

**CITY OF RUPERT IDAHO**

**Financial Statements**

**Year Ended September 30, 2014**

**CITY OF RUPERT, IDAHO**  
**Financial Statements**  
**For the year ended September 30, 2014**

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Independent Auditor's Report

March 18, 2015

To the Honorable Mayor and City Council  
City of Rupert, Idaho

***Report on the Financial Statements***

I have audited the accompanying financial statements of the government activities, the business-type activities, and the discretely presented component unit of the City of Rupert, Idaho (City), as of and for the year ended September 30, 2014, 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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 City'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 City's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my 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, and the discretely presented component unit of the City of Rupert, Idaho as of September 30, 2014, 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 the Management's Discussion and Analysis (MD&A) and budgetary comparison information on pages 3-10 and 30-32 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rupert, Idaho's basic financial statements. The accompanying other supplementary information on page 33-55 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

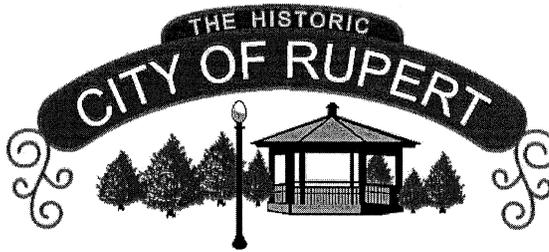
The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 18, 2015, on my consideration of the City's internal control over financial reporting and on my 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 my 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's internal control over financial reporting and compliance.



DENNIS R BROWN  
Certified Public Accountant  
Twin Falls, Idaho



PO Box 426 - 624 F ST Rupert, ID 83350 - (208) 436-9600 - Fax (208) 436-9920

## **Management's Discussion and Analysis For the Year Ended September 30, 2014**

The City of Rupert, Idaho's general purpose external financial statements are presented in this report. The components of the general purpose external financial statements include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information (RSI).

### FINANCIAL HIGHLIGHTS

- The total of all fund assets of the City of Rupert exceeded liabilities at the close of the most recent fiscal year by \$ 26,453,982. Of that amount, \$2,853,259 (unrestricted net position) may be used to meet future obligations and programs.
- Governmental Fund Revenues were \$3,409,376 and expenditures were \$3,338,382.
- Proprietary Fund Operating Revenues were \$8,755,867 and operating expenses were \$8,286,098.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Rupert's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the City's net position changed during the fiscal year is presented in the Statement of Activities.

#### Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds.

**CITY OF RUPERT, IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Table 1: Major Features of the Basic Financial Statements			
	Government-wide	Fund Financial Statements	
	Financial Statements	<i>Governmental Funds</i>	<i>Proprietary Funds</i>
Scope	Entire City government and the City's component unit.	Activities of the City that are not proprietary.	Activities of the City that are operated similar to private businesses
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year * Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements. Table 1 above summarizes the major features of the basic financial statements.

**CONDENSED FINANCIAL INFORMATION**

Condensed Statement of Net Position

The largest component of the City's net position, \$ 22,749,122, reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not eligible for future spending. Restricted net position totals \$851,601. Restricted net position represent resources that are subject to external restrictions, constitutional provisions, debt service requirements, or enabling legislation

**CITY OF RUPERT, IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

on how they can be used. The remaining portion of net assets, \$2,853,259, is unrestricted and can be used to finance government operations.

Table 2 below presents the City's condensed statement of net position as of September 30, 2014, derived from the government-wide Statement of Net Position.

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Current and other assets	\$ 1,039,642	\$ 2,457,942	\$ 3,497,584
Capital assets	4,172,593	34,631,290	38,803,883
Restricted assets	<u>0</u>	<u>1,004,633</u>	<u>1,004,633</u>
Total Assets	<u>5,212,235</u>	<u>38,093,865</u>	<u>43,306,100</u>
Current Liabilities	192,071	1,023,357	1,215,428
Long-term liabilities	<u>317,563</u>	<u>15,319,127</u>	<u>15,636,690</u>
Total Liabilities	<u>509,634</u>	<u>16,342,484</u>	<u>16,852,118</u>
Net Position:			
Invested in capital assets-net of related debt	3,859,694	18,889,428	22,749,122
Restricted	0	851,601	851,601
Unrestricted	<u>842,907</u>	<u>2,010,352</u>	<u>2,853,259</u>
Total Net Position	<u>\$ 4,702,601</u>	<u>\$ 21,751,381</u>	<u>\$ 26,453,982</u>

The amount restricted in the Business-type Activities category is for various future water and wastewater projects along with funds restricted in accordance with debt requirements.

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2014 as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$ 43,886 or 0.93% percent, and the net position of the business-type activities decreased by \$ 356,062 or 1.63%.

**CITY OF RUPERT, IDAHO**

**MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
<b>Revenue:</b>			
Program revenues			
Charges for services	\$ 233,592	\$ 8,755,867	\$ 8,989,459
Capital grants /contributions	47,963	52,000	99,963
Total program revenues	<u>281,555</u>	<u>8,807,867</u>	<u>9,089,422</u>
General revenues			
Taxes	794,038		794,038
Franchise, licenses, permits	342,630		342,630
State shared revenues	555,869		555,869
Penalties & interest on delinquencies	49,648		49,648
Gain on sale of assets	3,130		3,130
Earnings on investments	1,131	1,169	2,300
Other revenues	1,378,865	-371,406	1,007,459
Total general revenues	<u>3,125,311</u>	<u>-370,237</u>	<u>2,755,074</u>
Total revenues	<u>3,406,866</u>	<u>8,437,630</u>	<u>11,844,496</u>
<b>Program expenses:</b>			
General Government	1,369,745		1,369,745
Public Safety	1,081,781		1,081,781
Highways and Streets	351,693		351,693
Cultural and Recreation	333,561		333,561
Depreciation	226,200		226,200
Electric		5,192,445	5,192,445
Water		943,319	943,319
Wastewater		1,614,306	1,614,306
Sanitation		536,028	536,028
Interest, long-term debt		507,594	507,594
Total program expenses	<u>3,362,980</u>	<u>8,793,692</u>	<u>12,156,672</u>
<b>Change in net position</b>	43,886	-356,062	-312,176
Beginning net position	<u>4,658,715</u>	<u>22,107,443</u>	<u>26,766,158</u>
Ending net position	\$ <u>4,702,601</u>	\$ <u>21,751,381</u>	\$ <u>26,453,982</u>

**CITY OF RUPERT, IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Program Expenses and Revenues for Governmental Activities

Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were therefore supported by general revenues, mainly taxes.

**Table 4: Program Expenses and Revenues  
for Government Activities  
For the Fiscal Year Ended September 30, 2014**

	Program Expenses	Program Revenues	Net Expense (Revenues) (a)
General Government	\$ 1,369,745	\$ 78,478	\$ -1,291,267
Public Safety	1,081,781	72,285	-1,009,496
Highways and Streets	351,693	0	-351,693
Cultural and Recreation	333,561	130,792	-202,769
Depreciation	226,200	0	-226,200
Totals	<u>\$ 3,362,980</u>	<u>\$ 281,555</u>	<u>\$ -3,081,425</u>

(a) Governmental activities are mainly supported by taxes.

Program Expenses and Revenues for Business-type Activities

Table 5 below presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses.

**Table 5: Program Expenses and Revenues  
for Business-type Activities  
For the Fiscal Year Ended September 30, 2014**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
Electric	\$ 5,192,445	\$ 4,915,675	\$ -276,770
Water	943,319	964,104	20,785
Wastewater	1,614,306	2,296,957	682,651
Sanitation	536,028	631,131	95,103
Interest on long-term debt	507,594		-507,594
Totals	<u>\$ 8,793,692</u>	<u>\$ 8,807,867</u>	<u>\$ 14,175</u>

**CITY OF RUPERT, IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

The City of Rupert, Idaho adopts an annual budget. A budgetary comparison statement of Governmental Funds is provided below. In total, any negative variances are insignificant.

**Table 6: Analysis of Significant Budget Variances  
for Government Activities  
For the Fiscal Year Ended September 30, 2014**

<b>MD&amp;A Budget/Actual 2014</b>	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Taxes	\$ 794,854	\$ 796,548	\$ 1,694
Franchises, licenses, permits	336,190	342,630	6,440
State of Idaho, Counties, and Cities	608,382	604,658	(3,724)
Fees, fines and charges for services	185,590	202,728	17,138
Miscellaneous	<u>6,583,782</u>	<u>1,502,254</u>	<u>(5,081,528)</u>
 Total Revenue	 8,508,798	 3,448,818	 (5,059,980)
 General Government	 1,470,558	 1,308,943	 161,615
Public Safety	1,124,740	991,100	133,640
Streets	5,719,598	382,258	5,337,340
Capital outlay	98,765	128,098	(29,333)
Parks and Recreation	380,034	333,561	46,473
Library	154,293	143,183	11,110
Animal Control	<u>124,810</u>	<u>90,681</u>	<u>34,129</u>
 Total Expenditures	 <u>9,072,798</u>	 <u>3,377,824</u>	 <u>5,694,974</u>
 EXCESS REVENUE (EXPENDITURES)	 (564,000)	 70,994	 634,994

**BUDGET VARIANCES IN THE GENERAL FUND**

The changes made to the budget format have moved the City into compliance with the budget standards developed by the Government Finance Officers of America (GFOA). An analysis of budget variances this year shows that more assets were budgeted for expenditure than were expended during the current operating cycle.

During the budgeting process for the 2014 fiscal year, a street project for A Street was planned. However, it was determined that the costs would be run through the State of Idaho and therefore did not affect this budget.

**CITY OF RUPERT, IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 7: Comparison of Statement of Net Position  
As of September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Current Assets	\$ 3,497,584	3,595,415	-2.80%
Capital Assets	38,803,883	39,622,304	-2.11%
Restricted Assets	1,004,633	1,004,723	-0.01%
Total Assets	<u>43,306,100</u>	<u>44,222,442</u>	<u>-2.12%</u>
Current Liabilities	1,215,428	1,399,933	-15.18%
Long Term Liabilities	<u>15,636,690</u>	<u>16,056,351</u>	<u>-2.68%</u>
Total Liabilities	<u>16,852,118</u>	<u>17,456,284</u>	<u>-3.59%</u>
Net Position:			
Invested in Capital Assets net of related debt	22,749,122	23,101,568	-1.55%
Restricted	851,601	856,435	-0.57%
Unrestricted	<u>2,853,259</u>	<u>2,808,155</u>	<u>1.58%</u>
Total Net Position	<u>\$ 26,453,982</u>	<u>26,766,158</u>	<u>-1.18%</u>

**CAPITAL ASSET AND LONG-TERM, ACTIVITY**

Capital Asset Activity

At September 30, 2014, the City reported \$4,172,593 in capital assets for governmental activities and \$34,631,290 in capital assets for business-type activities, for a total of \$38,803,883 in capital assets.

Long-term Debt Activity

See Note 5 of the financial statements for information on the City's long-term debt.

**CITY OF RUPERT, IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 8: Changes in Fixed Assets  
for All Funds  
For the Fiscal Year Ended September 30, 2014**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 786,448	0	0	\$ 786,448
Construction in Progress	521,160	0	(521,160)	0
Infrastructure	54,920,447	738,011	0	55,658,458
Buildings and improvements	4,087,348	0	0	4,087,348
Vehicles and equipment	5,048,254	345,419	0	5,393,673
 Totals	 <u>65,363,657</u>	 <u>1,083,430</u>	 <u>(521,160)</u>	 <u>65,925,927</u>
 Accumulated Depreciation	 <u>25,741,355</u>	 <u>1,380,689</u>	 <u>0</u>	 <u>27,122,044</u>
 Net Book Value	 <u>\$ 39,622,302</u>	 <u>-297,259</u>	 <u>(521,160)</u>	 <u>\$ 38,803,883</u>

**SIGNIFICANT ISSUES**

The City experienced no significant issues during the last fiscal year or subsequent to the year through the date of the report.

**REQUESTS FOR INFORMATION**

Requests for information regarding City finances should be directed to:

City Finance Officer  
624 F Street, P.O. Box 426  
Rupert, ID 83350  
Telephone: (208) 436-9600

**CITY OF RUPERT, IDAHO**  
**Statement of Net Position**  
**at September 30, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>	<b>Component Unit Urban Renewal Agency</b>
<b><u>ASSETS</u></b>				
Cash and Deposits	\$ 833,434	\$ 1,287,351	\$ 2,120,785	
Accounts Receivable		730,494	730,494	
Taxes Receivable	47,249		47,249	
Due From Other Governments	144,683	0	144,683	
Restricted and Assigned Cash	0	1,004,633	1,004,633	\$ 11,360
Other Assets	14,276	440,097	454,373	
<b>Totals</b>	<b>1,039,642</b>	<b>3,462,575</b>	<b>4,502,217</b>	<b>11,360</b>
Capital Assets:				
Land	579,124	207,324	786,448	
Infrastructure	1,001,190	54,657,268	55,658,458	
Buildings and Improvements	3,406,071	681,277	4,087,348	
Equipment and Vehicles	2,336,190	3,057,483	5,393,673	
Accumulated Depreciation	(3,149,982)	(23,972,062)	(27,122,044)	
<b>Total Capital Assets</b>	<b>4,172,593</b>	<b>34,631,290</b>	<b>38,803,883</b>	<b>0</b>
<b>Total Assets</b>	<b>5,212,235</b>	<b>38,093,865</b>	<b>43,306,100</b>	<b>11,360</b>
<b><u>LIABILITIES</u></b>				
Accounts and Payroll Liabilities Payable	122,638	365,555	488,193	
Refundable User Deposits	0	153,032	153,032	
Long-term Liabilities:				
Portion due or payable within one year:				
Loans Payable	69,433	504,770	574,203	
Portion due or payable after one year:				
Loans Payable	243,466	13,781,681	14,025,147	1,030,875
Premium on Bond Refunding		1,455,411	1,455,411	
Compensated Absences	74,097	82,035	156,132	
<b>Total Liabilities</b>	<b>509,634</b>	<b>16,342,484</b>	<b>16,852,118</b>	<b>1,030,875</b>
<b><u>NET POSITION</u></b>				
Invested in Capital Assets - net of related debt	3,859,694	18,889,428	22,749,122	
Restricted For:				
Debt Service		851,601	851,601	
Other Purposes	0		0	(1,019,515)
Unrestricted	842,907	2,010,352	2,853,259	
<b>Total Net Position</b>	<b>\$ 4,702,601</b>	<b>\$ 21,751,381</b>	<b>\$ 26,453,982</b>	<b>\$ (1,019,515)</b>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Statement of Activities**  
**For the Year Ended September 30, 2014**

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position			Component Unit - Urban Renewal Agency
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
<b>Governmental:</b>							
Administrative	\$ 588,148	\$ 49,026	\$	\$ (539,122)		\$ (539,122)	
Buildings	90,345			(90,345)		(90,345)	
City Hall Office	302,537			(302,537)		(302,537)	
Law Enforcement	843,162	2,185	26,094	(814,883)		(814,883)	
Streets	351,693			(351,693)		(351,693)	
Parks and Recreation	242,649	69,218		(173,431)		(173,431)	
Pool	90,912	61,574		(29,338)		(29,338)	
Fire Control	147,938	2,740		(145,198)		(145,198)	
Shop	221,353			(221,353)		(221,353)	
Library	143,183	13,709	15,743	(113,731)		(113,731)	
Capital Outlay	24,179			(24,179)		(24,179)	
Animal Control	90,681	35,140	6,126	(49,415)		(49,415)	
Depreciation	226,200			(226,200)		(226,200)	
Total Governmental Activities	<u>3,362,980</u>	<u>233,592</u>	<u>47,963</u>	<u>(3,081,425)</u>		<u>(3,081,425)</u>	
<b>Business Type:</b>							
Electric	5,192,445	4,915,675			\$ (276,770)	(276,770)	
Water	943,319	962,104	2,000		20,785	20,785	
Wastewater	1,614,306	2,246,957	50,000		682,651	682,651	
Sanitation	536,028	631,131			95,103	95,103	
Interest - on long-term debt	507,594				(507,594)	(507,594)	
Total Business-type Activities	<u>8,793,692</u>	<u>8,755,867</u>	<u>52,000</u>		<u>14,175</u>	<u>14,175</u>	
Total City of Rupert, Idaho	<u>\$ 12,156,672</u>	<u>\$ 8,989,459</u>	<u>\$ 99,963</u>	<u>(3,081,425)</u>	<u>14,175</u>	<u>(3,067,250)</u>	
<b>Component Units:</b>							
Urban Renewal Agency	\$ <u>1,035,092</u>						\$ <u>(1,035,092)</u>
Total							<u>(1,035,092)</u>
<b>General Revenues:</b>							
State of Idaho liquor receipts				60,854		60,854	
State highway user collections				182,882		182,882	
State of Idaho shared revenue				171,995		171,995	
State of Idaho sales tax revenue				123,215		123,215	
Highway Road and Bridge tax				16,923		16,923	
Franchises, licenses, permits				342,630		342,630	
City Property Assessments				794,038		794,038	0
Penalty collection and delinquent notices				49,648		49,648	
Earnings on investments				1,131	1,169	2,300	0
County court fines				26,501		26,501	
Gain on sale of assets				3,130		3,130	
Miscellaneous				70,061	63,031	133,092	
Transfers				1,282,303	(434,437)	847,866	
Total general revenues and transfers				<u>3,125,311</u>	<u>(370,237)</u>	<u>2,755,074</u>	<u>0</u>
Changes in net position				43,886	(356,062)	(312,176)	(1,035,092)
Net Position - Beginning				<u>4,658,715</u>	<u>22,107,443</u>	<u>26,766,158</u>	<u>15,577</u>
Net Position - Ending				<u>\$ 4,702,601</u>	<u>\$ 21,751,381</u>	<u>\$ 26,453,982</u>	<u>\$ (1,019,515)</u>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**for the year ended September 30, 2014**

			<u>Other Governmental</u>	
	<u>General Fund</u>	<u>DeMary Library Fund</u>	<u>Animal Control Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Deposits	\$ 744,639	\$ 99,366	\$	\$ 844,005
Taxes Receivable	41,248	6,001		47,249
Due From Other Governments	139,760	4,923		144,683
Other Receivables	<u>14,219</u>	<u>57</u>		<u>14,276</u>
Total Assets	<u>\$ 939,866</u>	<u>\$ 110,347</u>	<u>\$ 0</u>	<u>\$ 1,050,213</u>
<b>LIABILITIES:</b>				
Cash Deficit	\$ 0	\$ 0	\$ 10,571	\$ 10,571
Accounts Payable	83,349	1,941	2,525	87,815
Accrued Labor Payable	<u>31,864</u>	<u>2,024</u>	<u>935</u>	<u>34,823</u>
Total Liabilities	<u>115,213</u>	<u>3,965</u>	<u>14,031</u>	<u>133,209</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - LID Assessments	11,281	0	0	11,281
Unavailable Revenue - Property Taxes	<u>39,193</u>	<u>5,702</u>	<u>0</u>	<u>44,895</u>
Total Deferred Inflows of Resources	<u>50,474</u>	<u>5,702</u>	<u>0</u>	<u>56,176</u>
<b>FUND BALANCE:</b>				
Non-spendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	21,000	0	21,000
Unassigned	<u>774,179</u>	<u>79,680</u>	<u>(14,031)</u>	<u>839,828</u>
Total Fund Balance	<u>774,179</u>	<u>100,680</u>	<u>(14,031)</u>	<u>860,828</u>
Total Liabilities and Fund Balance	<u>\$ 939,866</u>	<u>\$ 110,347</u>	<u>\$ 0</u>	<u>\$ 1,050,213</u>

Amounts reported for governmental activities in the Statement of Net Position (page 11) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 7,322,575 and the accumulated depreciation is \$ 3,149,982 . . . . .	4,172,593
Long-term liabilities, including bonds and compensated absences are not payable in the current period and therefore are not reported in the governmental funds . . . . .	(386,996)
Deferred Inflows of Resources are not reported in the Statement of Net Position	<u>56,176</u>
Net Position of Governmental Funds . . . . .	<u>\$ 4,702,601</u>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**for the year ended September 30, 2014**

	<u>Other Governmental</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>DeMary Library Fund</u>	<u>Animal Control Fund</u>	
<b>REVENUE:</b>				
Property taxes	\$ 695,402	\$ 101,146	\$	\$ 796,548
Franchises, licenses, permits	341,545		1,085	342,630
State of Idaho shared revenue	171,995			171,995
State of Idaho sales tax	123,215			123,215
State of Idaho liquor receipts	60,854			60,854
State highway user collections	182,882			182,882
Penalty collection and delinquent notices	49,648			49,648
County court fines	26,501			26,501
Highway Road and Bridge tax	16,923			16,923
Fees, fines and charges for services	184,743	13,709	35,140	233,592
Grants and contributions	26,094	15,743	6,126	47,963
Earnings on investments	1,009	122		1,131
Gain on Sale of Assets	3,130			3,130
Miscellaneous	51,126	17,925	1,010	70,061
	<u>1,935,067</u>	<u>148,645</u>	<u>43,361</u>	<u>2,127,073</u>
<b>EXPENDITURES:</b>				
Administration	655,266			655,266
Buildings	90,345			90,345
City Hall Office	302,537			302,537
Law Enforcement	843,162			843,162
Streets	382,258			382,258
Parks and Recreation	242,649			242,649
Pool	90,912			90,912
Fire Control	147,938			147,938
Shop	221,353			221,353
Capital Outlay	128,098			128,098
Library		143,183		143,183
Animal Control			90,681	90,681
	<u>3,104,518</u>	<u>143,183</u>	<u>90,681</u>	<u>3,338,382</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	<b>(1,169,451)</b>	<b>5,462</b>	<b>(47,320)</b>	<b>(1,211,309)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds	1,282,303		39,442	1,321,745
Operating transfers (to) other funds	(39,442)			(39,442)
<b>NET CHANGE IN FUND BALANCES</b>	<b>73,410</b>	<b>5,462</b>	<b>(7,878)</b>	<b>70,994</b>
<b>FUND BALANCE - BEGINNING</b>	<b>700,769</b>	<b>95,218</b>	<b>(6,153)</b>	<b>789,834</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ <u>774,179</u></b>	<b>\$ <u>100,680</u></b>	<b>\$ <u>(14,031)</u></b>	<b>\$ <u>860,828</u></b>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**for the year ended September 30, 2014**

Net Change in Fund Balance - Total Governmental Funds (Page 14)	\$ 70,994
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(226,200)
This is the amount of new assets paid in the Government Funds.	103,919
This is the amount of disposed of Governmental Fund assets.	
<p>Long term liabilities are not recorded in the Governmental funds. Principle and interest paid on capital debt are recorded as expenditures in the Governmental Funds. Principle amounts paid are not recorded as expenditures in the Statement of Net Position.</p>	
This is the amount of current year principle payments on capital debt.	84,647
<p>Liability for personal leave days are not recorded in Governmental Funds.</p>	
This is decrease in compensated leave during the year	13,036
<p>Some property taxes will not be collected for several months after the City's fiscal year end. They are not considered available revenues in the governmental funds, but are recorded as deferred tax revenues. However, they are recorded as revenues in the Statement of Activities.</p>	
This is the change in deferred revenue in the current year.	<u>(2,510)</u>
Change in Net Position of Governmental Activities (Page 12)	\$ <u><u>43,886</u></u>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Statement of Net Position**  
**Proprietary Funds**  
**at September 30, 2014**

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and Deposits	\$ 496,833	\$ 135,938	\$ 556,597	\$ 97,983	\$ 1,287,351
Accts receivable - customers	432,789	73,427	175,863	48,415	730,494
Inventory	289,521	112,965	37,611	0	440,097
	<u>1,219,143</u>	<u>322,330</u>	<u>770,071</u>	<u>146,398</u>	<u>2,457,942</u>
<b>Restricted Current Assets:</b>					
Cash and Deposits	153,032	117,636	733,965	0	1,004,633
	<u>1,372,175</u>	<u>439,966</u>	<u>1,504,036</u>	<u>146,398</u>	<u>3,462,575</u>
<b>Capital Assets:</b>					
Plant and equipment	10,083,653	7,386,721	40,383,197	749,781	58,603,352
Accumulated depreciation	(5,423,200)	(2,835,963)	(15,207,671)	(505,228)	(23,972,062)
	<u>4,660,453</u>	<u>4,550,758</u>	<u>25,175,526</u>	<u>244,553</u>	<u>34,631,290</u>
<b>Total Assets</b>	<u>6,032,628</u>	<u>4,990,724</u>	<u>26,679,562</u>	<u>390,951</u>	<u>38,093,865</u>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts and Interest Payable	266,143	21,181	35,766	7,592	330,682
Accrued Payroll Payable	13,757	5,969	8,480	6,667	34,873
Customer Deposits	153,032				153,032
Current portion long-term debt	0	45,000	432,055	27,715	504,770
	<u>432,932</u>	<u>72,150</u>	<u>476,301</u>	<u>41,974</u>	<u>1,023,357</u>
<b>Noncurrent Liabilities:</b>					
Bonds and Captial Leases Payable	0	1,080,000	12,646,231	55,450	13,781,681
Premium on Bond Refunding		172,035	1,283,376		1,455,411
Compensated Absences Payable	40,594	8,371	20,738	12,332	82,035
	<u>40,594</u>	<u>1,260,406</u>	<u>13,950,345</u>	<u>67,782</u>	<u>15,319,127</u>
<b>Total Liabilities</b>	<u>473,526</u>	<u>1,332,556</u>	<u>14,426,646</u>	<u>109,756</u>	<u>16,342,484</u>
<b>Net Position:</b>					
Investment in capital assets net of related debt	4,660,453	3,253,723	10,813,864	161,388	18,889,428
Restricted	0	117,636	733,965	0	851,601
Unrestricted	898,649	286,809	705,087	119,807	2,010,352
<b>Total Net Position</b>	<u>\$ 5,559,102</u>	<u>\$ 3,658,168</u>	<u>12,252,916</u>	<u>\$ 281,195</u>	<u>\$ 21,751,381</u>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**for the year ended September 30, 2014**

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
<b>Operating Revenues:</b>					
Charges for services	\$ 4,830,221	\$ 916,148	\$ 2,228,971	\$ 621,014	\$ 8,596,354
Miscellaneous	<u>85,454</u>	<u>45,956</u>	<u>17,986</u>	<u>10,117</u>	<u>159,513</u>
Total Operating Revenue	<u>4,915,675</u>	<u>962,104</u>	<u>2,246,957</u>	<u>631,131</u>	<u>8,755,867</u>
<b>Operating Expenses:</b>					
Salaries and benefits	722,669	295,249	453,904	373,574	1,845,396
Administrative and supplies	78,625	60,401	7,397	12,228	158,651
Indirect expense allocation	667,322	0	0	0	667,322
Operations and maintenance	3,478,852	453,082	418,157	110,149	4,460,240
Depreciation	<u>244,977</u>	<u>134,587</u>	<u>734,848</u>	<u>40,077</u>	<u>1,154,489</u>
Total Operating Expenses	<u>5,192,445</u>	<u>943,319</u>	<u>1,614,306</u>	<u>536,028</u>	<u>8,286,098</u>
<b>Operating Income</b>	<u>(276,770)</u>	<u>18,785</u>	<u>632,651</u>	<u>95,103</u>	<u>469,769</u>
<b>Nonoperating Revenues (Expenses):</b>					
Interest Income	230	130	809	0	1,169
Interest Expense		(46,447)	(461,147)		(507,594)
Grants		2,000	50,000		52,000
Premium Earned on refinancing		9,557	53,474		63,031
Gain on Sale of Assets					<u>0</u>
Total Nonoperating	<u>230</u>	<u>(34,760)</u>	<u>(356,864)</u>	<u>0</u>	<u>(391,394)</u>
<b>Income before transfers</b>	<u>(276,540)</u>	<u>(15,975)</u>	<u>275,787</u>	<u>95,103</u>	<u>78,375</u>
Transfers in					0
Transfers out			<u>(315,641)</u>	<u>(118,796)</u>	<u>(434,437)</u>
<b>Net Income</b>	<u>(276,540)</u>	<u>(15,975)</u>	<u>(39,854)</u>	<u>(23,693)</u>	<u>(356,062)</u>
<b>Total Net Position - Beginning</b>	<u>5,835,642</u>	<u>3,674,143</u>	<u>12,292,770</u>	<u>304,888</u>	<u>22,107,443</u>
<b>Total Net Position - Ending</b>	<u>\$ 5,559,102</u>	<u>\$ 3,658,168</u>	<u>\$ 12,252,916</u>	<u>\$ 281,195</u>	<u>\$ 21,751,381</u>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the year ended September 30, 2014**

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers	\$ 4,936,285	\$ 964,593	\$ 2,245,810	\$ 629,085	\$ 8,775,773
Payments to suppliers	(4,171,738)	(654,240)	(497,214)	(117,062)	(5,440,254)
Payments to employees	(727,652)	(293,138)	(454,264)	(373,504)	(1,848,558)
Payments from (to) other funds			(315,641)	(118,796)	(434,437)
Other receipts					0
Net cash provided (used) by operations	<u>36,895</u>	<u>17,215</u>	<u>978,691</u>	<u>19,723</u>	<u>1,052,524</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Purchase and construction of capital assets	0	0	(254,553)	(56,871)	(311,424)
Principal paid on capital debt	0	(54,557)	(478,718)		(533,275)
Premium earned on refinancing		9,557	53,474		
Interest paid on capital debt	0	(46,447)	(461,147)		(507,594)
Net cash provided (used) by capital and related financing activities	<u>0</u>	<u>(91,447)</u>	<u>(1,140,944)</u>	<u>(56,871)</u>	<u>(1,352,293)</u>
<b>Cash Flows From Investing Activities:</b>					
Grant Income		2,000	50,000		52,000
Interest Income	230	130	809	0	1,169
Net cash provided (used) by investing	<u>230</u>	<u>2,130</u>	<u>50,809</u>	<u>0</u>	<u>53,169</u>
<b>Net Increase (Decrease) in Cash and Deposits</b>	37,125	(72,102)	(111,444)	(37,148)	(183,569)
<b>Balances - Beginning of the year</b>	<u>612,740</u>	<u>325,676</u>	<u>1,402,006</u>	<u>135,131</u>	<u>2,475,553</u>
<b>Balances - Ending of the year</b>	<u>\$ 649,865</u>	<u>253,574</u>	<u>\$ 1,290,562</u>	<u>\$ 97,983</u>	<u>\$ 2,291,984</u>
Displayed as:					
Pooled Cash and Investments	496,833	135,938	556,597	97,983	1,287,351
Restricted Assets	153,032	117,636	733,965	0	1,004,633
<b>Balances - Ending of the year</b>	<u>\$ 649,865</u>	<u>253,574</u>	<u>\$ 1,290,562</u>	<u>\$ 97,983</u>	<u>\$ 2,291,984</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income	(276,770)	18,785	632,651	95,103	469,769
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	244,977	134,587	734,848	40,077	1,154,489
Changes in assets and liabilities:					
Receivables, net	25,385	2,489	(1,147)	(2,046)	24,681
Inventory	(4,341)	(75,869)	(37,611)	0	(117,821)
Accounts and other payables	48,887	(63,065)	(32,357)	5,315	(41,220)
Compensated absences	(5,987)	288	(2,052)	70	(7,681)
Transfers in (out)		0	(315,641)	(118,796)	(434,437)
Customer deposits	4,744	0			4,744
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 36,895</u>	<u>17,215</u>	<u>\$ 978,691</u>	<u>\$ 19,723</u>	<u>\$ 1,052,524</u>

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rupert, Idaho became an incorporated city under the laws of the State of Idaho on April 12, 1906. The accounting policies of the City of Rupert, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Rupert, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

**(A) Basis of Presentation – Basis of Accounting**

**Basis of Presentation:**

For this reporting period, the City has conformed its financial statement model to *Governmental Auditing Standards Board (GASB) Statement No. 34*. This model presents the financial statements as follows:

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government (the City). 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 the different 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 expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following governmental funds:

*General Fund.* This is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Continued

The City reports the following enterprise funds:

*Electric, Water, Wastewater, and Sanitation Funds.* These funds account for the operation, maintenance, and development of the City's electrical distribution system, water and waste-water facilities, and sanitation collection.

**Discretely Presented Component Unit**

The Component unit column in the financial statements includes the financial data of the City's only discretely presented component unit, the Rupert Urban Renewal Agency. It is reported in a separate column to emphasize that it is separate from the City's operations. Complete financial statements of the Rupert Urban Renewal Agency can be requested.

**Measurement Focus, Basis of Accounting**

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* 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 the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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 debt and acquisitions under capital leases are reported as other financing sources.

*Budgets and Budgetary Accounting.* The City adheres to City budget requirements in Title 50, Chapter 10 of the Idaho Code. The provisions of this chapter include the following procedures to establish budgetary data which is reflected in these financial statements:

- A. Prior to certifying the tax levy to the County Commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.
- B. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Uncommitted appropriations lapse at year end.
- C. There are no provisions in Title 50, Chapter 10 for budget augmentations.

*Entity Classifications.*

- A. City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-continued

- B. Fund Financial Statements – The City has adopted GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments’ highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by governing body or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The City’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

*Allocation of Indirect Expenses.* The City allocates indirect expense, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions with public services and parks.

**(B) Assets, Liabilities, and Equity**

**Deposits and Investments**

The cash balances of substantially all funds are pooled and deposited in either US Bank or the funds individually invest in the State of Idaho Treasurer’s Office for the purpose of increasing earnings through investment activities. The State Investment Pool amounts are reported at fair value at September 30 of each year based on market prices. The individual funds’ portions of the bank balance and fair value of the State Investment Pool are presented as “Cash and Deposits”. Earnings from the State Investments Pool are credited each month in the individual funds where the account is reported.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Continued

**Cash and Deposits**

The City considers cash and deposits in proprietary funds to be cash on hand. In addition, because the State Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a deposit.

**Receivables and Payable**

All trade and property tax receivables are shown net of an allowance for uncollectibles.

**Property Tax Calendar**

Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The Minidoka County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

**Budgetary Data**

Prior to September 1, the City Administrator submits to the City Council 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. After reviewing the preliminary budget, the Council sets a public budget hearing to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval. All annual appropriations lapse at year end. Budgetary data is prepared on the basis of accounting used by a particular fund as explained above. However, only current period payments on capital leases are budgeted, not the full capitalized lease amounts. Depreciation for the proprietary funds is not budgeted; however, an allowance for capital outlay is included in budgeted expenditures.

Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Inventory**

Inventories in governmental funds are considered to be immaterial and are not reported. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Continued

**Capital Assets**

Purchased or constructed capital assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. They are reported net of accumulated depreciation on the Statement of Net Assets. The City capitalizes assets in excess of \$5,000.

Under the requirements of *GASB Statement No. 34*, the City is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. Accordingly, the City has determined not to retroactively report this type of capital asset.

Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	5-15
Office and Other Equipment	3-15
Computer Equipment	3-15

**Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**NOTE 2 – CASH AND DEPOSITS**

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, none of the City's bank balances were exposed to custodial credit risk because it was insured by the FDIC.

*Investments:* Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

Investment Type

Idaho State Local Government Investment Pool    \$ 2,254,523

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Cash and Deposits, Continued

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. 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. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. The fair value of the City's position in the external investment Pool is the same as the value of the Pool shares.

*Credit Risk:* The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

*Interest rate risk and concentration of credit risk:* The City has no policy regarding these two investment risk categories.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	\$	50
Deposits with financial institutions:		
Demand deposits		870,845
State of Idaho Investment Pool		<u>2,254,523</u>
Total		<u>\$ 3,125,418</u>

**NOTE 3 – DELINQUENT TAXES RECEIVABLE**

Property taxes are levied in November of each year and due in two equal installments at December 20 and June 20 following the levy date. If payment is not received upon the due dates, a 2% penalty is charged and taxes are classified as past due subject to 12% interest.

Delinquent taxes not paid within 60 days of year-end are recorded as deferred revenue in the governmental fund financial statements. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Over time, substantially all property taxes are collected. Although small amounts of delinquent taxes are collected within 60 days following the close of the City's fiscal year, the City feels secure in the right of the County to take tax deeds on property for the collection of real property taxes. Therefore, an allowance for uncollectible taxes receivable has not been established and would be immaterial.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Continued

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the current year ended was as follows:

	<u>Beginning</u> <u>Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u> <u>Balances</u>
<b>Governmental Activities:</b>							
<i>Capital Assets not being depreciated:</i>							
Land	\$ 579,124	\$		\$		\$	579,124
Construction in Progress	521,160				(521,160)		0
Total	<u>1,100,284</u>		<u>0</u>		<u>(521,160)</u>		<u>579,124</u>
 <i>Capital Assets being depreciated:</i>							
Buildings & Improvements	3,406,071						3,406,071
Infrastructure	480,030		521,160				1,001,190
Vehicles and Equipment	2,085,344		250,846				2,336,190
Total	5,971,445		772,006		0		6,743,451
Less: Accumulated Depreciation:	2,923,782		226,200		0		3,149,982
Total Net Depreciated Assets	<u>3,047,663</u>		<u>545,806</u>		<u>0</u>		<u>3,593,469</u>
 <b>Governmental capital assets, net</b>	 <u>\$ 4,147,947</u>	 \$	 <u>545,806</u>	 \$	 <u>(521,160)</u>	 \$	 <u>4,172,593</u>
 <b>Business-type activities:</b>							
<i>Capital Assets not being depreciated:</i>							
Land	\$ 207,324	\$		\$		\$	207,324
Construction in Progress	0						0
Total	<u>207,324</u>		<u>0</u>		<u>0</u>		<u>207,324</u>
 <i>Capital Assets being depreciated:</i>							
Buildings & Improvements	681,277						681,277
Infrastructure	54,440,417		216,851				54,657,268
Vehicles and Equipment	2,962,910		94,573				3,057,483
Total	58,084,604		311,424		0		58,396,028
Less: Accumulated Depreciation	22,817,573		1,154,489				23,972,062
Total Net Depreciated Assets	<u>35,267,031</u>		<u>(843,065)</u>		<u>0</u>		<u>34,423,966</u>
 <b>Business-type capital assets, net</b>	 <u>\$ 35,474,355</u>	 \$	 <u>(843,065)</u>	 \$	 <u>0</u>	 \$	 <u>34,631,290</u>

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

– Continued

**NOTE 5 - BONDS PAYABLE**

In December, 2012 the City signed documents to refinance the Sewer Bond Series 1088, 2001, 2008A, 2008B, 2008C, and 2009 by using Idaho Bond Bank Authority Revenue Bonds, Series 2012.

The Wastewater Parity Lien Revenue Refunding Bond is at the par amount of \$10,570,000 plus a premium of \$1,390,324 less underwriter discount of \$40,070, for a net purchase price of \$11,920,254. Proceeds from the municipal bond were used to pay off the prior bonds in the amount of \$11,804,674, plus fees and costs of \$114,315. The City was to transfer \$408,100 of funds held in the reserve funds for the prior bonds, for a total reserve of \$732,369. Bond repayment is scheduled to be complete in September 2038, with total interest expense of \$5,316,977 over the full term of repayment. Interest rates vary from 2% to 5%. The bond premium will be amortized on a straight line basis over the life of the bonds at the rate of \$53,474 per year.

Repayment of the bonds is scheduled in a later section of these financial statements.

In September 2013, the City issued the Wastewater Parity Lien Revenue Bond for the purpose of financing improvements to the wastewater system. At that time interim financing in the amount of \$3,351,000 plus interest was paid off. Interest in the amount of \$41,173 was capitalized and added to the project cost. The interim financing was paid upon completion of the sewer improvement project with funds provided by a USDA Rural Development Bond in the amount of \$3,452,000 at an interest rate of 2.125%.

Repayment of the bond is scheduled in a later section of these financial statements.

In December of 2012 the City signed documents to refinance the Water Revenue Bond Series 2002 by issuing Idaho Bond Bank Authority Revenue Bonds, Series 2012.

The Water Revenue Refunding Bond is at the par amount of \$1,225,000 plus a premium of \$191,149 less underwriter discount of \$4,614, for a net purchase price of \$1,411,535. Proceeds from the municipal bond were used to pay off the prior bond in the amount of \$1,387,421, plus fees and costs of \$21,001. Of the \$117,423 held in the reserve fund for the prior bond, \$92,700 was applied to fund the new Reserve Fund, with the balance to be used in part to pay the prior bond. Bond repayment is scheduled to be complete in September of 2032 with total interest expense of \$579,652 over the full term of repayment. Interest rates vary from 2% to 5%. The bond premium will be amortized on a straight line basis over the life of the bonds at the rate of \$9,557 per year.

Repayment of the bond is scheduled in a later section of these financial statements.

**NOTE 6 – CAPITAL LEASES**

The City has entered into municipal lease agreements for the purchase of a John Deere Grader (paid off in the current year), for the purchase of three 2014 Ford Interceptor police vehicles, and for the purchase of a 2011 Pierce Peterbilt Pumper Fire Truck to be used by the General Fund of the City, as well as a 2013 International Leach Truck to be used by the Sanitation Fund (a Proprietary Fund). The obligations are recorded in the respective funds. Annual lease payments are paid in advance. Unless sooner terminated as set forth in the lease, ownership will transfer to the City upon expiration of the lease. Depreciation expense has been computed on assets acquired under municipal lease agreements.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

Capital Leases – Continued

Detail of the Capital Leases follows:

	Equip Cost (Depr)	2015	2016	2017	2018-20	Total
<b>Governmental Activities</b>						
2014 Elgin Pelican Street Sweeper						
Mountain West Bank	196,415	30,565	30,565	30,565	91,695	183,390
Less Interest 2.95%	<u>(17,540)</u>	<u>(4,893)</u>	<u>(4,135)</u>	<u>(3,356)</u>	<u>(5,156)</u>	<u>(17,540)</u>
Due 10/28	178,875	25,672	26,430	27,209	86,539	165,850
Three Police Vehicles						
Government Leasing Co	94,244	19,980	19,980			39,960
Less Interest 5.218%	<u>(21,677)</u>	<u>(1,933)</u>	<u>(991)</u>			<u>(2,924)</u>
Due 9/13	72,567	18,047	18,989	0	0	37,036
2011 Pierce Pumper						
Oshkosh Capital	194,099	34,102	34,102	34,102	34,102	136,408
Less Interest 2.74%	<u>(21,966)</u>	<u>(3,495)</u>	<u>(2,656)</u>	<u>(1,795)</u>	<u>(909)</u>	<u>(8,855)</u>
Due 10/15	<u>172,133</u>	<u>30,607</u>	<u>31,446</u>	<u>32,307</u>	<u>33,193</u>	<u>127,553</u>
<b>Total Governmental</b>	423,575	74,326	76,865	59,516	119,732	330,439
<b>Business-Type Activities</b>						
Leach Sanitation Truck						
Key Government Fin.	183,430	29,309	29,309	29,309	29,309	117,236
Less Interest 2.825%	<u>(6,945)</u>	<u>(1,594)</u>	<u>(808)</u>	<u>(808)</u>	<u>(808)</u>	<u>(4,018)</u>
Due 11/1	<u>176,485</u>	<u>27,715</u>	<u>28,501</u>	<u>28,501</u>	<u>28,501</u>	<u>113,218</u>
<b>Total Capital Leases</b>	\$ <u>600,060</u>	\$ <u>102,041</u>	\$ <u>105,366</u>	\$ <u>88,017</u>	\$ <u>148,233</u>	\$ <u>443,657</u>

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Continued

**NOTE 7 – OPERATING LEASES**

The City is obligated under a lease for three Police 2014 Ford Taurus Interceptor vehicles under an operating lease. Operating leases do not give rise to property rights or purchase obligations, and therefore the results of the lease agreements are not reflected in the City’s capital assets. The City is obligated for three annual payments of \$8,572 per vehicle for a total payment of \$25,716. The final payment is due September 1, 2016.

**NOTE 8 – LITIGATION**

The City, at the financial statement date, is not involved in any material litigation as either defendant or plaintiff. However, the City is dealing with the Rangen water delivery call. It is not anticipated that this will have any material financial effect to the City.

**NOTE 9 – RESTRICTED NET ASSETS**

The ordinance authorizing the Enterprise Fund revenue bonds requires that the City establish certain restricted cash accounts to be used in the retirement of the bonds and improvements to the water and waste-water systems. In addition certain cash amounts are restricted for use in law enforcement, zoning ordinance enforcement, and for other restrictions imposed by the City Council in the general fund; and for debt retirement in the long-term debt group of accounts. The City’s policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. These restricted amounts are as follows:

	<u>General Fund</u>	<u>Enterprise Funds</u>
General Fund Leases	\$ 0	
Water Revenue Bond Debt Service		\$ 117,636
Wastewater Bonds Debt Service	<u>          </u>	<u>733,965</u>
Totals	<u>\$ 0</u>	<u>\$ 851,601</u>

**NOTE 10 – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The City carries commercial insurance coverage for these risks to the extent deemed prudent by the City Council. The City is also protected by the Idaho Tort Claims Act, which limits exposure to tort claims against the City.

**NOTE 11 – RUPERT URBAN RENEWAL AGENCY**

The component unit column in the combined financial statements includes the financial data of the Rupert Urban Renewal Agency, the City’s only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with State Urban Renewal law. The Agency has authority to construct public improvements including the acquisition of public right-of-way within the blighted area legally designated as the redevelopment district. The City appoints the governing board of the Agency. The Agency derives its funding from tax increment financing.

**CITY OF RUPERT, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2014**

-Continued

**NOTE 12 – ANIMAL CONTROL FACILITY JOINT VENTURE**

Effective October 1, 2013, the City has agreed to accept the responsibility of handling operation of the animal control facility, including hiring of personnel and administration of financial and operational activities. Cash and capital assets were transferred to the City at that time. The City has a 29.1% ownership interest in the animal control facility improvements located on real property owned by the City of Paul, Idaho. The City of Rupert's current contribution to the operating costs under this agreement is \$39,442. In the event of terminating its participation in the agreement, the City would retain an ownership interest in the animal control facility, but all personal property acquired would remain in place for use by the remaining parties. In the event of complete termination, all joint property would be sold, with the proceeds to be distributed in proportion to each entity's contribution.

**NOTE 13 - PENSION PLAN**

The Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website, [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the City and its employees are established and may be amended by the PERSI Board of Trustees. For the current year, the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members and 8.36% for police/firefighter members. The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. The City contributions required and paid were \$ 298,288, \$ 291,205, and \$ 274,421 for the three years ended September 30, 2014, 2013, and 2012 respectively.

**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through the audit report date, March 18, 2015.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF RUPERT, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- General Fund**  
**for the year ended September 30, 2014**

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>			
Property Taxes	\$ 694,186	\$ 695,402	\$ 1,216
Franchises, licenses, permits	335,190	341,545	6,355
State of Idaho shared revenue	172,981	171,995	(986)
State of Idaho sales tax	118,058	123,215	5,157
State of Idaho liquor receipts	60,000	60,854	854
State highway user collections	183,300	182,882	(418)
Penalty collection and delinquent notices	44,000	49,648	5,648
County court fines	45,000	26,501	(18,499)
Highway Road and Bridge tax	16,500	16,923	423
Fees, fines, and charges for services	169,240	184,743	15,503
Grants and contributions	5,141,437	26,094	(5,115,343)
Earnings on investments	10,000	1,009	(8,991)
Gain on Sale of Assets	0	3,130	3,130
Miscellaneous	21,500	51,126	29,626
<b>Total Revenue</b>	<u>7,011,392</u>	<u>1,935,067</u>	<u>(5,076,325)</u>
<b>EXPENDITURES:</b>			
Administration	666,426	655,266	11,160
Buildings	77,454	90,345	(12,891)
City Hall Office	328,893	302,537	26,356
Law Enforcement	929,005	843,162	85,843
Streets	5,719,598	382,258	5,337,340
Parks and Recreation	278,135	242,649	35,486
Pool	101,899	90,912	10,987
Fire Control	195,735	147,938	47,797
Shop	358,343	221,353	136,990
Capital outlay	98,765	128,098	(29,333)
<b>Total Expenditures</b>	<u>8,754,253</u>	<u>3,104,518</u>	<u>5,649,735</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	(1,742,861)	(1,169,451)	573,410
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds	1,252,303	1,282,303	30,000
Operating transfers (to) other funds	(39,442)	(39,442)	0
<b>NET CHANGE IN FUND BALANCES</b>	(530,000)	73,410	603,410
<b>FUND BALANCE - BEGINNING</b>	<u>700,769</u>	<u>700,769</u>	<u>0</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 170,769</u>	<u>\$ 774,179</u>	<u>\$ 603,410</u>

**CITY OF RUPERT, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- DeMary Memorial Library**  
**for the year ended September 30, 2014**

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>			
Property Taxes	\$ 100,668	\$ 101,146	\$ 478
County Sales tax	17,175	17,925	750
County membership	7,500	6,037	(1,463)
Fees, fines, and charges for services	6,350	7,672	1,322
Grants and contributions	1,600	15,743	14,143
Earnings on investments	0	122	122
Miscellaneous	0	0	0
Total Revenue	<u>133,293</u>	<u>148,645</u>	<u>15,352</u>
<b>EXPENDITURES:</b>			
Personnel expense	105,275	103,343	1,932
Operations and Maintenance	47,540	39,840	7,700
Capital outlay	0	0	0
Contingency	1,478	0	1,478
Total Expenditures	<u>154,293</u>	<u>143,183</u>	<u>11,110</u>
EXCESS REVENUE (EXPENDITURES)	(21,000)	5,462	26,462
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds			0
Operating transfers (to) other funds			0
NET CHANGE IN FUND BALANCES	(21,000)	5,462	26,462
FUND BALANCE - BEGINNING	<u>95,218</u>	<u>95,218</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 74,218</u>	<u>\$ 100,680</u>	<u>\$ 26,462</u>

**CITY OF RUPERT, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- Animal Control Fund**  
**for the year ended September 30, 2014**

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Franchises, licenses, permits	1,000	1,085	85
City Joint Power Agreements	12,702	9,827	(2,875)
Minidoka County fees	20,166	15,000	(5,166)
Fees, fines, and charges for services	10,000	10,313	313
Grants and contributions	20,500	6,126	(14,374)
Miscellaneous	8,000	1,010	(6,990)
Total Revenue	<u>72,368</u>	<u>43,361</u>	<u>(29,007)</u>
<b>EXPENDITURES:</b>			
Personnel expense	44,138	43,980	158
Operations and Maintenance	59,300	46,701	12,599
Capital outlay	0	0	0
Contingency	21,372		21,372
Total Expenditures	<u>124,810</u>	<u>90,681</u>	<u>34,129</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	(52,442)	(47,320)	5,122
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds	39,442	39,442	0
Operating transfers (to) other funds	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	(13,000)	(7,878)	5,122
<b>FUND BALANCE - BEGINNING</b>	<u>(6,153)</u>	<u>(6,153)</u>	<u>0</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ (19,153)</u>	<u>\$ (14,031)</u>	<u>\$ 5,122</u>

**CITY OF RUPERT, IDAHO**  
**Note and Bond-Future Principal and Interest Requirements**  
**at September 30, 2014**

	Annual Payment			Balance
	Date	Interest Payment	Principal Payment	
Revenue Bond:				
				\$ 1,125,000
Water Revenue Refunding Bonds, Series 2012	3/15/2015	\$ 22,775	\$	1,125,000
\$ 1,225,000 December 2012	9/15/2015	22,775	45,000	1,080,000
2.00 - 5.00%	3/15/2016	22,325		1,080,000
	9/15/2016	22,325	45,000	1,035,000
	3/15/2017	21,425		1,035,000
	9/15/2017	21,425	45,000	990,000
	3/15/2018	20,525		990,000
	9/15/2018	20,525	50,000	940,000
	3/15/2019	20,025		940,000
	9/15/2019	20,025	50,000	890,000
	3/15/2020	19,025		890,000
	9/15/2020	19,025	50,000	840,000
	3/15/2021	18,025		840,000
	9/15/2021	18,025	55,000	785,000
	3/15/2022	16,925		785,000
	9/15/2022	16,925	55,000	730,000
	3/15/2023	16,100		730,000
	9/15/2023	16,100	60,000	670,000
	3/15/2024	14,600		670,000
	9/15/2024	14,600	60,000	610,000
	3/15/2025	13,100		610,000
	9/15/2025	13,100	65,000	545,000
	3/15/2026	11,475		545,000
	9/15/2026	11,475	65,000	480,000
	3/15/2027	9,850		480,000
	9/15/2027	9,850	70,000	410,000
	3/15/2028	8,100		410,000
	9/15/2028	8,100	75,000	335,000
	3/15/2029	6,225		335,000
	9/15/2029	6,225	80,000	255,000
	3/15/2030	4,625		255,000
	9/15/2030	4,625	80,000	175,000
	3/15/2031	2,625		175,000
	9/15/2031	2,625	85,000	90,000
	3/15/2032	1,350		90,000
	9/15/2032	1,350	90,000	0
		\$ 498,200	\$ 1,125,000	

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Note and Bond-Future Principal and Interest Requirements**  
**at September 30, 2014**

Annual Payment

	Date	Interest Payment	Principal Payment	Balance
	3/15/2015	\$ 191,384		\$ 9,795,000
	9/15/2015	191,384	345,000	9,450,000
Revenue Bond:	3/15/2016	187,934		9,450,000
	9/15/2016	187,934	355,000	9,095,000
Wastewater Parity Lien Revenue Refunding	3/15/2017	180,834		9,095,000
Bonds Series 2012	9/15/2017	180,834	370,000	8,725,000
\$ 10,570,000 issued December 2012	3/15/2018	173,434		8,725,000
2.00% - 5.00%	9/15/2018	173,434	385,000	8,340,000
	3/15/2019	169,584		8,340,000
	9/15/2019	169,584	390,000	7,950,000
	3/15/2020	161,784		7,950,000
	9/15/2020	161,784	405,000	7,545,000
	3/15/2021	153,684		7,545,000
	9/15/2021	153,684	420,000	7,125,000
	3/15/2022	145,284		7,125,000
	9/15/2022	145,284	440,000	6,685,000
	3/15/2023	138,684		6,685,000
	9/15/2023	138,684	455,000	6,230,000
	3/15/2024	127,309		6,230,000
	9/15/2024	127,309	475,000	5,755,000
	3/15/2025	115,434		5,755,000
	9/15/2025	115,434	500,000	5,255,000
	3/15/2026	102,934		5,255,000
	9/15/2026	102,934	525,000	4,730,000
	3/15/2027	89,809		4,730,000
	9/15/2027	89,809	550,000	4,180,000
	3/15/2028	76,059		4,180,000
	9/15/2028	76,059	575,000	3,605,000
	3/15/2029	61,684		3,605,000
	9/15/2029	61,684	560,000	3,045,000
	3/15/2030	50,484		3,045,000
	9/15/2030	50,484	355,000	2,690,000
	3/16/2031	41,609		2,690,000
	9/16/2031	41,609	370,000	2,320,000
	3/15/2032	36,059		2,320,000
	9/15/2032	36,059	305,000	2,015,000
	3/15/2033	31,484		2,015,000
	9/15/2033	31,484	310,000	1,705,000
	3/15/2034	26,641		1,705,000
	9/15/2034	26,641	320,000	1,385,000
	3/15/2035	21,641		1,385,000
	9/15/2035	21,641	330,000	1,055,000
	3/15/2036	16,484		1,055,000
	9/15/2036	16,484	340,000	715,000
	3/15/2037	11,172		715,000
	9/15/2037	11,172	350,000	365,000
	3/15/2038	5,703		365,000
	9/15/2038	5,703	365,000	0
		\$ 4,634,224	\$ 9,795,000	

The accompanying notes are a part of these financial statements.

**CITY OF RUPERT, IDAHO**  
**Note and Bond-Future Principal and Interest Requirements**  
**at September 30, 2014**

	Annual Payment			Balance
	Date	Interest Payment	Principal Payment	
Revenue Bond:				\$ 3,283,286
Wastewater Parity Lien Revenue Bond 2012	9/17/2015	\$ 69,770	\$ 87,055	3,196,231
\$ 3,452,000 September 17, 2012	9/17/2016	67,920	88,905	3,107,326
2.125%	9/17/2017	66,031	90,794	3,016,532
	9/17/2018	64,101	92,724	2,923,808
	9/17/2019	62,131	94,694	2,829,114
	9/17/2020	60,119	96,706	2,732,408
	9/17/2021	58,064	98,761	2,633,647
	9/17/2022	55,965	100,860	2,532,787
	9/17/2023	53,822	103,003	2,429,784
	9/17/2024	51,633	105,192	2,324,592
	9/17/2025	49,398	107,427	2,217,165
	9/17/2026	47,115	109,710	2,107,455
	9/17/2027	44,783	112,042	1,995,413
	9/17/2028	42,402	114,423	1,880,990
	9/17/2029	39,971	116,854	1,764,136
	9/17/2030	37,488	119,337	1,644,799
	9/17/2031	34,952	121,873	1,522,926
	9/17/2032	32,362	124,463	1,398,463
	9/17/2033	29,717	127,108	1,271,355
	9/17/2034	27,016	129,809	1,141,546
	9/17/2035	24,258	132,567	1,008,979
	9/17/2036	21,441	135,384	873,595
	9/17/2037	18,564	138,261	735,334
	9/17/2038	15,626	141,199	594,135
	9/17/2039	12,625	144,200	449,935
	9/17/2040	9,561	147,264	302,671
	9/17/2041	6,432	150,393	152,278
	9/17/2042	3,236	152,278	0
		\$ 1,106,503	\$ 3,283,286	

The accompanying notes are a part of these financial statements.



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

**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**

March 18, 2015

To the Honorable Mayor and City Council  
City of Rupert, Idaho

I 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 and the business-type activities, and the discretely presented component unit of City of Rupert, Idaho, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Rupert, Idaho's basic financial statements, and have issued our report thereon dated March 18, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered City of Rupert, 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 Rupert, Idaho's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Rupert, 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 City'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Rupert, Idaho's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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.

A handwritten signature in black ink, appearing to read "Dennis R. Brown". The signature is fluid and cursive.

DENNIS R. BROWN  
Certified Public Accountant  
Twin Falls, Idaho