary Government	<u>\$ 674,735</u>	<u>\$ 464,006</u>	<u>\$ 11,972</u>	<u>\$ 540,059</u>	<u>(261,959)</u>	<u>603,261</u>	<u>341,302</u>
		General Revenues:					
					148,286	-	148,286
					108,229	-	108,229
					7,777	-	7,777
					1,071	5,358	6,429
					<u>265,363</u>	<u>5,358</u>	<u>270,721</u>
					3,404	608,619	612,023
					<u>437,160</u>	<u>2,504,531</u>	<u>2,941,691</u>
					<u>\$ 440,564</u>	<u>\$ 3,113,150</u>	<u>\$ 3,553,714</u>

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

City of New Meadows, Idaho
Balance Sheet -
Governmental Funds
September 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 85,647	\$ 6,582	\$ 92,229
Property Taxes Receivable, Net	8,332	-	8,332
Other Receivables, Net	4,645	-	4,645
Due From Other Governments	10,901	-	10,901
Prepaid Insurance	1,070	-	1,070
Total Assets	<u>\$ 110,595</u>	<u>\$ 6,582</u>	<u>\$ 117,177</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts Payable	\$ 3,262	\$ -	\$ 3,262
Total Liabilities	<u>3,262</u>	<u>-</u>	<u>3,262</u>
Deferred Inflows			
Unavailable Revenue - Property Taxes	<u>6,516</u>	<u>-</u>	<u>6,516</u>
Fund Balances			
Nonspendable			
Prepays	1,070	-	1,070
Restricted	-	6,582	6,582
Unassigned	99,747	-	99,747
Total Fund Balances	<u>100,817</u>	<u>6,582</u>	<u>107,399</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 110,595</u>	<u>\$ 6,582</u>	<u>\$ 117,177</u>

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, 2020

Total Fund Balances - Governmental Funds	\$ 107,399
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

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

Land	\$ 149,520	
Buildings, net of \$50,441 accumulated depreciation	20,667	
Improvements, net of \$244,259 accumulated depreciation	47,118	
Equipment, net of \$89,394 accumulated depreciation	<u>149,550</u>	
		366,855

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	6,516
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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	\$ (33,947)	
Pension Related Deferred Inflows	(1,246)	
Pension Related Deferred Outflows	<u>8,777</u>	
		(26,416)

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.

Compensated Absences	<u>\$ (13,790)</u>	
		<u>(13,790)</u>

Net Position of Governmental Activities	<u><u>\$ 440,564</u></u>
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The accompanying notes are an integral
part of the financial statements.

City of New Meadows, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 148,853	\$ -	\$ 148,853
Licenses and Permits	2,971	-	2,971
Intergovernmental	108,229	-	108,229
Grants and Donations	5,365	6,607	11,972
Earnings on Investments	1,071	-	1,071
Other	25,306	-	25,306
Total Revenues	<u>291,795</u>	<u>6,607</u>	<u>298,402</u>
Expenditures			
Current:			
General Administration	29,396	25	29,421
Highways and Streets	94,862	-	94,862
Wages, Taxes, and Retirement	53,301	-	53,301
Parks and Recreation	17,576	-	17,576
Public Safety - Police	53,624	-	53,624
Planning and Zoning	580	-	580
Capital Outlay	6,125	-	6,125
Total Expenditures	<u>255,464</u>	<u>25</u>	<u>255,489</u>
Net Change in Fund Balances	36,331	6,582	42,913
Fund Balances - Beginning	64,486	-	64,486
Fund Balances - Ending	<u>\$ 100,817</u>	<u>\$ 6,582</u>	<u>\$ 107,399</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, 2020

Total Net Change in Fund Balance - Governmental Funds	\$ 42,913
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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:

Depreciation Expense	<u>\$ (29,296)</u>	
Net		(29,296)

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.	(567)
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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	(3,229)
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The City 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.	<u>(6,417)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 3,404</u></u>
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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
September 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 263,293	\$ 110,797	\$ 114,354	\$ 488,444
Accounts Receivable, Net	27,573	27,516	2,427	57,516
Prepaid Insurance	3,215	803	-	4,018
Total Current Assets	<u>294,081</u>	<u>139,116</u>	<u>116,781</u>	<u>549,978</u>
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	28,765	34,682	-	63,447
Capital Assets:				
Land and Construction in Progress	1,166,448	1,595,511	-	2,761,959
Buildings, Net	5,273	33,044	373,121	411,438
Equipment, Net	17,486	16,740	-	34,226
Improvements, Net	11,616	233,631	-	245,247
Total Noncurrent Assets	<u>1,229,588</u>	<u>1,913,608</u>	<u>373,121</u>	<u>3,516,317</u>
Total Assets	<u>1,523,669</u>	<u>2,052,724</u>	<u>489,902</u>	<u>4,066,295</u>
Deferred Outflows				
Pension Related Items	3,830	3,830	-	7,660
Total Deferred Inflows	<u>3,830</u>	<u>3,830</u>	<u>-</u>	<u>7,660</u>
Liabilities				
Current Liabilities:				
Accounts Payable	11,420	347	759	12,526
Accrued Interest	47	2,108	-	2,155
Customer Deposits	6,047	-	-	6,047
Compensated Absences	10,343	10,343	-	20,686
Bonds, Notes, and Loans Payable	24,923	25,035	-	49,958
Total Current Liabilities	<u>52,780</u>	<u>37,833</u>	<u>759</u>	<u>91,372</u>
Noncurrent Liabilities:				
Bonds, Notes, and Loans Payable	324,373	498,574	-	822,947
Net Pension Liability	15,936	15,936	-	31,872
Total Liabilities	<u>393,089</u>	<u>552,343</u>	<u>759</u>	<u>946,191</u>
Deferred Inflows				
Pension Related Items	7,307	7,307	-	14,614
Total Deferred Inflows	<u>7,307</u>	<u>7,307</u>	<u>-</u>	<u>14,614</u>
Net Position				
Invested in Capital Assets, Net of Related Debt	851,527	1,355,317	373,121	2,579,965
Restricted for Debt Service	28,765	34,682	-	63,447
Unrestricted	246,811	106,905	116,022	469,738
Total Net Position	<u>\$ 1,127,103</u>	<u>\$ 1,496,904</u>	<u>\$ 489,143</u>	<u>\$ 3,113,150</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, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
Operating Revenues				
Charges for Services	\$ 207,950	\$ 213,733	\$ 21,823	\$ 443,506
Total Operating Revenues	<u>207,950</u>	<u>213,733</u>	<u>21,823</u>	<u>443,506</u>
Operating Expenses				
Wages	48,848	52,941	1,592	103,381
Taxes and Benefits	19,310	20,967	696	40,973
Training	490	640	-	1,130
Travel	627	848	-	1,475
Utilities	14,503	11,345	2,933	28,781
Professional Services	21,148	37,073	1,506	59,727
Audit	1,225	1,225	1,225	3,675
Depreciation	15,849	27,659	15,935	59,443
Fuel	852	638	-	1,490
Maintenance and Operations	21,445	25,157	11,479	58,081
Total Operating Expenses	<u>144,297</u>	<u>178,493</u>	<u>35,366</u>	<u>358,156</u>
Operating Income (Loss)	<u>63,653</u>	<u>35,240</u>	<u>(13,543)</u>	<u>85,350</u>
Non-operating Revenues (Expenses)				
Interest Earned	2,695	1,626	1,037	5,358
Interest Expense	(2,764)	(19,384)	-	(22,148)
Grants and Donations	446,197	93,862	-	540,059
Total Non-operating Revenues (Expenses)	<u>446,128</u>	<u>76,104</u>	<u>1,037</u>	<u>523,269</u>
Change in Net Position	509,781	111,344	(12,506)	608,619
Net Position - Beginning	617,322	1,385,560	501,649	2,504,531
Net Position - Ending	<u>\$ 1,127,103</u>	<u>\$ 1,496,904</u>	<u>\$ 489,143</u>	<u>\$ 3,113,150</u>

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

City of New Meadows, Idaho
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
Cash Flows From Operating Activities				
Charges for Services	\$ 211,089	\$ 218,366	\$ 19,396	\$ 448,851
Payments to Suppliers for Goods and Services	(184,059)	(146,520)	(16,709)	(347,288)
Payments to Employees for Services	(65,736)	(71,486)	(2,288)	(139,510)
Net Cash Provided (Used) by Operating Activities	<u>(38,706)</u>	<u>360</u>	<u>399</u>	<u>(37,947)</u>
Cash Flows From Noncapital Financing Activities				
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities				
Debt Proceeds	167,971	-	-	167,971
Grant Proceeds	446,197	93,862	-	540,059
Purchase of Capital Assets	(483,873)	(73,096)	-	(556,969)
Principal Paid on Capital Debt	(44,924)	(23,960)	-	(68,884)
Interest Paid on Capital Debt	(2,809)	(19,455)	-	(22,264)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>82,562</u>	<u>(22,649)</u>	<u>-</u>	<u>59,913</u>
Cash Flows From Investing Activities				
Interest and Dividends	2,695	1,626	1,037	5,358
Net Cash Provided (Used) by Investing Activities	<u>2,695</u>	<u>1,626</u>	<u>1,037</u>	<u>5,358</u>
Net Increase (Decrease) in Cash and Cash Equivalents	46,551	(20,663)	1,436	27,324
Cash and Cash Equivalents, Beginning	<u>245,507</u>	<u>166,142</u>	<u>112,918</u>	<u>524,567</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 292,058</u></u>	<u><u>\$ 145,479</u></u>	<u><u>\$ 114,354</u></u>	<u><u>\$ 551,891</u></u>
Displayed As:				
Cash	\$ 263,293	\$ 110,797	\$ 114,354	\$ 488,444
Restricted Cash	28,765	34,682	-	63,447
	<u><u>\$ 292,058</u></u>	<u><u>\$ 145,479</u></u>	<u><u>\$ 114,354</u></u>	<u><u>\$ 551,891</u></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, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Industrial Park	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 63,653	\$ 35,240	\$ (13,543)	\$ 85,350
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	15,849	27,659	15,935	59,443
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	1,363	3,621	(2,427)	2,557
(Increase) Decrease in Prepaid Expenses	(2,582)	(170)	-	(2,752)
Increase (Decrease) in Accounts Payable	(121,187)	(69,424)	434	(190,177)
Increase (Decrease) in Customer Deposits	1,776	1,012	-	2,788
Increase (Decrease) in Compensated Absences	2,422	2,422	-	4,844
Net Cash Provided by Operating Activities	<u>\$ (38,706)</u>	<u>\$ 360</u>	<u>\$ 399</u>	<u>\$ (37,947)</u>

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

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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 are 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), and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage capital assets financed with long-term debt.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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.

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.

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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 the end of the year. 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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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 community service programs and pass through grants.

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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 <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>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 any allowance for doubtful accounts. See Note 12 for details.

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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, 2020, the carrying amount of the City's deposits was \$55,657 and the respective bank balances totaled \$84,478. 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, 2020, 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, 2020

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, 2020, are summarized below:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
External Investment Pool	\$ 422,678	\$ 422,678	\$ -
Money Market	165,285	165,285	-
Total	<u>\$ 587,963</u>	<u>\$ 587,963</u>	<u>\$ -</u>

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	\$ (47,276)	\$ 103,433	\$ 56,157
Investments categorized as deposits	139,505	385,011	524,516
Restricted Investments	-	63,447	63,447
	<u>\$ 92,229</u>	<u>\$ 551,891</u>	<u>\$ 644,120</u>

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$10,901.

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.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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, 2020, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2020, 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.

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

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

6. PENSION PLAN (continued)

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. 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) that are adequate 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, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City of New Meadows, Idaho's contributions were \$18,978 for the year ended September 30, 2020.

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

At September 30, 2020, 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, 2020, 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, 2020, the City of New Meadows, Idaho's proportion was 0.0043442 percent.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

6. PENSION PLAN (continued)

For the year ended September 30, 2020, the City of New Meadows, Idaho recognized pension expense (revenue) of \$38,233. At September 30, 2020, 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 experience	\$ 7,881	\$ 3,294
Changes in assumptions or other inputs	1,706	-
Net difference between projected and actual earnings on pension plan investments	11,563	-
City of New Meadows, Idaho's contributions subsequent to the measurement date	4,942	-
Total	\$ 26,092	\$ 3,294

\$4,942 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, 2020.

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, 2019, the beginning of the measurement period ended June 30, 2019, is 4.8 and 4.8 for measurement period June 30, 2020 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
2021	\$ 5,268
2022	4,249
2023	5,767
2024	7,514

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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, 2020

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 2020.

Capital Market Assumptions from Callan 2020

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	55.00%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

6. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 206,873	\$ 100,878	\$ 13,237

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, 2020

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Balance 9/30/2019	Additions	Disposals	Balance 9/30/2020
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 149,520	\$ -	\$ -	\$ 149,520
Construction in Process	-	-	-	-
Total Assets Not Being Depreciated	<u>149,520</u>	<u>-</u>	<u>-</u>	<u>149,520</u>
Capital Assets Being Depreciated:				
Buildings	71,108	-	-	71,108
Improvements	238,944	-	-	238,944
Equipment	<u>291,377</u>	<u>-</u>	<u>-</u>	<u>291,377</u>
Total Depreciable Assets	<u>601,429</u>	<u>-</u>	<u>-</u>	<u>601,429</u>
Less Accumulated Depreciation:				
Buildings	49,462	979	-	50,441
Improvements	77,891	11,503	-	89,394
Equipment	<u>227,445</u>	<u>16,814</u>	<u>-</u>	<u>244,259</u>
Total Accumulated Depreciation	<u>354,798</u>	<u>29,296</u>	<u>-</u>	<u>384,094</u>
Net Depreciable Assets	<u>246,631</u>	<u>(29,296)</u>	<u>-</u>	<u>217,335</u>
Governmental Activities				
Net Capital Assets	<u>\$ 396,151</u>	<u>\$ (29,296)</u>	<u>\$ -</u>	<u>\$ 366,855</u>

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

7. CAPITAL ASSETS (continued)

	Balance 9/30/2019	Additions	Disposals	Balance 9/30/2020
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 106,716	\$ -	\$ -	\$ 106,716
Construction in Progress	<u>2,098,274</u>	<u>556,969</u>	<u>-</u>	<u>2,655,243</u>
Total Assets Not Being Depreciated	<u>2,204,990</u>	<u>556,969</u>	<u>-</u>	<u>2,761,959</u>
Capital Assets Being Depreciated:				
Buildings	737,176	-	-	737,176
Improvements	2,442,552	-	-	2,442,552
Equipment	<u>448,917</u>	<u>-</u>	<u>-</u>	<u>448,917</u>
Total Depreciable Assets	<u>3,628,645</u>	<u>-</u>	<u>-</u>	<u>3,628,645</u>
Less Accumulated Depreciation:				
Buildings	307,761	17,977	-	325,738
Improvements	2,183,928	13,377	-	2,197,305
Equipment	<u>386,621</u>	<u>28,070</u>	<u>-</u>	<u>414,691</u>
Total Accumulated Depreciation	<u>2,878,310</u>	<u>59,424</u>	<u>-</u>	<u>2,937,734</u>
Net Depreciable Assets	<u>750,335</u>	<u>(59,424)</u>	<u>-</u>	<u>690,911</u>
Business-type Activities				
Net Capital Assets	<u>\$2,955,325</u>	<u>\$497,545</u>	<u>\$ -</u>	<u>\$3,452,870</u>

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

<u>Governmental Activities:</u>	
General Administration	\$ 979
Highways and Streets	13,647
Parks and Recreation	<u>14,670</u>
	<u>\$ 29,296</u>
 <u>Business-type Activities:</u>	
Water	\$ 15,838
Sewer	27,651
Industrial Park	<u>15,935</u>
	<u>\$ 59,424</u>

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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, 2020, are as follows:

	<u>9/30/2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2020</u>	<u>Current Portion</u>
Governmental Activities	\$ 10,561	\$ 7,108	\$ (3,879)	\$ 13,790	\$ 13,790
Business-type Activities	<u>15,841</u>	<u>10,662</u>	<u>(5,818)</u>	<u>20,685</u>	<u>20,685</u>
	<u>\$ 26,402</u>	<u>\$ 17,770</u>	<u>\$ (9,697)</u>	<u>\$ 34,475</u>	<u>\$ 34,475</u>

9. LEASE COMMITMENTS

The City began leasing a copier in September 2017. Payments are due monthly and it is anticipated the copier will be returned at the end of the lease term. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>September 30,</u>	
2021	\$ 1,380
2022	<u>1,380</u>
	<u>\$ 2,760</u>

Rent expenditures for the year ended September 30, 2020, totaled \$1,481.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

10. LONG-TERM OBLIGATIONS

Bonds payable have been issued to provide funds for water and sewer projects. Changes in long-term obligations for the year ended September 30, 2020, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>	<u>9/30/2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2020</u>	<u>Current Portion</u>
<u>Business-type Activities:</u>								
Water Bond	2020	5.75%	\$26,733	\$ 48,847	\$ -	\$(23,924)	\$ 24,923	\$24,923
Sewer Bond 92-03	2029	5.125%	32,995	272,109	-	(19,049)	253,060	20,026
Sewer Bond 92-05	2057	2.00%	-	120,804	-	(2,154)	118,650	2,197
Sewer Bond 92-07	2057	2.00%	-	154,656	-	(2,757)	151,899	2,812
Land Lease	2020	0.00%	-	21,000	-	(21,000)	-	-
DEQ (LOC) Loan	2048	1.75%	-	156,402	167,971	-	324,373	-
			<u>\$59,728</u>	<u>\$773,818</u>	<u>\$167,971</u>	<u>\$(68,884)</u>	<u>\$872,905</u>	<u>\$49,958</u>

The DEQ loan for the Water Fund is still being drawn down directly from DEQ. No repayment schedule will be finalized with DEQ until the project has been completed.

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

Debt service requirements on long-term debt at September 30, 2020, are as follows:

<u>Year Ending</u>	<u>Bonds and Notes</u>		
<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 49,957	\$ 19,813	\$ 69,771
2022	26,161	17,254	43,415
2023	27,342	16,073	43,415
2024	28,581	14,834	43,415
2025	29,879	13,536	43,415
2026 - 2030	170,908	45,871	216,779
2031 - 2035	31,775	20,325	52,100
2036 - 2040	35,082	17,018	52,100
2041 - 2045	38,734	13,367	52,100
2046 - 2050	42,765	9,335	52,100
2051 - 2055	47,216	4,884	52,100
2056 - 2060	20,137	605	20,743
	<u>\$548,537</u>	<u>\$192,915</u>	<u>\$ 741,452</u>

Interest expense for the year was \$22,148 for business-type activities and \$0 for governmental activities. No interest was capitalized.

City of New Meadows, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

11. OTHER COMMITMENTS

The City also has credit cards available for use. As of September 30, 2020, credit available on these credit cards totaled \$8,000, of which \$151 was in use.

12. ACCOUNTS RECEIVABLE - NET

Accounts receivable are made of the following amounts:

	General Fund	Water Fund	Industrial Park Fund	Sewer Fund
Other Accounts	\$ 4,645	\$ 313	\$ 2,427	\$ 631
Utilities	-	29,977	-	33,441
	<u>4,645</u>	<u>30,290</u>	<u>2,427</u>	<u>34,072</u>
Less Allowance	-	(2,689)	-	(6,523)
Net Balance	<u>\$ 4,645</u>	<u>\$ 27,601</u>	<u>\$ 2,427</u>	<u>\$ 27,549</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of New Meadows, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	\$ 153,477	\$ 153,477	\$ 148,853	\$ (4,624)
Licenses and Permits	10,675	10,675	2,971	(7,704)
Intergovernmental	94,201	94,201	108,229	14,028
Grants and Donations	127,720	127,720	5,365	(122,355)
Earnings on Investments	276	276	1,071	795
Other	22,449	22,449	25,306	2,857
Total Revenues	<u>408,798</u>	<u>408,798</u>	<u>291,795</u>	<u>(117,003)</u>
Expenditures				
Current:				
General Administration	39,089	39,089	29,396	9,693
Highways and Streets	162,920	162,920	94,862	68,058
Wages, Taxes, and Retirement	55,261	55,261	53,301	1,960
Parks and Recreation	41,677	41,677	17,576	24,101
Public Safety - Police	57,560	57,560	53,624	3,936
Planning and Zoning	25,000	25,000	580	24,420
Capital Outlay	27,291	27,291	6,125	21,166
Total Expenditures	<u>408,798</u>	<u>408,798</u>	<u>255,464</u>	<u>153,334</u>
Net Change in Fund Balances	-	-	36,331	36,331
Fund Balances - Beginning	-	-	64,486	64,486
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,817</u>	<u>\$ 100,817</u>

City New Meadows, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2020

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.

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.0043442%	0.0042306%	0.0043841%	0.0045465%	0.0046518%
City's proportionate share of the net pension liability	\$ 100,878	\$ 48,291	\$ 64,666	\$ 71,463	\$ 94,299
City's covered-employee payroll	\$ 158,943	\$ 145,400	\$ 145,047	\$ 135,655	\$ 140,289
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	63.47%	33.21%	44.58%	52.68%	67.22%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%	90.68%	87.26%
	<u>2015</u>				
City's proportion of the net pension liability	0.0045736%				
City's proportionate share of the net pension liability	\$ 60,227				
City's covered-employee payroll	\$ 126,667				
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	47.55%				
Plan fiduciary net position as a percentage of the total pension liability	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 June 30, 2020

City of New Meadows, Idaho
Schedule of City Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 18,978	\$ 16,690	\$ 16,419	\$ 15,356	\$ 15,881
Contributions in relation to the contractually required contribution	<u>18,978</u>	<u>16,690</u>	<u>16,419</u>	<u>15,356</u>	<u>15,881</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 158,943	\$ 145,400	\$ 145,047	\$ 135,655	\$ 140,289
Contributions as a percentage of covered-employee payroll	11.94%	11.48%	11.32%	11.32%	11.32%
	<u>2015</u>				
Contractually required contributions	\$ 14,339				
Contributions in relation to the contractually required contribution	<u>14,339</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered-employee payroll	\$ 126,667				
Contributions as a percentage of covered-employee payroll	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, 2020

SUPPLEMENTAL INFORMATION

City of New Meadows, Idaho
Supplemental Schedule of Revenues by Source -
Budget and Actual - General Fund
For the Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes			
Property Taxes	<u>\$ 153,477</u>	<u>\$ 148,853</u>	<u>\$ (4,624)</u>
Licenses and Permits			
Building Permits	6,075	742	(5,333)
Dog Licenses	600	290	(310)
City Liquor	1,900	1,775	(125)
Review and Solid Waste Fees	2,100	164	(1,936)
Total Licenses and Permits	<u>10,675</u>	<u>2,971</u>	<u>(7,704)</u>
Intergovernmental			
State Revenue Sharing	19,230	34,067	14,837
State Highway Users	24,150	24,253	103
State Liquor Fees	28,100	32,343	4,243
State Sales Tax	22,721	17,566	(5,155)
Total Intergovernmental	<u>94,201</u>	<u>108,229</u>	<u>14,028</u>
Grants and Donations			
Donations	6,320	2,365	(3,955)
Grants	121,400	3,000	(118,400)
Total Grants and Donations	<u>127,720</u>	<u>5,365</u>	<u>(122,355)</u>
Other			
Miscellaneous	-	500	500
Franchise Fees	19,034	17,529	(1,505)
Dividends/Refunds	-	213	213
Interest	276	1,071	795
Special Fees	170	140	(30)
Fines	3,245	6,924	3,679
Total Other	<u>22,725</u>	<u>26,377</u>	<u>3,652</u>
Total Revenue	<u>\$ 408,798</u>	<u>\$ 291,795</u>	<u>\$ (117,003)</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, 2020

	Budget	Actual	Variance
General Administration			
Training	\$ 1,930	\$ 299	\$ 1,631
Travel	2,150	292	1,858
Attorney	500	2,218	(1,718)
Utilities	1,180	1,682	(502)
Insurance	2,309	9,236	(6,927)
Audit	1,225	1,225	-
Maintenance and Operations	29,795	14,444	15,351
Capital Outlay	4,511	2,275	2,236
Total General Administration	43,600	31,671	11,929
Highways and Streets			
Wages and Benefits	27,635	35,887	(8,252)
Maintenance and Operations	121,060	26,164	94,896
Utilities	9,095	8,957	138
Fuel	5,130	2,324	2,806
Dust Abatement	-	21,530	(21,530)
Capital Outlay	22,780	-	22,780
Total Highways and Streets	185,700	94,862	90,838
Wages, Taxes, and Retirement			
Wages	26,671	32,594	(5,923)
Mayor and Council	6,600	6,875	(275)
Medical Insurance	10,200	4,779	5,421
Retirement	4,752	4,725	27
State Insurance	1,247	1,249	(2)
Social Security	4,322	2,495	1,827
Medicare	969	584	385
Unemployment	500	-	500
Total Taxes and Retirement	55,261	53,301	1,960
Parks and Recreation			
Wages and Benefits	6,525	4,146	2,379
Utilities	12,610	11,120	1,490
Maintenance and Operations	22,542	2,310	20,232
Park Improvements	-	3,850	(3,850)
Total Parks and Recreation	41,677	21,426	20,251

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety - Police			
Wages and Benefits	\$ 3,900	\$ 1,161	\$ 2,739
Attorneys	18,000	18,000	-
Code Enforcement	33,660	33,660	-
Maintenance and Operations	2,000	703	1,297
Animal Control	-	100	(100)
Total Public Safety - Police	<u>57,560</u>	<u>53,624</u>	<u>3,936</u>
Planning and Zoning			
Maintenance and Operations	<u>25,000</u>	<u>580</u>	<u>24,420</u>
Total Planning and Zoning	<u>25,000</u>	<u>580</u>	<u>24,420</u>
Total Expenditures	<u>\$ 408,798</u>	<u>\$ 255,464</u>	<u>\$ 153,334</u>

City of New Meadows, Idaho
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2020

	Utility Assistance Program	Grant Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 1,582	\$ 5,000	\$ 6,582
Total Assets	<u>\$ 1,582</u>	<u>\$ 5,000</u>	<u>\$ 6,582</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows			
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	<u>1,582</u>	<u>5,000</u>	<u>6,582</u>
Total Fund Balances	<u>1,582</u>	<u>5,000</u>	<u>6,582</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,582</u>	<u>\$ 5,000</u>	<u>\$ 6,582</u>

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

City of New Meadows, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Utility Assistance Program	Grant Fund	Total Nonmajor Governmental Funds
Revenues			
Grants and Donations	\$ 1,607	\$ 5,000	\$ 6,607
Total Revenues	<u>1,607</u>	<u>5,000</u>	<u>6,607</u>
Expenditures			
Current:			
General Administration	<u>25</u>	<u>-</u>	<u>25</u>
Total Expenditures	<u>25</u>	<u>-</u>	<u>25</u>
Net Change in Fund Balances	1,582	5,000	6,582
Fund Balances - Beginning	-	-	-
Fund Balances - Ending	<u><u>\$ 1,582</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 6,582</u></u>

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

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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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 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 the City New Meadows, Idaho, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of New Meadows, Idaho's basic financial statements and have issued our report thereon dated February 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of New Meadows, 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 the City of New Meadows, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of New Meadows, 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 the City of New Meadows, 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.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
February 5, 2021