

**CITY OF GRANGEVILLE, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2017

## Table of Contents

	<u>Page</u>
<b>Independent Auditor’s Report</b>	1
<b>Management’s Discussion and Analysis</b>	i
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	13
Notes to Financial Statements	17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary (GAAP Basis) Comparison Schedule	
General Fund	36
Street Fund	37

	<u>Page</u>
Recreation Fund	38
Notes to Required Supplementary Information	39
Schedule of the City's Proportionate Share of the Net Pension Liability	40
Schedule of City Contributions	41
<b>SUPPLEMENTAL INFORMATION</b>	
Supplemental Schedule of Revenues by Source – Budget and Actual – General Fund	42
Supplemental Schedule of Expenditures by Object of Expenditure – Budget and Actual – General Fund	43
Combining Balance Sheet – Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	47
<b>FEDERAL REPORTS</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	48



# Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

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

### **Report on 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 Grangeville, Idaho (the City), as of and for the year ended September 30, 2017, 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 Grangeville, Idaho, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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 on pages I through viii, budgetary comparison information, schedule of the City's proportionate share of the net pension liability, and schedule of City contributions on pages 36 through 41 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.

### *Other Information*

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

The schedules of revenues by source, expenditures by object, 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, expenditures by object, and the combining nonmajor fund financial statements 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 March 8, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Millington Zwysart CPAs, PLLC*

March 8, 2018

**City of Grangeville, Idaho**  
Statement of Net Position  
September 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,330,558	\$ 4,032,529	\$ 5,363,087
Short-term Investments	224,470	-	224,470
Accounts Receivable, Net	13,132	275,967	289,099
Taxes Receivable, Net	50,598	-	50,598
Interest Receivable	2,692	4,740	7,432
Due from Other Governments	141,991	2,836	144,827
Prepaid Items	8,403	5,312	13,715
<b>Total Current Assets</b>	<b>1,771,844</b>	<b>4,321,384</b>	<b>6,093,228</b>
Noncurrent Assets:			
Long-term Investments	718,880	356,009	1,074,889
Restricted Cash	313,095	321,271	634,366
Capital Assets:			
Land and Construction in Progress	211,759	86,256	298,015
Improvements, Net	1,242,340	7,441,096	8,683,436
Buildings, Net	90,925	5,819,638	5,910,563
Equipment, Net	456,014	1,902,188	2,358,202
<b>Total Noncurrent Assets</b>	<b>3,033,013</b>	<b>15,926,458</b>	<b>18,959,471</b>
<b>Total Assets</b>	<b>4,804,857</b>	<b>20,247,842</b>	<b>25,052,699</b>
<b>Deferred Outflows</b>			
Pension Related Items	59,767	30,162	89,929
<b>Total Deferred Outflows</b>	<b>59,767</b>	<b>30,162</b>	<b>89,929</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	60,911	104,439	165,350
Wages Payable	33,742	16,465	50,207
Deposits from Others	3,990	4,136	8,126
Accrued Interest	-	37,051	37,051
Long-term Liabilities:			
Due Within One Year:			
Bonds and Notes Payable	-	224,777	224,777
Compensated Absences	29,850	22,423	52,273
Due in More than One Year:			
Bonds and Notes Payable	-	5,890,958	5,890,958
Net Pension Liability	289,308	146,003	435,311
<b>Total Liabilities</b>	<b>417,801</b>	<b>6,446,252</b>	<b>6,864,053</b>
<b>Deferred Inflows</b>			
Pension Related Items	43,397	21,901	65,298
<b>Total Deferred Inflows</b>	<b>43,397</b>	<b>21,901</b>	<b>65,298</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,001,038	9,133,443	11,134,481
Restricted for:			
Debt Service	313,095	321,271	634,366
Other Purposes	1,415,536	-	1,415,536
Unrestricted (Deficit) Surplus	673,757	4,355,137	5,028,894
<b>Total Net Position</b>	<b>\$ 4,403,426</b>	<b>\$ 13,809,851</b>	<b>\$ 18,213,277</b>

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

**City of Grangeville, Idaho**  
**Statement of Activities**  
For the Year Ended September 30, 2017

	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
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 209,774	\$ 30,754	\$ 7,480	\$ -	\$ (171,540)	\$ -	\$ (171,540)
Public Safety	676,348	-	-	-	(676,348)	-	(676,348)
Highways and Streets	452,764	82,455	-	-	(370,309)	-	(370,309)
Culture and Recreation	326,731	38,699	8,156	-	(279,876)	-	(279,876)
<b>Total Governmental Activities</b>	<b>1,665,617</b>	<b>151,908</b>	<b>15,636</b>	<b>-</b>	<b>(1,498,073)</b>	<b>-</b>	<b>(1,498,073)</b>
Business-type Activities:							
Water	693,179	904,127	-	-	-	210,948	210,948
Sewer	1,085,285	901,677	-	-	-	(183,608)	(183,608)
Sanitation	553,844	558,356	-	-	-	4,512	4,512
Recreation-Snowhaven	125,028	149,483	500	-	-	24,955	24,955
<b>Total Business-type Activities</b>	<b>2,457,336</b>	<b>2,513,643</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>56,807</b>	<b>56,807</b>
<b>Total Primary Government</b>	<b>\$ 4,122,953</b>	<b>\$ 2,665,551</b>	<b>\$ 16,136</b>	<b>\$ -</b>	<b>(1,498,073)</b>	<b>56,807</b>	<b>(1,441,266)</b>
General Revenues:							
Property Taxes					940,647	-	940,647
Intergovernmental					567,167	10,352	577,519
Interest					21,121	33,799	54,920
Other					69,131	-	69,131
Disposal of Capital Assets					14,306	-	14,306
Transfers					-	-	-
Total General Revenues and Special Items					1,612,372	44,151	1,656,523
Change in Net Position					114,299	100,958	215,257
Net Position, Beginning of Year					4,190,235	13,708,893	17,899,128
Prior Period Adjustment					98,892	-	98,892
Net Position, Beginning of Year					4,289,127	13,708,893	17,998,020
Net Position, End of Year					\$ 4,403,426	\$ 13,809,851	\$ 18,213,277

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

**City of Grangeville, Idaho**  
 Balance Sheet -  
 Governmental Funds  
 September 30, 2017

	General	Street	Recreation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Investments	\$ 917,835	\$ 803,493	\$ 458,042	\$ 113,663	\$ 2,293,033
Receivables, Net:					
Accounts	4,078	9,054	-	-	13,132
Property Taxes	27,462	15,106	3,807	4,223	50,598
Interest	1,538	935	219	-	2,692
Due from Other Governments	52,679	54,495	32,014	2,803	141,991
Internal Balances	-	-	-	-	-
Prepaid Items	4,470	3,282	626	25	8,403
Restricted Investments	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,008,062</b>	<b>\$ 886,365</b>	<b>\$ 494,708</b>	<b>\$ 120,714</b>	<b>\$ 2,509,849</b>
<b>Liabilities</b>					
Accounts Payable	\$ 16,467	\$ 23,449	\$ 16,058	\$ 2,377	\$ 58,351
Wages Payable	24,783	4,287	2,222	2,450	33,742
Customer Deposits	-	3,990	-	-	3,990
Compensated Absences	5,545	2,209	2,511	-	10,265
<b>Total Liabilities</b>	<b>46,795</b>	<b>33,935</b>	<b>20,791</b>	<b>4,827</b>	<b>106,348</b>
<b>Deferred Inflows</b>					
Unearned Revenue - Property Tax	27,036	14,862	3,747	4,156	49,801
<b>Total Deferred Inflows</b>	<b>27,036</b>	<b>14,862</b>	<b>3,747</b>	<b>4,156</b>	<b>49,801</b>
<b>Fund Balances</b>					
Nonspendable	4,470	3,282	626	25	8,403
Restricted	-	834,286	469,544	111,706	1,415,536
Unassigned	929,761	-	-	-	929,761
<b>Total Fund Balances</b>	<b>934,231</b>	<b>837,568</b>	<b>470,170</b>	<b>111,731</b>	<b>2,353,700</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 1,008,062</b>	<b>\$ 886,365</b>	<b>\$ 494,708</b>	<b>\$ 120,714</b>	<b>\$ 2,509,849</b>

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



**City of Grangeville, Idaho**  
 Reconciliation of the Balance Sheet of the  
 Governmental Funds to the Statement of Net Position  
 September 30, 2017

Total Fund Balances - Governmental Funds \$ 2,353,700

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. The cost of assets consist of:

Land and Construction in Progress	\$ 211,759	
Improvements, Net of \$1,099,877 Accumulated Depreciation	1,242,340	
Buildings, Net of \$646,602 Accumulated Depreciation	90,925	
Equipment, Net of \$1,767,812 Accumulated Depreciation	<u>456,014</u>	
		2,001,038

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are unearned in the funds. 49,801

Compensated absences that are applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. (19,585)

Internal service funds are used by management to charge medical costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net assets are: 291,410

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	\$ (289,308)	
Pension Related Deferred Inflows	(43,397)	
Pension Related Deferred Outflows	<u>59,767</u>	
		<u>(272,938)</u>

Net Position of Governmental Activities \$ 4,403,426

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

**City of Grangeville, Idaho**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2017

	General	Roads and Streets	Recreation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 505,674	\$ 277,851	\$ 69,157	\$ 72,357	\$ 925,039
Licenses and Permits	15,076	-	-	3,678	18,754
Intergovernmental	214,525	220,675	119,395	12,572	567,167
Charges for Services	12,000	82,455	35,695	3,004	133,154
Grants & Contributions	7,480	-	250	7,906	15,636
Interest Income	7,088	7,273	4,310	761	19,432
Other	5,693	12,592	1,830	4,700	24,815
<b>Total Revenues</b>	<u>767,536</u>	<u>600,846</u>	<u>230,637</u>	<u>104,978</u>	<u>1,703,997</u>
<b>Expenditures</b>					
Current:					
General Government	173,125	-	-	29,002	202,127
Public Safety	583,319	-	-	-	583,319
Highway and Streets	-	804,167	-	-	804,167
Culture and Recreation	-	-	203,911	77,345	281,256
Capital Outlay	148,012	16,000	59,286	4,962	228,260
<b>Total Expenditures</b>	<u>904,456</u>	<u>820,167</u>	<u>263,197</u>	<u>111,309</u>	<u>2,099,129</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(136,920)</u>	<u>(219,321)</u>	<u>(32,560)</u>	<u>(6,331)</u>	<u>(395,132)</u>
<b>Other Financing Resources (Uses)</b>					
Gain/(Loss) on Sale of Assets	11,400	3,025	-	-	14,425
<b>Total Other Financing Sources (Uses)</b>	<u>11,400</u>	<u>3,025</u>	<u>-</u>	<u>-</u>	<u>14,425</u>
<b>Net Change in Fund Balances</b>	<u>(125,520)</u>	<u>(216,296)</u>	<u>(32,560)</u>	<u>(6,331)</u>	<u>(380,707)</u>
Fund Balances - Beginning	1,059,751	1,053,864	502,730	118,062	2,734,407
<b>Fund Balances - Ending</b>	<u>\$ 934,231</u>	<u>\$ 837,568</u>	<u>\$ 470,170</u>	<u>\$ 111,731</u>	<u>\$ 2,353,700</u>

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

**City of Grangeville, 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, 2017

Total Net Change in Fund Balance - Governmental Funds \$ (380,707)

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. Because of this, gains or losses on disposals only appear in the Statement of Activities as well. In the current period these amounts are:

Capital Outlay	\$ 663,380	
Depreciation Expense	(238,297)	
Loss on Disposal of Assets	<u>(119)</u>	
Net		424,964

Loss on Disposal of Assets

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 unearned tax revenues. They are, however, recorded as revenues in the Statement of Activities. 15,608

The net revenue of certain activities of internal service funds are reported with governmental activities. 46,005

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. (3,805)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. 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. 12,234

Change in Net Position of Governmental Activities \$ 114,299

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

**City of Grangeville, Idaho**  
Statement of Net Position - Proprietary Funds  
September 30, 2017

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,185,783	\$ 1,701,058	\$ 96,931
Short-term Investments	-	-	-
Accounts Receivable, Net	109,450	106,036	60,181
Interest Receivable	4,589	151	-
Due from Other Governments	-	-	-
Prepaid Items	2,288	2,176	141
Total Current Assets	<u>2,302,110</u>	<u>1,809,421</u>	<u>157,253</u>
Noncurrent Assets:			
Long-term Investments	336,353	19,656	-
Restricted Cash and Investments	259,064	62,207	-
Capital Assets:			
Land and Construction in Progress	20,946	33,750	-
Improvements, Net	4,666,923	2,729,384	-
Buildings, Net	50,064	5,761,602	-
Equipment, Net	421,716	1,470,062	1,221
Total Noncurrent Assets	<u>5,755,066</u>	<u>10,076,661</u>	<u>1,221</u>
Total Assets	<u>8,057,176</u>	<u>11,886,082</u>	<u>158,474</u>
<b>Deferred Outflows</b>			
Pension Related Items	13,363	14,173	423
Total Deferred Outflows	<u>13,363</u>	<u>14,173</u>	<u>423</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	19,382	36,349	46,776
Wages Payable	6,633	9,565	267
Customer Deposits	4,136	-	-
Accrued Interest	4,650	32,401	-
Compensated Absences	11,269	10,970	184
Current Portion - Debt	130,000	94,777	-
Total Current Liabilities	<u>176,070</u>	<u>184,062</u>	<u>47,227</u>
Long-term Liabilities:			
Bonds and Notes Payable	2,847,719	3,043,239	-
Net Pension Liability	64,687	68,605	2,046
Total Long-term Liabilities	<u>2,912,406</u>	<u>3,111,844</u>	<u>2,046</u>
Total Liabilities	<u>3,088,476</u>	<u>3,295,906</u>	<u>49,273</u>
<b>Deferred Inflows</b>			
Pension Related Items	9,703	10,291	307
Total Deferred Inflows	<u>9,703</u>	<u>10,291</u>	<u>307</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,181,930	6,856,782	1,221
Restricted for Debt Service	259,064	62,207	-
Unrestricted	2,531,366	1,675,069	108,096
Total Net Position	<u>\$ 4,972,360</u>	<u>\$ 8,594,058</u>	<u>\$ 109,317</u>

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

**City of Grangeville, Idaho**  
Statement of Net Position - Proprietary Funds (continued)  
September 30, 2017

	Enterprise Funds		Governmental
	Snowhaven	Total	Activities - Internal Services
<b>Assets</b>			
Current Assets:			
Cash and Investments	\$ 48,757	\$ 4,032,529	\$ 293,970
Short-term Investments	-	-	-
Accounts Receivable, Net	300	275,967	-
Interest Receivable	-	4,740	-
Due from Other Governments	2,836	2,836	-
Prepaid Items	707	5,312	-
Total Current Assets	<u>52,600</u>	<u>4,321,384</u>	<u>293,970</u>
Noncurrent Assets:			
Long-term Investments	-	356,009	-
Restricted Cash	-	321,271	-
Capital Assets:			
Land and Construction in Progress	31,560	86,256	-
Improvements, Net	44,789	7,441,096	-
Buildings, Net	7,972	5,819,638	-
Equipment, Net	9,189	1,902,188	-
Total Noncurrent Assets	<u>93,510</u>	<u>15,926,458</u>	<u>-</u>
Total Assets	<u>146,110</u>	<u>20,247,842</u>	<u>293,970</u>
<b>Deferred Outflows</b>			
Pension Related Items	2,203	30,162	-
Total Deferred Outflows	<u>2,203</u>	<u>30,162</u>	<u>-</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	1,932	104,439	2,560
Wages Payable	-	16,465	-
Customer Deposits	-	4,136	-
Accrued Interest	-	37,051	-
Compensated Absences	-	22,423	-
Current Portion - Debt	-	224,777	-
Total Current Liabilities	<u>1,932</u>	<u>409,291</u>	<u>2,560</u>
Long-term Liabilities:			
Bonds and Notes Payable	-	5,890,958	-
Net Pension Liability	10,665	146,003	-
Total Long-term Liabilities	<u>10,665</u>	<u>6,036,961</u>	<u>-</u>
Total Liabilities	<u>12,597</u>	<u>6,446,252</u>	<u>2,560</u>
<b>Deferred Inflows</b>			
Pension Related Items	1,600	21,901	-
Total Deferred Inflows	<u>1,600</u>	<u>21,901</u>	<u>-</u>
<b>Net Position</b>			
Net Investment in Capital Assets	93,510	9,133,443	-
Restricted for Debt Service	-	321,271	-
Unrestricted	40,606	4,355,137	291,410
Total Net Position	<u>\$ 134,116</u>	<u>\$ 13,809,851</u>	<u>\$ 291,410</u>

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

**City of Grangeville, Idaho**  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds  
For the Year Ended September 30, 2017

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Operating Revenues</b>			
Charges for Services	\$ 886,035	\$ 893,722	\$ 558,356
Penalties	9,183	-	-
Other	8,909	7,955	-
Total Operating Revenues	<u>904,127</u>	<u>901,677</u>	<u>558,356</u>
<b>Operating Expenses</b>			
Salaries and Benefits	182,001	248,464	7,131
Contractor Services	-	-	537,774
Supplies	13,598	19,276	4,755
Heat, Light, and Power	60,967	84,256	-
Other Services and Charges	89,040	250,845	2,692
Depreciation	252,278	422,823	1,492
Total Operating Expenses	<u>597,884</u>	<u>1,025,664</u>	<u>553,844</u>
<b>Operating Income (Loss)</b>	<u>306,243</u>	<u>(123,987)</u>	<u>4,512</u>
<b>Nonoperating Revenues (Expenses)</b>			
Donations	-	-	-
Intergovernmental	-	-	-
Interest Earned	17,276	16,461	-
Interest Expense	(95,295)	(59,621)	-
Total Nonoperating Revenues (Expenses)	<u>(78,019)</u>	<u>(43,160)</u>	<u>-</u>
<b>Change in Net Position</b>	228,224	(167,147)	4,512
<b>Net Position - Beginning</b>	4,744,136	8,761,205	104,805
<b>Net Position - Ending</b>	<u>\$ 4,972,360</u>	<u>\$ 8,594,058</u>	<u>\$ 109,317</u>

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

**City of Grangeville, Idaho**  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds (continued)  
For the Year Ended September 30, 2017

	Enterprise Funds		Governmental Activities - Internal Services
	Snowhaven	Total	
<b>Operating Revenues</b>			
Charges for Services	\$ 146,357	\$ 2,484,470	\$ -
Penalties	-	9,183	-
Other	3,126	19,990	238,159
<b>Total Operating Revenues</b>	<u>149,483</u>	<u>2,513,643</u>	<u>238,159</u>
<b>Operating Expenses</b>			
Salaries and Benefits	47,045	484,641	193,843
Contractor Services	-	537,774	-
Supplies	5,364	42,993	-
Heat, Light, and Power	5,993	151,216	-
Other Services and Charges	59,043	401,620	-
Depreciation	7,583	684,176	-
<b>Total Operating Expenses</b>	<u>125,028</u>	<u>2,302,420</u>	<u>193,843</u>
<b>Operating Income (Loss)</b>	<u>24,455</u>	<u>211,223</u>	<u>44,316</u>
<b>Nonoperating Revenues (Expenses)</b>			
Donations	500	500	-
Intergovernmental Revenue	10,352	10,352	-
Interest Earned	62	33,799	1,689
Interest Expense	-	(154,916)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>10,914</u>	<u>(110,265)</u>	<u>1,689</u>
<b>Change in Net Position</b>	35,369	100,958	46,005
<b>Net Position - Beginning</b>	98,747	13,708,893	245,405
<b>Net Position - Ending</b>	<u>\$ 134,116</u>	<u>\$ 13,809,851</u>	<u>\$ 291,410</u>

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

**City of Grangeville, Idaho**  
Statement of Cash Flows -  
Proprietary Funds  
For the Year Ended September 30, 2017

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 898,196	\$ 898,983	\$ 561,602
Payments to Suppliers for Goods or Services	(166,185)	(338,159)	(545,245)
Payments to Employees for Services	(182,833)	(251,936)	(7,115)
Net Cash Provided (Used) by Operating Activities	<u>549,178</u>	<u>308,888</u>	<u>9,242</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers In (Out)	-	-	-
Intergovernmental Revenue	-	-	-
Donations	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases and Construction of Capital Assets	(161,138)	(100,469)	-
Disposal of Capital Assets	-	-	-
Loan Proceeds Received	-	-	-
Principal Paid on Capital Debt	(144,857)	(93,033)	-
Interest Paid on Capital Debt	(95,451)	(60,582)	-
Net Cash Used by Capital and Related Financing Activities	<u>(401,446)</u>	<u>(254,084)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>			
Sale (Purchase) of Investments	(302,901)	(10,108)	-
Interest and Dividends	17,276	16,461	-
Net Cash Used by Investing Activities	<u>(285,625)</u>	<u>6,353</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	(137,893)	61,157	9,242
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,582,740</u>	<u>1,702,108</u>	<u>87,689</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,444,847</u>	<u>\$ 1,763,265</u>	<u>\$ 96,931</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ 2,185,783	\$ 1,701,058	\$ 96,931
Restricted Cash and Investments	259,064	62,207	-
	<u>\$ 2,444,847</u>	<u>\$ 1,763,265</u>	<u>\$ 96,931</u>

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



**City of Grangeville, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
For the Year Ended September 30, 2017

	Enterprise Funds		Governmental
	Snowhaven	Total	Activities - Internal Services
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 151,453	\$ 2,510,234	\$ 238,159
Payments to Suppliers for Goods or Services	(69,060)	(1,118,649)	(191,283)
Payments to Employees for Services	(47,496)	(489,380)	-
Net Cash Provided (Used) by Operating Activities	<u>34,897</u>	<u>902,205</u>	<u>46,876</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers In (Out)	-	-	-
Intergovernmental Revenue	10,352	10,352	-
Donations	500	500	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,852</u>	<u>10,852</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases and Construction of Capital Assets	-	(261,607)	-
Disposal of Capital Assets	-	-	-
Loan Proceeds Received	-	-	-
Principal Paid on Capital Debt	-	(237,890)	-
Interest Paid on Capital Debt	-	(156,033)	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(655,530)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>			
Sale (Purchase) of Investments	-	(313,009)	-
Interest and Dividends	62	33,799	1,689
Net Cash Used by Investing Activities	<u>62</u>	<u>(279,210)</u>	<u>1,689</u>
Net Increase in Cash and Cash Equivalents	45,811	(21,683)	48,565
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,946</u>	<u>4,375,483</u>	<u>245,405</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 48,757</u>	<u>\$ 4,353,800</u>	<u>\$ 293,970</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ 48,757	\$ 4,032,529	\$ 293,970
Restricted Cash	-	321,271	-
	<u>\$ 48,757</u>	<u>\$ 4,353,800</u>	<u>\$ 293,970</u>

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

**City of Grangeville, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
For the Year Ended September 30, 2017

	Enterprise Funds		
	Water	Sewer	Sanitation
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 306,243	\$ (123,987)	\$ 4,512
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	252,278	422,823	1,492
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(5,356)	(2,694)	3,246
(Increase) Decrease in Prepaid Items	216	156	(30)
(Increase) Decrease in Deferred Outflows	32,322	34,279	1,022
Increase (Decrease) in Accrued Payroll and Benefits	231	1,154	20
Increase (Decrease) in Accounts Payable	(2,796)	16,062	6
Increase (Decrease) in Customer Deposits	(575)	-	-
Increase (Decrease) in Compensated Absences	1,673	(1,724)	83
Increase (Decrease) in Net Pension Liability	(17,787)	(18,864)	(563)
Increase (Decrease) in Deferred Inflows	(17,271)	(18,317)	(546)
Net Cash Provided by Operating Activities	<u>\$ 549,178</u>	<u>\$ 308,888</u>	<u>\$ 9,242</u>

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

**City of Grangeville, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
For the Year Ended September 30, 2017

	Enterprise Funds		Governmental Activities -
	Snowhaven	Total	Internal Services
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 24,455.00	\$ 211,223.00	\$ 44,316.00
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	7,583	684,176	-
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,970	(2,834)	-
(Increase) Decrease in Prepaid Items	33	375	-
(Increase) Decrease in Deferred Outflows	5,329	72,952	-
Increase (Decrease) in Accrued Payroll and Benefits	-	1,405	-
Increase (Decrease) in Accounts Payable	1,307	14,579	2,560
Increase (Decrease) in Customer Deposits	-	(575)	-
Increase (Decrease) in Compensated Absences	-	32	-
Increase (Decrease) in Net Pension Liability	(2,933)	(40,147)	-
Increase (Decrease) in Deferred Inflows	(2,847)	(38,981)	-
Net Cash Provided by Operating Activities	<u>\$ 34,897</u>	<u>\$ 902,205</u>	<u>\$ 46,876</u>

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

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Grangeville, Idaho (the City), which has responsibility and control over all activities related to public safety, roads and streets, library, 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. Board 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 by the Governmental Accounting Standards Board.

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, except for fiduciary activities. 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 non-exchange 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 activity of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt for business-type activities.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—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.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, use, and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

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.
- *Street fund.* This fund accounts for repairs and maintenance of roads and construction of new roads. Restricted revenue received in this fund is to be used for this purpose.
- *Recreation fund.* This fund accounts for the operation and maintenance of the City's swimming pool and parks. Restricted revenue received in this fund is to be used for this purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. 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 operations and collections of the City's sewer system.
- *Sanitation fund.* The City acts as an intermediary in billing and collecting revenue from the local citizens for the sanitation company.
- *Snowhaven.* This fund accounts for the operations and collections related to Snowhaven

Internal Service Funds

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City reports the following internal service fund:

- *Insurance Pool fund.* This fund accounts for the employee health insurance plan.

Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

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

The City uses the following fund balance categories in the governmental fund financial statements:

- *Nonspendable*. Prepaid items 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.

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.

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/fund balance 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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The fund balance in the nonmajor governmental funds are restricted by outside donors and grants for enrichment of the City's art and other funds have been restricted for use towards the City's health insurance.

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, cash is pooled for investment purposes and each fund has equity in the pooled amount. All cash and investment accounts with an original maturity of three months or less and all monies invested in the local government investment pool are considered to be cash and cash equivalents. See Note 2.

Receivables

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

Property Tax Calendar

The City receives property tax revenue from Idaho 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, 2017, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2017, are not considered available for use by the City and are recorded as unearned revenue in the fund financial statements.

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.



**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	7 – 50 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 – 20 Years

General infrastructure assets acquired prior to October, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Bond Issuance Costs, Premiums/Discounts, Deferred Losses on Refunding

In the government-wide financial statements and in the proprietary funds in the fund financial statements, long-term debt, and other long-term obligations are reported as assets or liabilities. Bond premiums and discounts, deferred losses on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred loss on refunding. Unamortized bond issuance costs are reported as intangible assets and amortized over the term of the related debt.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets – Proprietary Funds

Certain proceeds and resources are set aside and classified as restricted assets on the balance sheet because their use is limited by city ordinance and by the City Council. In the Water fund, the bond and interest redemption accounts are used to report resources set aside to be used for payment of bond principal and interest. It also includes the bond reserve account, which is used to report resources set aside to be used for payment of bond principal and interest, if amounts are not sufficient for such purposes in the bond and interest redemption account. Also, in the Water fund, the customer deposit account is used to report resources received from users of the utility system. These deposits are to be returned to the customer when leaving the system, provided all utility bills are paid current.

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2017, the carrying amount of the City's deposits was \$220,593 and the respective bank balances totaled \$212,133. All of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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2. CASH AND INVESTMENTS (continued)

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, 2017, all of the City's deposits were covered by 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 also keeps \$2,910 of cash on hand. The City does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City's policy is to have no more than 10% of the value of the investment portfolio with any single issues at the time of purchase, with the exception of U.S. Treasury and U.S. Agency securities.

Interest Rate Risk

The City has a policy to not purchase securities with a maturity more than five (5) from the date of purchase, unless it is matched to a specific cash flow. This policy is to help mitigate the interest rate risk of investments.

Investments

The City voluntarily participates in the State of Idaho Investment Pool, which was not 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 investment in the pool is the same as the value of the pool shares.

The City follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
For the Year Ended September 30, 2017

2. CASH AND INVESTMENTS (continued)

The City's investments at September 30, 2017, are summarized below:

Investment Type	Rating	Fair Value	Less than 1	1-5	More than 5
External Investment Pool	N/A	\$ 4,430,408	\$ 4,430,408	\$ -	\$ -
Money Market	N/A	39,096	39,096	-	-
CD	N/A	2,139,356	500,065	1,639,291	
US Treasury/Agency Bonds	AAA	464,448	119,510	344,938	-
		<u>\$ 7,073,308</u>	<u>\$ 5,089,079</u>	<u>\$ 1,984,229</u>	<u>\$ -</u>

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,330,558	\$ 4,032,529	\$ 5,363,087
Investments	943,350	356,009	1,299,359
Restricted Investments	313,095	321,271	634,366
	<u>\$ 2,587,003</u>	<u>\$ 4,709,809</u>	<u>\$ 7,296,812</u>

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units include state revenue sharing of \$35,444, liquor apportionment of \$10,432, highway user revenue of \$36,968 from the State Department of Highways, inventory phase out of \$56,503 from Idaho County, and \$5,479 due from Rural Fire. The total due from other governments is \$144,826.

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2017, was as follows:

	Balance 9/30/2016	Adjustments	Additions	Disposals	Balance 9/30/2017
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 211,759	\$ -	\$ -	\$ -	\$ 211,759
Capital Assets Being Depreciated:					
Improvements	1,888,317	-	453,900	-	2,342,217
Buildings	737,527	-	-	-	737,527
Equipment	2,052,003	7,577	209,480	(45,234)	2,223,826
Total Historical Cost	<u>4,677,847</u>	<u>7,577</u>	<u>663,380</u>	<u>(45,234)</u>	<u>5,303,570</u>
Less: Accumulated Depreciation					
Improvements	996,969	-	102,908	-	1,099,877
Buildings	630,748	-	15,853	-	646,601
Equipment	1,693,391	-	119,537	(45,115)	1,767,813
Total Acc. Depr.	<u>3,321,108</u>	<u>-</u>	<u>238,298</u>	<u>(45,115)</u>	<u>3,514,291</u>
Net Depreciable Assets	<u>1,356,739</u>	<u>7,577</u>	<u>425,082</u>	<u>(119)</u>	<u>1,789,279</u>
Governmental Activities					
Capital Assets - Net	<u>\$ 1,568,498</u>	<u>\$ 7,577</u>	<u>\$ 425,082</u>	<u>\$ (119)</u>	<u>\$ 2,001,038</u>
<u>Business-type Activities:</u>					
Capital Assets Not Being Depreciated:					
Land and Easements	\$ 86,256	\$ -	\$ -	\$ -	\$ 86,256
Capital Assets Being Depreciated:					
Improvements	12,870,322	-	141,138	-	13,011,460
Buildings	8,078,178	-	-	-	8,078,178
Equipment	4,122,333	-	120,469	(12,434)	4,230,368
Total Depreciable Assets	<u>25,070,833</u>	<u>-</u>	<u>261,607</u>	<u>(12,434)</u>	<u>25,320,006</u>
Less: Accumulated Depreciation					
Improvements	5,226,381	-	343,983	-	5,570,364
Buildings	2,075,065	-	183,475	-	2,258,540
Equipment	2,183,896	-	156,718	(12,434)	2,328,180
Total Acc. Depr.	<u>9,485,342</u>	<u>-</u>	<u>684,176</u>	<u>(12,434)</u>	<u>10,157,084</u>
Net Depreciable Assets	<u>15,585,491</u>	<u>-</u>	<u>(422,569)</u>	<u>-</u>	<u>15,162,922</u>
Business-type Activities - Net	<u>\$ 15,671,747</u>	<u>\$ -</u>	<u>\$ (422,569)</u>	<u>\$ -</u>	<u>\$ 15,249,178</u>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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4. CAPITAL ASSETS (continued)

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

Governmental Activities:

General Government	\$ 9,039
Public Safety	80,507
Highway and Streets	109,863
Culture and Recreation	<u>38,889</u>
	<u>\$ 238,298</u>

Business-type Activities:

Water	\$ 252,278
Sewer	422,823
Sanitation	1,492
Snowhaven	<u>7,583</u>
	<u>\$ 684,176</u>

5. PENSION PLAN

*Plan Description*

The City of Grangeville, 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](http://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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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5. PENSION PLAN (continued)

*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.

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

*Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% (for general employees and 11.66% for police and firefighters. The City of Grangeville, Idaho's contributions were \$94,005 the year ended September 30, 2017.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

5. PENSION PLAN (continued)

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

At September 30, 2017, the City of Grangeville, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 Grangeville, Idaho's proportion of the net pension liability was based the City of Grangeville, 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, 2017, the City of Grangeville, Idaho's proportion was 0.0276946 percent.

For the year ended September 30, 2017, the City of Grangeville, Idaho recognized pension expense/(revenue) of \$75,571. At September 30, 2017, the City of Grangeville, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 60,304	\$ 39,218
Changes in assumptions or other inputs	8,050	-
Net difference between projected and actual earnings on pension plan investments	-	26,081
City of Grangeville, Idaho's contributions subsequent to the measurement date	21,575	-
<b>Total</b>	<b>\$ 89,929</b>	<b>\$ 65,299</b>

\$21,575 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, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2017, is 4.9 years and 5.5 for the measurement period June 30, 2016.



**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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5. PENSION PLAN (continued)

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

<b>For the Year Ended</b>	<b>PERSI</b>
<b>September 30:</b>	
2018	\$ (2,091)
2019	40,898
2020	11,604
2021	(25,782)

*Actuarial Assumptions*

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

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

Inflation	3.25%
Salary increases	4.25 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expense
Cost-of-living	1%

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2016, is based on the results of an actuarial valuation date of July 1, 2016.

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
For the Year Ended September 30, 2017

5. PENSION PLAN (continued)

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

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30.00%	23% - 33%
Cash	2.25%	90.00%	0%	0% - 5%
<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\* Expected arithmetic return net of fees and expenses

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

5. PENSION PLAN (continued)

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

*Discount Rate*

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability (asset)	\$ 1,011,753	\$ 435,312	\$ (43,727)

*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](http://www.persi.idaho.gov).

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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6. 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.

7. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Employees accrue vacation time on every paycheck at a rate depending on their tenure with the City. Compensated time is also awarded for overtime worked. This time can be accumulated and carried over to subsequent years. Changes in compensated absences for the year ended September 30, 2017, are as follows:

	<u>9/30/2016</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2017</u>	<u>Current</u>
Governmental Activities	\$ 30,612	\$ 23,451	\$ 24,213	\$ 29,850	\$ 29,850
Business-type Activities	22,391	13,343	13,311	22,423	22,423
Total	<u>\$ 53,003</u>	<u>\$ 36,794</u>	<u>\$ 37,524</u>	<u>\$ 52,273</u>	<u>\$ 52,273</u>

8. LEASE COMMITMENTS

The City leases three copy machines, one located at City Hall, one at the Library, and one at the Police Station. It is anticipated that the copiers will be returned at the end of the lease periods. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2018	\$ 3,357
2019	<u>516</u>
	<u>\$ 3,873</u>

Rent expenditures for the year ended September 30, 2017, were \$3,786.

9. OTHER COMMITMENTS

The City has credit cards with a total credit limit of \$32,500. As of September 30, 2017, none of the available credit was in use.

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
For the Year Ended September 30, 2017

10. LONG-TERM OBLIGATIONS

Revenue Bond:

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The Water Revenue Bond Series 2003 was issued in December of 2003 in the amount of \$3,900,000 to finance improvements to the domestic water system. This bond was partially refinanced from bonds issued in 2014 through the Idaho Bond Bank Authority in the amount of \$3,060,000. The sewer bond was issued March 2014 in the amount of \$3,500,000 to finance improvements to the sewer plant. Long-term obligation activity for the year ending September 30, 2017 was as follows:

Description	Maturity	Rate	Required Reserve	9/30/2016	Increase	Decrease	9/30/2017	Current Portion
<u>Business-type Activities:</u>								
USDA Sewer Bond	2043	1.875%	\$ 62,207	\$ 3,231,049	\$ -	\$ (93,033)	\$ 3,138,016	\$ 94,777
Water Refunding Bond	2033	2.00% - 5.00%	\$ 259,064	<u>2,785,000</u>	-	<u>(125,000)</u>	<u>2,660,000</u>	<u>130,000</u>
				6,016,049	-	(218,033)	5,798,016	224,777
Unamort. Water Bond Premium				<u>337,576</u>	-	<u>(19,857)</u>	<u>317,719</u>	<u>-</u>
				<u>\$ 6,353,625</u>	<u>\$ -</u>	<u>\$ (237,890)</u>	<u>\$ 6,115,735</u>	<u>\$ 224,777</u>

Debt service requirements on long-term debt as of September 30, 2017, are as follows:

Year Ending September 30,	Business-type Activities	
	Bonds and Notes	
	Principal	Interest
2018	\$ 224,777	\$ 170,438
2019	226,554	166,061
2020	233,365	161,650
2021	235,209	155,081
2022	242,088	150,502
2023-2027	1,329,880	645,270
2028-2032	1,567,427	383,148
2033-2037	875,090	139,235
2038-2042	713,364	54,711
2043	150,263	2,817
	<u>\$ 5,798,017</u>	<u>\$ 2,028,913</u>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2017

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11. RESTATEMENT

In prior years certain fixed assets were not correctly capitalized on the Government Wide statements. This caused the fixed assets to be understated as well as the Net Position. Also, there was a liability incorrectly recorded on the Government Wide statements for amount being held in trust. This caused the Net Position to be understated. Net Position was restated as follows:

	<u>Governmental Activities</u>
Net Position, Beginning - As Previously Stated	\$ 4,190,235
Increase in Net Position due to Understatement of Fixed Assets	7,577
Increase in Net Position due to Overstatement of Liabilities	91,315
Net Position, Beginning - Restated	<u>\$ 4,289,127</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 512,184	\$ 512,184	\$ 505,674	\$ (6,510)
Licenses and Permits	8,900	8,900	15,076	6,176
Intergovernmental	206,241	206,241	214,525	8,284
Charges for Services	12,000	12,000	12,000	-
Grants & Contributions	3,000	3,000	7,480	4,480
Interest Income	-	-	7,088	7,088
Other	16,000	16,000	5,693	(10,307)
<b>Total Revenues</b>	<u>758,325</u>	<u>758,325</u>	<u>767,536</u>	<u>9,211</u>
<b>Expenditures</b>				
Current:				
General Government	222,270	222,270	173,125	49,145
Public Safety	695,570	695,570	583,319	112,251
Capital Outlay	151,500	151,500	148,012	3,488
<b>Total Expenditures</b>	<u>1,069,340</u>	<u>1,069,340</u>	<u>904,456</u>	<u>164,884</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(311,015)</u>	<u>(311,015)</u>	<u>(136,920)</u>	<u>174,095</u>
<b>Other Financing Sources (Uses)</b>				
Gain/(Loss) on Sale of Assets	-	-	11,400	11,400
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>11,400</u>	<u>11,400</u>
<b>Net Change in Fund Balances</b>	<u>(311,015)</u>	<u>(311,015)</u>	<u>(125,520)</u>	<u>185,495</u>
Fund Balances - Beginning	311,015	311,015	1,059,751	748,736
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,231</u>	<u>\$ 934,231</u>



**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Street Fund  
 For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 282,220	\$ 282,220	\$ 277,851	\$ (4,369)
Licenses and Permits	-	-	-	-
Intergovernmental	207,084	207,084	220,675	13,591
Charges for Services	87,100	87,100	82,455	(4,645)
Interest Income	-	-	7,273	7,273
Other	10,300	10,300	12,592	2,292
<b>Total Revenues</b>	<u>586,704</u>	<u>586,704</u>	<u>600,846</u>	<u>14,142</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	649,100	649,100	596,237	52,863
Maintenance and Operations	286,520	286,520	207,930	78,590
Capital Outlay	25,500	25,500	16,000	9,500
<b>Total Expenditures</b>	<u>961,120</u>	<u>961,120</u>	<u>820,167</u>	<u>140,953</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(374,416)</u>	<u>(374,416)</u>	<u>(219,321)</u>	<u>155,095</u>
<b>Other Financing Sources (Uses)</b>				
Gain/(Loss) on Sale of Assets	-	-	3,025	3,025
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>3,025</u>	<u>3,025</u>
<b>Net Change in Fund Balances</b>	(374,416)	(374,416)	(216,296)	158,120
Fund Balances - Beginning	374,416	374,416	1,053,864	679,448
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 837,568</u>	<u>\$ 837,568</u>

**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Recreation Fund  
 For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$ 70,300	\$ 70,300	\$ 69,157	\$ (1,143)
Licenses and Permits	-	-	-	-
Intergovernmental	115,036	115,036	119,395	4,359
Charges for Services	26,500	26,500	35,695	9,195
Grants & Contributions	-	-	250	250
Interest Income	-	-	4,310	4,310
Other	8,700	8,700	1,830	(6,870)
Total Revenues	<u>220,536</u>	<u>220,536</u>	<u>230,637</u>	<u>10,101</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	114,400	114,400	101,834	12,566
Maintenance and Operations	191,135	191,135	102,077	89,058
Capital Outlay	70,000	70,000	59,286	10,714
Total Expenditures	<u>375,535</u>	<u>375,535</u>	<u>263,197</u>	<u>112,338</u>
Net Change in Fund Balances	(154,999)	(154,999)	(32,560)	122,439
Fund Balances - Beginning	154,999	154,999	502,730	347,731
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,170</u>	<u>\$ 470,170</u>

**City of Grangeville, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2017

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1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for Enterprise funds may also be revised in the same manner as those situations involving federal and state grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

**City of Grangeville, Idaho**  
 Schedule of the City's Proportionate Share of the  
 Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years\*

	2017	2016	2015
City proportion of the net pension liability (asset)	0.0276946%	0.0273786%	0.0270404%
City's proportionate share of the net pension liability (asset)	\$ 435,312	\$ 555,006	\$ 356,078
City's covered-employee payroll	\$ 821,952	\$ 797,072	\$ 758,865
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.96%	69.63%	46.92%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	82.26%	91.38%

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

Data reported is measured as of June 30, 2017

**City of Grangeville, Idaho**  
**Schedule of City Contributions**

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 94,005	\$ 91,184	\$ 86,753
Contributions in relation to the contractually required contribution	<u>94,005</u>	<u>91,184</u>	<u>86,753</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 821,952	\$ 797,072	\$ 758,865
Contributions as a percentage of covered-employee payroll	11.44%	11.44%	11.43%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, City of Grangeville, Idaho will present information for those years for which information is available. Data reported is measured as of September 30, 2017

***SUPPLEMENTAL INFORMATION***

**City of Grangeville, Idaho**  
Supplemental Schedule of Revenues by Source  
- Budget and Actual - General Fund  
For the Year Ended September 30, 2017

	Budget	Actual	Variance
<b>Taxes</b>			
Property Taxes	\$ 510,000	\$ 502,621	\$ (7,379)
Penalties and Interest	2,184	3,053	869
	<u>512,184</u>	<u>505,674</u>	<u>(6,510)</u>
<b>Licenses and Permits</b>			
Alcoholic Beverages	3,800	4,820	1,020
Building and Inspection	3,000	3,468	468
Animal Licenses and Impound Fees	2,100	2,887	787
Franchise Fees	-	3,901	3,901
	<u>8,900</u>	<u>15,076</u>	<u>6,176</u>
<b>Intergovernmental</b>			
State Liquor Apportionment	49,000	55,551	6,551
Personal Property Tax Replacement	12,611	12,610	(1)
State Revenue Sharing	136,130	141,368	5,238
Court Revenue	8,500	4,996	(3,504)
	<u>206,241</u>	<u>214,525</u>	<u>8,284</u>
<b>Charges for Services</b>			
Reimbursement of Services	12,000	12,000	-
	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<b>Other</b>			
Grants and Contributions	3,000	7,480	4,480
Interest Income	-	7,088	7,088
Other Income	16,000	5,693	(10,307)
Gain/(Loss) on Sale of Assets	-	11,400	11,400
	<u>19,000</u>	<u>31,661</u>	<u>12,661</u>
<b>Total Revenue</b>	<u>\$ 758,325</u>	<u>\$ 778,936</u>	<u>\$ 20,611</u>

**City of Grangeville, Idaho**  
Supplemental Schedule of Expenditures by Object of Expenditure  
- Budget and Actual - General Fund  
For the Year Ended September 30, 2017

	Budget	Actual	Variance
<b>Council</b>			
Salaries	\$ 18,360	\$ 16,302	\$ 2,058
Benefits	3,550	2,785	765
Travel and Meetings	3,000	-	3,000
	<u>24,910</u>	<u>19,087</u>	<u>5,823</u>
<b>Executive</b>			
Mayor Salary	5,460	5,145	315
Benefits	1,200	976	224
Travel and Meetings	1,500	-	1,500
	<u>8,160</u>	<u>6,121</u>	<u>2,039</u>
<b>City Clerk</b>			
Salaries	34,800	33,030	1,770
Benefits	20,700	20,875	(175)
Travel and Meetings	2,400	1,129	1,271
Maintenance and Repairs	100	49	51
	<u>58,000</u>	<u>55,083</u>	<u>2,917</u>
<b>Elections</b>			
Publication	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Administrative Assistant</b>			
Salaries	14,500	11,986	2,514
Benefits	10,050	10,269	(219)
Travel and Meetings	150	49	101
Supplies	150	-	150
	<u>24,850</u>	<u>22,304</u>	<u>2,546</u>
<b>Legal</b>			
Professional Services	33,600	34,608	(1,008)
	<u>33,600</u>	<u>34,608</u>	<u>(1,008)</u>
<b>Planning and Zoning</b>			
Travel and Meetings	200	-	200
Publication	400	82	318
Professional Services	5,500	-	5,500
Supplies	100	-	100
Other Expenses	150	-	150
	<u>6,350</u>	<u>82</u>	<u>6,268</u>



**City of Grangeville, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure  
 - Budget and Actual - General Fund (continued)  
 For The Year Ended September 30, 2017

	Budget	Actual	Variance
<b>General Government</b>			
Maintenance and Repairs	\$ 14,500	\$ 7,255	\$ 7,245
Publication	3,500	916	2,584
Professional Services	5,000	2,925	2,075
Supplies	6,800	4,947	1,853
Utilities	8,000	5,390	2,610
Dues and Subscriptions	3,100	3,335	(235)
Printing and Binding	4,500	-	4,500
Insurance	1,500	997	503
Janitorial Services	3,300	2,739	561
Other Expenses	10,500	4,215	6,285
Economic Development	4,000	2,000	2,000
	<u>64,700</u>	<u>34,719</u>	<u>29,981</u>
<b>Law Enforcement</b>			
Salaries	305,100	287,889	17,211
Benefits	136,300	139,818	(3,518)
Travel and Meetings	4,500	583	3,917
Maintenance and Repairs	26,500	14,732	11,768
Professional Services	32,960	32,913	47
Supplies	21,000	16,345	4,655
Utilities	8,600	4,517	4,083
Dues and Subscriptions	500	475	25
Insurance	16,000	10,046	5,954
Gas and Oil	31,460	7,800	23,660
Training	12,500	8,099	4,401
Other Expenses	14,000	3,096	10,904
Capital Outlay	137,800	135,958	1,842
	<u>747,220</u>	<u>662,271</u>	<u>84,949</u>

**City of Grangeville, Idaho**  
Supplemental Schedule of Expenditures by Object of Expenditure  
- Budget and Actual - General Fund (continued)  
For the Year Ended September 30, 2017

	Budget	Actual	Variance
<b>Fire Department</b>			
Salaries	\$ 19,250	\$ 17,792	\$ 1,458
Benefits	3,300	2,087	1,213
Travel and Meetings	700	-	700
Maintenance and Repairs	10,500	5,862	4,638
Supplies	5,300	3,838	1,462
Utilities	5,800	3,560	2,240
Dues and Subscriptions	200	-	200
Insurance	3,400	2,547	853
Janitorial Services	750	540	210
Gas and Oil	900	688	212
Training	2,800	1,168	1,632
Other Expenses	3,700	1,741	1,959
Capital Outlay	12,200	11,967	233
	<u>68,800</u>	<u>51,790</u>	<u>17,010</u>
<b>Animal Control</b>			
Salaries	14,700	10,860	3,840
Benefits	2,900	1,946	954
Travel and Meetings	3,200	570	2,630
Professional Services	1,500	1,200	300
Supplies	2,000	826	1,174
Utilities	1,400	1,047	353
Insurance	450	295	155
Gas and Oil	2,400	402	1,998
Other Expenses	1,000	37	963
Capital Outlay	1,500	87	1,413
	<u>31,050</u>	<u>17,270</u>	<u>13,780</u>
<b>Building Maintenance</b>			
Salaries	1,000	949	51
Benefits	700	172	528
	<u>1,700</u>	<u>1,121</u>	<u>579</u>
<b>Total Expenditures</b>	<u>\$ 1,069,340</u>	<u>\$ 904,456</u>	<u>\$ 164,884</u>

**City of Grangeville, Idaho**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2017**

	Library	Tort Insurance	Total
<b>Assets</b>			
Cash and Investments	\$ 99,718	\$ 13,945	\$ 113,663
Receivables, Net:			
Property Taxes	2,672	1,551	4,223
Due from Other Governments	2,803	-	2,803
Prepaid Items	25	-	25
<b>Total Assets</b>	<b>\$ 105,218</b>	<b>\$ 15,496</b>	<b>\$ 120,714</b>
<b>Liabilities</b>			
Accounts Payable	\$ 2,377	\$ -	\$ 2,377
Wages Payable	2,450	-	2,450
<b>Total Liabilities</b>	<b>4,827</b>	<b>-</b>	<b>4,827</b>
<b>Deferred Inflows</b>			
Unearned Revenue - Property Tax	2,630	1,526	4,156
<b>Total Deferred Inflows</b>	<b>2,630</b>	<b>1,526</b>	<b>4,156</b>
<b>Fund Balances</b>			
Nonspendable	25	-	25
Restricted	97,736	13,970	111,706
<b>Total Fund Balances</b>	<b>97,761</b>	<b>13,970</b>	<b>111,731</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 105,218</b>	<b>\$ 15,496</b>	<b>\$ 120,714</b>

**City of Grangeville, Idaho**  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Nonmajor Governmental Funds  
For the Year Ended September 30, 2017

	Library	Tort Insurance	Total
<b>Revenues</b>			
Property Taxes	\$ 44,638	\$ 27,719	\$ 72,357
Licenses and Permits	3,678	-	3,678
Intergovernmental	11,879	693	12,572
Charges for Services	3,004	-	3,004
Grants & Contributions	7,906	-	7,906
Interest Income	743	18	761
Other	4,700	-	4,700
<b>Total Revenues</b>	<u>76,548</u>	<u>28,430</u>	<u>104,978</u>
<b>Expenditures</b>			
Current:			
Salaries and Benefits	53,056	-	53,056
Maintenance and Operations	24,289	29,002	53,291
Capital Outlay	4,962	-	4,962
<b>Total Expenditures</b>	<u>82,307</u>	<u>29,002</u>	<u>111,309</u>
<b>Net Change in Fund Balances</b>	(5,759)	(572)	(6,331)
Fund Balances - Beginning	103,520	14,542	118,062
Fund Balances - Ending	<u>\$ 97,761</u>	<u>\$ 13,970</u>	<u>\$ 111,731</u>

***FEDERAL REPORTS***



# Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grangeville, Idaho, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 8, 2018.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Millington Zwysart CPAs, PLLC*

March 8, 2018