

**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, 2019

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## **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, 2019, 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, 2019, 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 4, 2020, 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.

**Zwyzart John & Associates, CPAs PLLC**

Nampa, Idaho  
March 4, 2020

**City of Grangeville  
Management's Discussion and Analysis  
September 30, 2019**

This section of the City of Grangeville's annual financial report provides a narrative overview and analysis of the City's financial performance during the year ending September 30, 2019. The information presented here should be used in conjunction with additional information furnished in the City's financial statements.

**Financial Highlights**

- The assets of the City of Grangeville exceeded its liabilities at the close of the most recent fiscal year by \$18,558,933. Of this amount \$6,172,113 was unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year, the City's total net position increased \$258,247. Net position of government activities increased \$234,572 and net position of business-type activities increased \$23,675.
- Fund balances of governmental funds at the end of the fiscal year totaled \$3,055,268 an increase of \$366,380 in comparison to the prior year. Of this amount, \$1,890,438 is nonspendable, restricted and committed while the remaining \$1,164,830 is unassigned.
- At the end of the fiscal year the unassigned governmental fund balance was \$1,164,830.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Grangeville's basic financial statements. The City of Grangeville's basic financial statements are comprised of 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:** These statements are designed to provide readers with a broad overview of the City of Grangeville's finances using accounting methods similar to those by private sector companies. These statements are prepared using the accrual basis of accounting, in which current year revenues and expenses are recorded as transactions occur rather than when the cash is received or paid.

The government-wide financial statements are divided into two categories:

*Statement of Net Position:* Reports all of the City's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*Statement of Activities:* Reports how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety (police and fire), planning and development, public works and streets and culture and recreation. Business-type activities for the City include water, sewer, sanitation and Snowhaven.

The government-wide financial statements can be found on pages 3-4 of this report.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

*Governmental Funds:* Most of the City's basic services are reported in governmental funds, which focus on short-term inflows and outflows of spendable resources and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. Information provided by these statements provides a short-term view of what resources will be available to meet needs.

The City maintains 5 individual governmental funds. The basic governmental fund financial statements can be found on pages 5-8 of this report.

*Proprietary Funds:* When fees are charged for services provided, these services are generally reported in proprietary funds. Of the two proprietary funds available, the City only has enterprise funds. The City maintains enterprise funds for water, sewer, sanitation and Snowhaven, with each fund supporting itself with user fees and other charges. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

The basic proprietary fund financial statements may be found on pages 9-16 of this report.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements:** The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-35 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 42-43 of this report.

The combining and individual fund statements and schedules can be found on pages 44-47 of this report.

### Government-Wide Financial Analysis

**Net Position:** Net position measure the difference between what the City owns (assets) versus what the City owes (liabilities). At September 30, 2019, the City’s combined assets exceed liabilities by \$18,558,933. In comparison at September 30, 2018 combined assets exceeded liabilities by \$18,300,689.

The largest portion of the City’s net assets, 54%, is invested in capital assets net of related debt. This is consistent but slightly lower than the prior fiscal year. Capital assets include land, building, equipment and machinery, and infrastructure.

Assets restricted to a particular use are 12% of net assets, which is the same percentage as the prior year. Slightly higher than the prior period, unrestricted net position equals 33% of net position.

### City of Grangeville – Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current & Other Assets	\$ 3,209,456	\$ 3,617,301	\$ 5,283,761	\$ 5,587,203	\$ 8,493,217	\$ 9,204,504
Capital Assets	\$ 1,778,366	\$ 1,701,924	\$ 14,617,355	\$ 14,112,301	\$ 16,395,721	\$ 15,814,225
<b>Total Assets</b>	<b>\$ 4,987,822</b>	<b>\$ 5,319,225</b>	<b>\$ 19,901,116</b>	<b>\$ 19,699,504</b>	<b>\$ 24,888,938</b>	<b>\$ 25,018,729</b>
Long-term liabilities outstanding	\$ 253,394	\$ 280,885	\$ 5,772,426	\$ 5,493,283	\$ 6,025,820	\$ 5,774,168
Other Liabilities	\$ 127,796	\$ 139,225	\$ 451,425	\$ 476,051	\$ 579,221	\$ 615,276
<b>Total Liabilities</b>	<b>\$ 381,190</b>	<b>\$ 420,110</b>	<b>\$ 6,223,851</b>	<b>\$ 5,969,334</b>	<b>\$ 6,605,041</b>	<b>\$ 6,389,444</b>
Net Assets:						
Net Investment in Capital Assets:						
Assets	\$ 1,778,366	\$ 1,600,403	\$ 8,746,254	\$ 8,487,611	\$ 10,524,620	\$ 10,088,014
Restricted	\$ 1,935,149	\$ 1,935,296	\$ 341,336	\$ 363,510	\$ 2,276,485	\$ 2,298,806
Unrestricted	\$ 904,278	\$ 1,316,661	\$ 4,595,306	\$ 4,855,452	\$ 5,499,584	\$ 6,172,113
<b>Total Net Position</b>	<b>\$ 4,617,793</b>	<b>\$ 4,852,360</b>	<b>\$ 13,682,896</b>	<b>\$ 13,706,573</b>	<b>\$ 18,300,689</b>	<b>\$ 18,558,933</b>

**Changes in Net Position:** During the year the City’s financial position increased by \$258,247. The following condensed financial information was derived from the government-wide Statement of Activities and shows how the City’s net assets changed during the year.



**Changes in Net Position  
Fiscal Year Ending September 30, 2019**

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 151,767	\$ 153,484	\$ 2,521,793	\$ 2,607,256	\$ 2,673,560	\$ 2,760,740
Operating grants and contributions	\$ 29,809	\$ 41,897	\$ -	\$ -	\$ 29,809	\$ 41,897
Capital grants and contributions			\$ -	\$ -	\$ -	\$ -
General revenues:					\$ -	\$ -
Property taxes	\$ 970,569	\$ 1,002,625			\$ 970,569	\$ 1,002,625
Sales tax and other governmental	\$ 575,089	\$ 607,070	\$ 9,409	\$ -	\$ 584,498	\$ 607,070
Other	\$ 198,417	\$ 272,505	\$ 79,825	\$ 243,568	\$ 278,242	\$ 516,073
<b>Total Revenues</b>	<b>\$ 1,925,651</b>	<b>\$ 2,077,581</b>	<b>\$ 2,611,027</b>	<b>\$ 2,850,824</b>	<b>\$ 4,536,678</b>	<b>\$ 4,928,405</b>
<b>Expenses:</b>						
General government	\$ 226,158	\$ 250,699			\$ 226,158	\$ 250,699
Public Safety	\$ 695,843	\$ 804,011			\$ 695,843	\$ 804,011
Highways/streets	\$ 463,609	\$ 452,460			\$ 463,609	\$ 452,460
Culture and Recreation	\$ 325,673	\$ 322,506			\$ 325,673	\$ 322,506
Interest on long-term debt					\$ -	\$ -
Water			\$ 902,841	\$ 885,159	\$ 902,841	\$ 885,159
Sewer			\$ 1,116,161	\$ 1,226,615	\$ 1,116,161	\$ 1,226,615
Sanitation			\$ 577,793	\$ 597,051	\$ 577,793	\$ 597,051
Recreation-Snowhaven			\$ 141,189	\$ 131,657	\$ 141,189	\$ 131,657
<b>Total Expenses</b>	<b>\$ 1,711,283</b>	<b>\$ 1,829,676</b>	<b>\$ 2,737,984</b>	<b>\$ 2,840,482</b>	<b>\$ 4,449,267</b>	<b>\$ 4,670,158</b>
Increase in net position before transfers	\$ 214,368	\$ 247,905	\$ (126,957)	\$ 10,342	\$ 87,411	\$ 258,247
Transfers	\$ -	\$ (13,333)	\$ -	\$ 13,333	\$ -	\$ -
<b>Change in net position</b>	<b>\$ 214,368</b>	<b>\$ 234,572</b>	<b>\$ (126,957)</b>	<b>\$ 23,675</b>	<b>\$ 87,411</b>	<b>\$ 258,247</b>
Net Position beginning	\$ 4,403,425	\$ 4,617,788	\$ 13,809,853	\$ 13,682,898	\$ 18,213,278	\$ 18,300,686
Prior Period Adjustment				\$ -	\$ -	\$ -
<b>Net Position ending</b>	<b>\$ 4,617,793</b>	<b>\$ 4,852,360</b>	<b>\$ 13,682,896</b>	<b>\$ 13,706,573</b>	<b>\$ 18,300,689</b>	<b>\$ 18,558,933</b>

**Governmental Activities:** Governmental activities increased the City's net position by \$234,572 compared to a \$214,368 increase the previous fiscal year. The majority of governmental expenses, 44%, are incurred by Public Safety. Overall, governmental expenses for 2019 increased by almost 7% over fiscal year 2018.

Through the generosity of a long time Grangeville citizen, the City was named as a beneficiary for a memorial from Orrin and Eleanor Webb for the police, fire, pool and golf course funds. The City received the majority of the funds in FY13; however additional funds were still received during FY14 and FY15. The City issued the final payment for the golf course funds in February 2017. Police, Fire and pool still have remaining funds.

**Business-Type Activities:** Business-type activities increased net position by \$23,675 in fiscal year 2019. Expenses increased 3.7% from fiscal year 2018 to 2019 while revenues increased

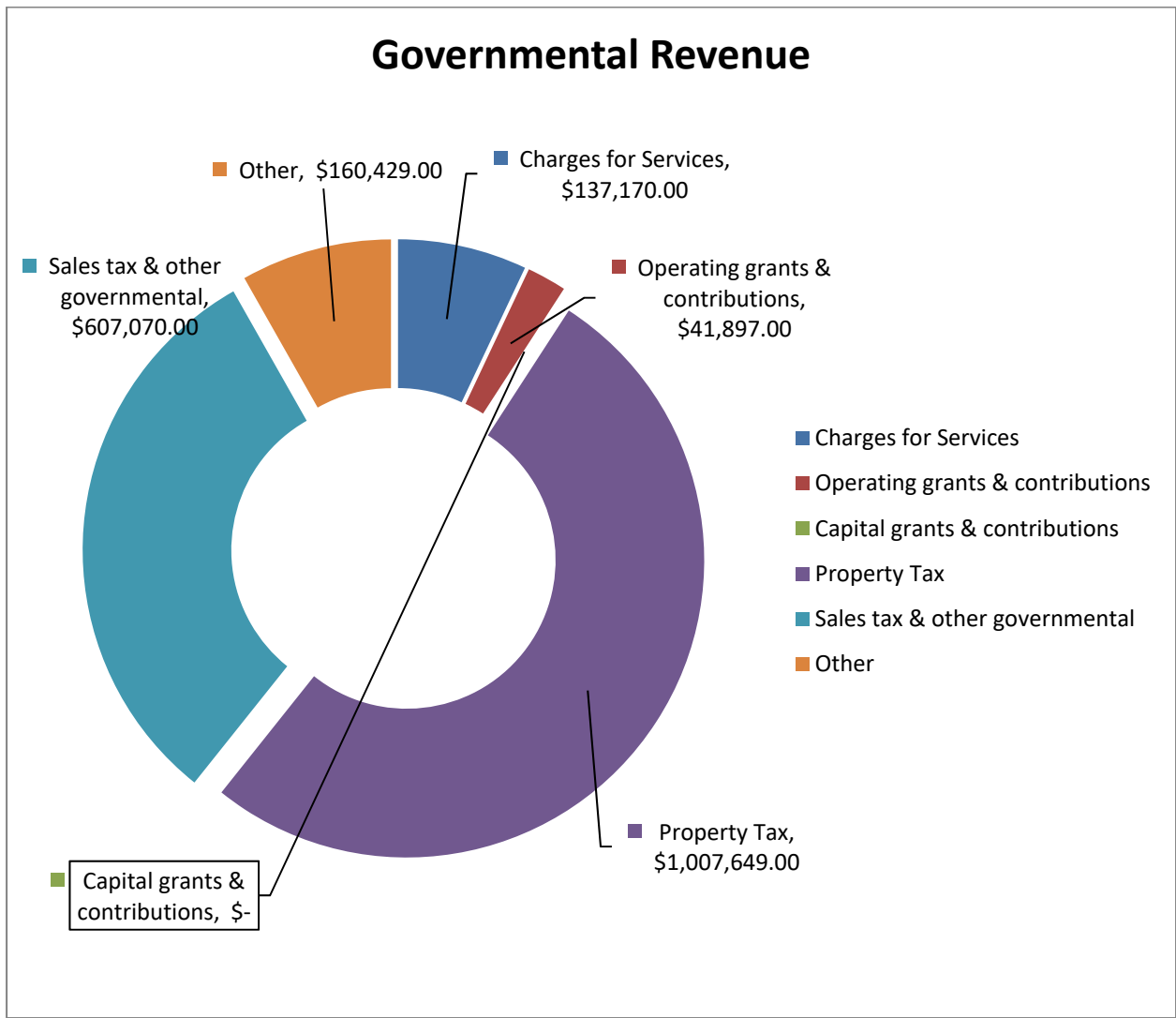
9.2% in the same time period. The water department is working on a new Water Master Plan which will be completed in FY 20. Work on the new Sewer Master Plan started in FY 19.

### Financial Analysis of the City's Funds

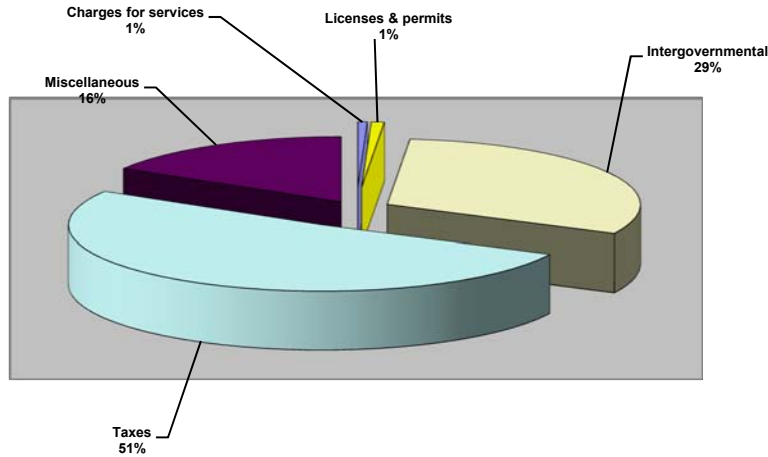
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The general fund is the principal fund used for the City of Grangeville's major operations. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,164,830 while the total fund balance reached \$3,055,268 an increase of \$366,380 compared to the prior year fund balance.

The following chart shows the breakdown of governmental revenue.

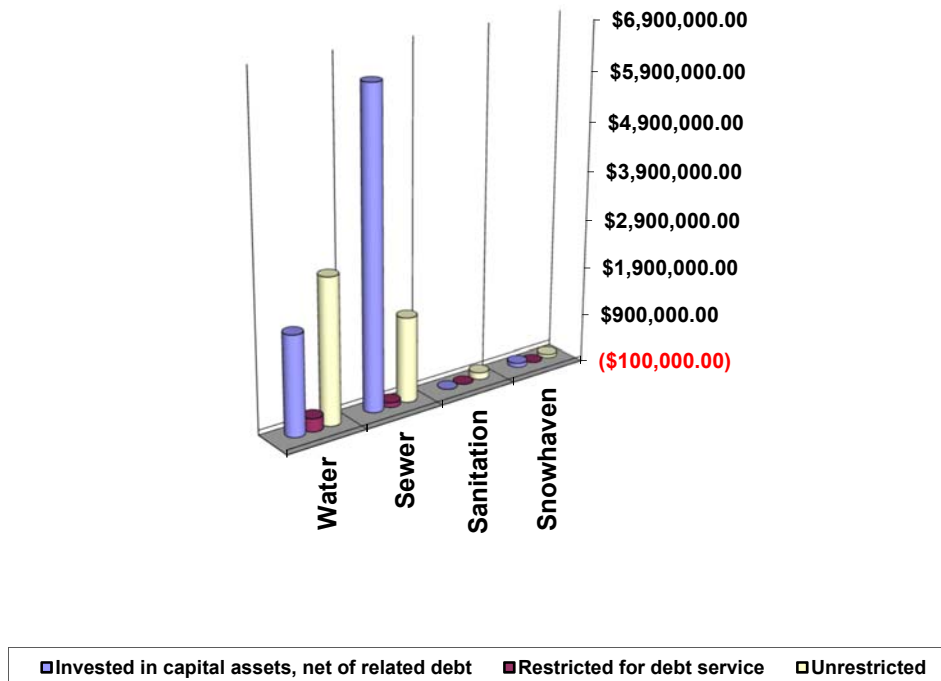


## Revenue by Source-General Fund



Proprietary funds: The following chart has the net asset breakdown by proprietary (enterprise) fund as operated by the City and is shown in more detail than discussed in the Net Asset section.

### Net Asset Breakdown Proprietary Funds



## **General Fund Budgetary Highlights**

The total revenue in the General Fund was \$1,195,297 which was more than the budgeted amount of \$1,002,051 by \$193,246. The total expenditures in the General Fund were \$1,094,137 which was under the budget of \$1,127,402 by \$33,265. The police department upgraded one vehicle with a 2019 Chevy Silverado on a four-year lease and moved to Spillman Record Management System and E-ticketing on a lease. For FY20 the fire department has budgeted for a grant for a filling station, which if received, the match would be shared between the City and Rural Departments.

## **Capital Asset and Debt Administration**

### ***Capital Asset:***

The City investment in capital assets includes land, buildings, sewer and water lines, automobiles, equipment, street lights, bridges and roads.

Major capital asset events in FY19 included:

- Purchased 2019 Chevy Silverado for police department
- Sealing of parking lots at City Hall and Heritage Square
- Purchased 2015 Chevy Silverado for Water and Sewer
- The Sewer Master Plan is currently in progress
- The majority of the work has been completed on the Water Mater Plan with adoption planned for early 2020
- Completed Quality Assurance Plan
- Completed Emergency Response Plan at WWTP
- Diffusers and blowers were installed at WWTP

***Long-term Debt:*** The citizens of the City passed a water revenue bond in December 2003. The City Refunded the Water Bond in 2013, resulting in a net interest cost of 3.433% compared to 4.94% and a total savings of \$290,897.61 over the life of the bond. The long-term balance of the principle on the water bond as of September 30, 2019 was \$2,400,000.

The City passed a sewer revenue bond in 2010 for improvements at the Wastewater Treatment Plant. Construction began in 2013 and the bond closed with USDA Rural Development in March of 2014. The long-term balance of the principle on the sewer bond as of September 30, 2019 was \$2,946,865.

## **Economic Factors and Next Year's Budgets and Rates**

The business-type activities continue to monitor their rates to ensure adequate funding for payment of outstanding debt and future required expansion. The water and sewer rates will increase by 4.88% each for fiscal year 2020. Walco Inc. requested a 4.6% increase in Sanitation.

The City will continue to work with J-U-B Engineers on wastewater plant and collection system requirements in the NPDES permit along with water system requirements. The Water Master Plan should be adopted early in 2020 and the Sewer Master Plan should be finalized in 2020. Then the rate study analysis for water and sewer will be completed with recommendations

forwarded to the Council. The City continues to look toward the future to maintain the water and sewer systems.

### **Requests for Information**

This report is designed to provide our customers and other interested parties a general overview of the City of Grangeville's finances. Questions concerning any of the information provided in this report or for additional information, please contact Tonya Kennedy, City Administrator, City of Grangeville, 225 West North Street, Grangeville, Idaho 83530, (208) 983-2851.

**City of Grangeville, Idaho**  
Statement of Net Position  
September 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	2,369,444	\$ 3,478,862	\$ 5,848,306
Short-term Investments	237,626	645,358	882,984
Accounts Receivable, Net	6,287	252,872	259,159
Taxes Receivable, Net	41,505	-	41,505
Interest Receivable	4,888	8,604	13,492
Due from Other Governments	163,757	-	163,757
Prepaid Items	8,403	4,089	12,492
<b>Total Current Assets</b>	<b>2,831,910</b>	<b>4,389,785</b>	<b>7,221,695</b>
Noncurrent Assets:			
Long-term Investments	732,130	833,908	1,566,038
Restricted Cash	53,261	363,510	416,771
Capital Assets:			
Land and Construction in Progress	211,759	169,691	381,450
Improvements, Net	1,031,932	6,747,531	7,779,463
Buildings, Net	74,514	5,452,704	5,527,218
Equipment, Net	383,719	1,742,375	2,126,094
<b>Total Noncurrent Assets</b>	<b>2,487,315</b>	<b>15,309,719</b>	<b>17,797,034</b>
<b>Total Assets</b>	<b>5,319,225</b>	<b>19,699,504</b>	<b>25,018,729</b>
<b>Deferred Outflows</b>			
Pension Related Items	45,881	23,155	69,036
<b>Total Deferred Outflows</b>	<b>45,881</b>	<b>23,155</b>	<b>69,036</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	29,759	159,578	189,337
Wages Payable	50,174	19,063	69,237
Deposits from Others	3,108	3,536	6,644
Accrued Interest	-	34,859	34,859
Long-term Liabilities:			
Due Within One Year:			
Bonds and Notes Payable	22,666	233,365	256,031
Compensated Absences	33,518	25,650	59,168
Due in More than One Year:			
Bonds and Notes Payable	78,855	5,391,325	5,470,180
Net Pension Liability	202,030	101,958	303,988
<b>Total Liabilities</b>	<b>420,110</b>	<b>5,969,334</b>	<b>6,389,444</b>
<b>Deferred Inflows</b>			
Pension Related Items	92,636	46,752	139,388
<b>Total Deferred Inflows</b>	<b>92,636</b>	<b>46,752</b>	<b>139,388</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,600,403	8,487,611	10,088,014
Restricted for:			
Debt Service	53,261	363,510	416,771
Other Purposes	1,882,035	-	1,882,035
Unrestricted Surplus	1,316,661	4,855,452	6,172,113
<b>Total Net Position</b>	<b>\$ 4,852,360</b>	<b>\$ 13,706,573</b>	<b>\$ 18,558,933</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, 2019

	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	\$ 250,699	\$ 28,314	\$ 6,306	\$ -	\$ (216,079)	\$ -	\$ (216,079)
Public Safety	804,011	-	-	-	(804,011)	-	(804,011)
Highways and Streets	452,460	82,703	-	-	(369,757)	-	(369,757)
Culture and Recreation	322,506	42,467	35,591	-	(244,448)	-	(244,448)
<b>Total Governmental Activities</b>	<b>1,829,676</b>	<b>153,484</b>	<b>41,897</b>	<b>-</b>	<b>(1,634,295)</b>	<b>-</b>	<b>(1,634,295)</b>
Business-type Activities:							
Water	885,159	885,763	-	-	-	604	604
Sewer	1,226,615	953,803	-	-	-	(272,812)	(272,812)
Sanitation	597,051	609,182	-	-	-	12,131	12,131
Recreation-Snowhaven	131,657	158,508	-	-	-	26,851	26,851
<b>Total Business-type Activities</b>	<b>2,840,482</b>	<b>2,607,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(233,226)</b>	<b>(233,226)</b>
<b>Total Primary Government</b>	<b>\$ 4,670,158</b>	<b>\$ 2,760,740</b>	<b>\$ 41,897</b>	<b>\$ -</b>	<b>(1,634,295)</b>	<b>(233,226)</b>	<b>(1,867,521)</b>
General Revenues:							
Property Taxes					1,002,625	-	1,002,625
Intergovernmental					607,070	-	607,070
Timber Sales					67,262	128,468	195,730
Interest					70,139	115,100	185,239
Other					134,254	-	134,254
Disposal of Capital Assets					850	-	850
Transfers					(13,333)	13,333	-
<b>Total General Revenues and Special Items</b>					<b>1,868,867</b>	<b>256,901</b>	<b>2,125,768</b>
Change in Net Position					234,572	23,675	258,247
Net Position, Beginning of Year					4,617,788	13,682,898	18,300,686
Net Position, End of Year					<b>\$ 4,852,360</b>	<b>\$ 13,706,573</b>	<b>\$ 18,558,933</b>

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

**City of Grangeville, Idaho**  
 Balance Sheet -  
 Governmental Funds  
 September 30, 2019

	General	Street	Recreation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Investments	\$ 1,144,663	\$ 1,068,725	\$ 583,645	\$ 108,434	\$ 2,905,467
Receivables, Net:					
Accounts	-	6,287	-	-	6,287
Property Taxes	27,471	7,735	2,986	3,313	41,505
Interest	2,792	1,698	398	-	4,888
Due from Other Governments	80,235	48,580	31,846	3,096	163,757
Prepaid Items	4,470	3,282	626	25	8,403
Restricted Investments	-	-	53,261	-	53,261
<b>Total Assets</b>	<b>\$ 1,259,631</b>	<b>\$ 1,136,307</b>	<b>\$ 672,762</b>	<b>\$ 114,868</b>	<b>\$ 3,183,568</b>
<b>Liabilities</b>					
Accounts Payable	\$ 15,431	\$ 7,025	\$ 2,659	\$ 4,644	\$ 29,759
Wages Payable	43,415	3,713	631	2,415	50,174
Customer Deposits	-	3,108	-	-	3,108
Compensated Absences	7,492	1,356	163	-	9,011
<b>Total Liabilities</b>	<b>66,338</b>	<b>15,202</b>	<b>3,453</b>	<b>7,059</b>	<b>92,052</b>
<b>Deferred Inflows</b>					
Unearned Revenue - Property Tax	23,993	6,766	2,606	2,883	36,248
<b>Total Deferred Inflows</b>	<b>23,993</b>	<b>6,766</b>	<b>2,606</b>	<b>2,883</b>	<b>36,248</b>
<b>Fund Balances</b>					
Nonspendable	4,470	3,282	626	25	8,403
Restricted	-	1,111,057	666,077	104,901	1,882,035
Unassigned	1,164,830	-	-	-	1,164,830
<b>Total Fund Balances</b>	<b>1,169,300</b>	<b>1,114,339</b>	<b>666,703</b>	<b>104,926</b>	<b>3,055,268</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 1,259,631</b>	<b>\$ 1,136,307</b>	<b>\$ 672,762</b>	<b>\$ 114,868</b>	<b>\$ 3,183,568</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, 2019

Total Fund Balances - Governmental Funds \$ 3,055,268

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 \$1,282,152 Accumulated Depreciation	1,031,932	
Buildings, Net of \$663,013 Accumulated Depreciation	74,514	
Equipment, Net of \$1,185,613 Accumulated Depreciation	<u>383,719</u>	
		1,701,924

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. 36,248

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Compensated Absences	(24,507)	
Municipal Lease	<u>(101,521)</u>	
		(126,028)

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: 433,733

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	(202,030)	
Pension Related Deferred Inflows	(92,636)	
Pension Related Deferred Outflows	<u>45,881</u>	
		<u>(248,785)</u>

Net Position of Governmental Activities \$ 4,852,360

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, 2019

	General	Roads and Streets	Recreation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 693,787	\$ 163,224	\$ 71,161	\$ 79,477	\$ 1,007,649
Licenses and Permits	13,850	-	-	2,464	16,314
Intergovernmental	286,471	186,782	119,202	14,615	607,070
Charges for Services	12,000	82,703	39,917	2,550	137,170
Grants & Contributions	6,306	-	500	35,091	41,897
Interest Income	22,636	23,633	13,579	2,986	62,834
Other	38,395	29,737	9,161	3,988	81,281
<b>Total Revenues</b>	<b>1,073,445</b>	<b>486,079</b>	<b>253,520</b>	<b>141,171</b>	<b>1,954,215</b>
<b>Expenditures</b>					
Current:					
General Government	207,554	-	-	28,892	236,446
Public Safety	697,308	-	-	-	697,308
Highway and Streets	-	357,373	-	-	357,373
Culture and Recreation	-	-	146,822	121,492	268,314
Capital Outlay	168,944	-	8,752	6,748	184,444
<b>Total Expenditures</b>	<b>1,073,806</b>	<b>357,373</b>	<b>155,574</b>	<b>157,132</b>	<b>1,743,885</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>					
	(361)	128,706	97,946	(15,961)	210,330
<b>Other Financing Resources (Uses)</b>					
Transfers Out	-	-	(13,333)	-	(13,333)
Proceeds from Debt	121,852	-	-	-	121,852
Debt Service	(20,331)	-	-	-	(20,331)
Timber Sales	-	-	67,262	-	67,262
Gain/(Loss) on Sale of Assets	-	600	-	-	600
<b>Total Other Financing Sources (Uses)</b>	<b>101,521</b>	<b>600</b>	<b>53,929</b>	<b>-</b>	<b>156,050</b>
<b>Net Change in Fund Balances</b>	<b>101,160</b>	<b>129,306</b>	<b>151,875</b>	<b>(15,961)</b>	<b>366,380</b>
Fund Balances - Beginning	1,068,140	985,033	514,828	120,887	2,688,888
<b>Fund Balances - Ending</b>	<b>\$ 1,169,300</b>	<b>\$ 1,114,339</b>	<b>\$ 666,703</b>	<b>\$ 104,926</b>	<b>\$ 3,055,268</b>

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, 2019

Total Net Change in Fund Balance - Governmental Funds \$ 366,380

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	\$ 125,836	
Depreciation Expense	<u>(202,278)</u>	
Net		(76,442)

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. (5,024)

The net revenue of certain activities of internal service funds are reported with governmental activities. 60,528

Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of revenue, but in the Statement of Net Position, the municipal lease obligation is reported as a liability. (121,852)

The repayment of principal of a municipal lease consumes the current financial resources of governmental funds. The repayment of the principal, however, has no effect on Net Position. 20,331

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. (2,797)

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. (6,552)

Change in Net Position of Governmental Activities \$ 234,572

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

**City of Grangeville, Idaho**  
Statement of Net Position - Proprietary Funds  
September 30, 2019

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,525,056	\$ 1,751,291	\$ 126,334
Short-term Investments	624,734	20,624	-
Accounts Receivable, Net	85,398	101,904	65,570
Interest Receivable	8,329	275	-
Prepaid Items	2,288	953	141
Total Current Assets	<u>2,245,805</u>	<u>1,875,047</u>	<u>192,045</u>
Noncurrent Assets:			
Long-term Investments	798,721	35,187	-
Restricted Cash and Investments	267,154	96,356	-
Capital Assets:			
Land and Construction in Progress	104,381	33,750	-
Improvements, Net	4,269,247	2,437,549	-
Buildings, Net	43,851	5,402,367	-
Equipment, Net	272,258	1,466,535	455
Total Noncurrent Assets	<u>5,755,612</u>	<u>9,471,744</u>	<u>455</u>
Total Assets	<u>8,001,417</u>	<u>11,346,791</u>	<u>192,500</u>
<b>Deferred Outflows</b>			
Pension Related Items	10,259	10,880	325
Total Deferred Outflows	<u>10,259</u>	<u>10,880</u>	<u>325</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	23,366	80,538	51,919
Wages Payable	6,846	11,907	310
Customer Deposits	3,536	-	-
Accrued Interest	4,433	30,426	-
Compensated Absences	9,951	15,447	252
Current Portion - Debt	135,000	98,365	-
Total Current Liabilities	<u>183,132</u>	<u>236,683</u>	<u>52,481</u>
Long-term Liabilities:			
Bonds and Notes Payable	2,543,005	2,848,320	-
Net Pension Liability	45,172	47,909	1,429
Total Long-term Liabilities	<u>2,588,177</u>	<u>2,896,229</u>	<u>1,429</u>
Total Liabilities	<u>2,771,309</u>	<u>3,132,912</u>	<u>53,910</u>
<b>Deferred Inflows</b>			
Pension Related Items	20,713	21,967	656
Total Deferred Inflows	<u>20,713</u>	<u>21,967</u>	<u>656</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,011,732	6,393,516	455
Restricted for Debt Service	267,154	96,356	-
Unrestricted	2,940,768	1,712,920	137,804
Total Net Position	<u>\$ 5,219,654</u>	<u>\$ 8,202,792</u>	<u>\$ 138,259</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, 2019

	Enterprise Funds		Governmental
	Snowhaven	Total	Activities - Internal Services
<b>Assets</b>			
Current Assets:			
Cash and Investments	\$ 76,181	\$ 3,478,862	\$ 433,733
Short-term Investments	-	645,358	-
Accounts Receivable, Net	-	252,872	-
Interest Receivable	-	8,604	-
Prepaid Items	707	4,089	-
Total Current Assets	<u>76,888</u>	<u>4,389,785</u>	<u>433,733</u>
Noncurrent Assets:			
Long-term Investments	-	833,908	-
Restricted Cash	-	363,510	-
Capital Assets:			
Land and Construction in Progress	31,560	169,691	-
Improvements, Net	40,735	6,747,531	-
Buildings, Net	6,486	5,452,704	-
Equipment, Net	3,127	1,742,375	-
Total Noncurrent Assets	<u>81,908</u>	<u>15,309,719</u>	<u>-</u>
Total Assets	<u>158,796</u>	<u>19,699,504</u>	<u>433,733</u>
<b>Deferred Outflows</b>			
Pension Related Items	1,691	23,155	-
Total Deferred Outflows	<u>1,691</u>	<u>23,155</u>	<u>-</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	3,755	159,578	-
Wages Payable	-	19,063	-
Customer Deposits	-	3,536	-
Accrued Interest	-	34,859	-
Compensated Absences	-	25,650	-
Current Portion - Debt	-	233,365	-
Total Current Liabilities	<u>3,755</u>	<u>476,051</u>	<u>-</u>
Long-term Liabilities:			
Bonds and Notes Payable	-	5,391,325	-
Net Pension Liability	7,448	101,958	-
Total Long-term Liabilities	<u>7,448</u>	<u>5,493,283</u>	<u>-</u>
Total Liabilities	<u>11,203</u>	<u>5,969,334</u>	<u>-</u>
<b>Deferred Inflows</b>			
Pension Related Items	3,416	46,752	-
Total Deferred Inflows	<u>3,416</u>	<u>46,752</u>	<u>-</u>
<b>Net Position</b>			
Net Investment in Capital Assets	81,908	8,487,611	-
Restricted for Debt Service	-	363,510	-
Unrestricted	63,960	4,855,452	433,733
Total Net Position	<u>\$ 145,868</u>	<u>\$ 13,706,573</u>	<u>\$ 433,733</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, 2019

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Operating Revenues</b>			
Charges for Services	\$ 868,785	\$ 951,851	\$ 609,182
Penalties	8,600	-	-
Other	8,378	1,952	-
Total Operating Revenues	<u>885,763</u>	<u>953,803</u>	<u>609,182</u>
<b>Operating Expenses</b>			
Salaries and Benefits	208,018	299,247	8,457
Contractor Services	-	-	580,387
Supplies	13,774	15,069	5,123
Heat, Light, and Power	57,379	92,045	-
Other Services and Charges	200,777	322,710	2,970
Depreciation	316,413	441,479	114
Total Operating Expenses	<u>796,361</u>	<u>1,170,550</u>	<u>597,051</u>
<b>Operating Income (Loss)</b>	<u>89,402</u>	<u>(216,747)</u>	<u>12,131</u>
<b>Nonoperating Revenues (Expenses)</b>			
Timber Sales	128,468	-	-
Interest Earned	67,302	46,874	-
Interest Expense	(88,798)	(56,065)	-
Total Nonoperating Revenues (Expenses)	<u>106,972</u>	<u>(9,191)</u>	<u>-</u>
<b>Income (Loss) Before Transfers</b>	<u>196,374</u>	<u>(225,938)</u>	<u>12,131</u>
<b>Transfers</b>			
Transfers In	15,124	-	-
Transfers Out	-	(1,791)	-
Net Transfers	<u>15,124</u>	<u>(1,791)</u>	<u>-</u>
<b>Change in Net Position</b>	211,498	(227,729)	12,131
<b>Net Position - Beginning</b>	5,008,156	8,430,521	126,128
<b>Net Position - Ending</b>	<u>\$ 5,219,654</u>	<u>\$ 8,202,792</u>	<u>\$ 138,259</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, 2019

	Enterprise Funds		Governmental Activities - Internal Services
	Snowhaven	Total	
<b>Operating Revenues</b>			
Charges for Services	\$ 155,937	\$ 2,585,755	\$ -
Penalties	-	8,600	-
Other	2,571	12,901	233,688
<b>Total Operating Revenues</b>	<u>158,508</u>	<u>2,607,256</u>	<u>233,688</u>
<b>Operating Expenses</b>			
Salaries and Benefits	56,796	572,518	180,465
Contractor Services	-	580,387	-
Supplies	8,186	42,152	-
Heat, Light, and Power	5,277	154,701	-
Other Services and Charges	55,993	582,450	-
Depreciation	5,405	763,411	-
<b>Total Operating Expenses</b>	<u>131,657</u>	<u>2,695,619</u>	<u>180,465</u>
<b>Operating Income (Loss)</b>	<u>26,851</u>	<u>(88,363)</u>	<u>53,223</u>
<b>Nonoperating Revenues (Expenses)</b>			
Timber Sales	-	128,468	-
Interest Earned	924	115,100	7,305
Interest Expense	-	(144,863)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>924</u>	<u>98,705</u>	<u>7,305</u>
<b>Income (Loss) Before Transfers</b>	<u>27,775</u>	<u>10,342</u>	<u>60,528</u>
<b>Transfers</b>			
Transfers In	-	15,124	-
Transfers Out	-	(1,791)	-
<b>Net Transfers</b>	<u>-</u>	<u>13,333</u>	<u>-</u>
<b>Change in Net Position</b>	27,775	23,675	60,528
<b>Net Position - Beginning</b>	118,093	13,682,898	373,205
<b>Net Position - Ending</b>	<u>\$ 145,868</u>	<u>\$ 13,706,573</u>	<u>\$ 433,733</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, 2019

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 896,789	\$ 961,995	\$ 611,425
Payments to Suppliers for Goods or Services	(286,161)	(412,529)	(579,541)
Payments to Employees for Services	(208,900)	(292,043)	(8,386)
Net Cash Provided (Used) by Operating Activities	<u>401,728</u>	<u>257,423</u>	<u>23,498</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers In (Out)	15,124	(1,791)	-
Timber Sales	128,468	-	-
Donations	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>143,592</u>	<u>(1,791)</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases and Construction of Capital Assets	(101,264)	(156,522)	(570)
Principal Paid on Capital Debt	(149,857)	(96,554)	-
Interest Paid on Capital Debt	(88,907)	(57,061)	-
Net Cash Used by Capital and Related Financing Activities	<u>(340,028)</u>	<u>(310,137)</u>	<u>(570)</u>
<b>Cash Flows From Investing Activities</b>			
Sale (Purchase) of Investments	(33,617)	(1,261)	-
Interest and Dividends	65,419	46,812	-
Net Cash Used by Investing Activities	<u>31,802</u>	<u>45,551</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	237,094	(8,954)	22,928
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,555,116</u>	<u>1,856,601</u>	<u>103,406</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,792,210</u>	<u>\$ 1,847,647</u>	<u>\$ 126,334</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ 1,525,056	\$ 1,751,291	\$ 126,334
Restricted Cash and Investments	267,154	96,356	-
	<u>\$ 1,792,210</u>	<u>\$ 1,847,647</u>	<u>\$ 126,334</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, 2019

	Enterprise Funds		Governmental
	Snowhaven	Total	Activities - Internal Services
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 161,055	\$ 2,631,264	\$ 233,688
Payments to Suppliers for Goods or Services	(66,147)	(1,344,378)	(181,360)
Payments to Employees for Services	(56,554)	(565,883)	-
Net Cash Provided (Used) by Operating Activities	<u>38,354</u>	<u>721,003</u>	<u>52,328</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers In (Out)	-	13,333	-
Timber Sales	-	128,468	-
Donations	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>141,801</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases and Construction of Capital Assets	-	(258,356)	-
Principal Paid on Capital Debt	-	(246,411)	-
Interest Paid on Capital Debt	-	(145,968)	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(650,735)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>			
Sale (Purchase) of Investments	-	(34,878)	-
Interest and Dividends	924	113,155	7,305
Net Cash Used by Investing Activities	<u>924</u>	<u>78,277</u>	<u>7,305</u>
Net Increase in Cash and Cash Equivalents	39,278	290,346	59,633
<b>Cash and Cash Equivalents, Beginning</b>	<u>36,903</u>	<u>3,552,026</u>	<u>374,100</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 76,181</u>	<u>\$ 3,842,372</u>	<u>\$ 433,733</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ 76,181	\$ 3,478,862	\$ 433,733
Restricted Cash	-	363,510	-
	<u>\$ 76,181</u>	<u>\$ 3,842,372</u>	<u>\$ 433,733</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, 2019

	Enterprise Funds		
	Water	Sewer	Sanitation
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 89,402	\$ (216,747)	\$ 12,131
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	316,413	441,479	114
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	11,026	8,192	2,243
(Increase) Decrease in Prepaid Items	-	(280)	-
(Increase) Decrease in Deferred Outflows	2,810	2,981	89
Increase (Decrease) in Accrued Payroll and Benefits	(158)	2,689	41
Increase (Decrease) in Accounts Payable	(14,231)	17,575	8,939
Increase (Decrease) in Compensated Absences	(2,188)	2,961	(17)
Increase (Decrease) in Net Pension Liability	(11,485)	(12,180)	(363)
Increase (Decrease) in Deferred Inflows	10,139	10,753	321
Net Cash Provided by Operating Activities	<u>\$ 401,728</u>	<u>\$ 257,423</u>	<u>\$ 23,498</u>
Non-cash Activity			
Capital asset reductions - policy change (See Note 4)			
Decrease in capital assets	\$ 1,065,376	\$ 23,920	\$ -
Decrease in accumulated depreciation	(1,065,376)	(23,920)	-
Gain/loss on capital asset changes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019

	Enterprise Funds		Governmental Activities - Internal Services
	Snowhaven	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 26,851.00	\$ (88,363.00)	\$ 53,223.00
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	5,405	763,411	-
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	2,547	24,008	-
(Increase) Decrease in Prepaid Items	-	(280)	-
(Increase) Decrease in Deferred Outflows	463	6,343	-
Increase (Decrease) in Accrued Payroll and Benefits	-	2,572	-
Increase (Decrease) in Accounts Payable	3,309	15,592	(895)
Increase (Decrease) in Compensated Absences	-	756	-
Increase (Decrease) in Net Pension Liability	(1,893)	(25,921)	-
Increase (Decrease) in Deferred Inflows	1,672	22,885	-
Net Cash Provided by Operating Activities	<u>\$ 38,354</u>	<u>\$ 721,003</u>	<u>\$ 52,328</u>
Non-cash Activity			
Capital asset reductions - policy change (See Note 4)			
Decrease in capital assets	\$ 23,578	\$ 1,112,874	\$ -
Decrease in accumulated depreciation	(23,578)	(1,112,874)	-
Gain/loss on capital asset changes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019

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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, 2019

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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, 2019

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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, 2019

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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, 2019

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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. Allowance for uncollectible accounts is \$ zero.

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, 2019, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2019, 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, 2019

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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, 2019

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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, 2019, the carrying amount of the City's deposits were \$736,450 and the respective bank balances totaled \$711,760. 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, 2019

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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, 2019, 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) years 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, 2019

2. CASH AND INVESTMENTS (continued)

The City's investments at September 30, 2019, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1	1-5	More than 5
External Investment Pool	N/A	\$ 5,227,446	\$ 5,227,446	\$ -	\$ -
Money Market	N/A	8,685	8,685	-	-
CD	N/A	2,311,969	953,053	1,358,916	-
Corporate Bonds	A	326,779	58,950	267,829	-
US Treasury/Agency Bon	AAA	99,860	-	99,860	-
		<u>\$ 7,974,739</u>	<u>\$ 6,248,134</u>	<u>\$ 1,726,605</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	\$ 2,293,751	\$ 3,478,862	\$ 5,772,613
Investments	992,188	1,479,266	2,471,454
Restricted Invesetments	53,261	363,510	416,771
	<u>\$ 3,339,200</u>	<u>\$ 5,321,638</u>	<u>\$ 8,660,838</u>

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units include state revenue sharing of \$37,171, liquor apportionment of \$10,505, highway user revenue of \$38,772 from the State Department of Highways, inventory phase out of \$59,770 from Idaho County, and \$17,539 due from Rural Fire. The total due from other governments is \$163,757.

4. TRANSFERS

During the year ended September 30, 2019 the following transfers took place between funds:

\$ 13,333	To the Water Fund from the Recreation Fund to reimburse expenses paid.
<u>1,791</u>	To the Water Fund from the Sewer Fund to reimburse expenses paid.
<u>\$ 15,124</u>	

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2019**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019, was as follows:

	Balance 9/30/2018	Adjustments	Additions	Disposals	Balance 9/30/2019
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 211,759	\$ -	\$ -	\$ -	\$ 211,759
Capital Assets Being Depreciated:					
Improvements	2,337,184	-	-	(23,100)	2,314,084
Buildings	737,527	-	-	-	737,527
Equipment	1,567,843	-	125,836	(124,347)	1,569,332
Total Historical Cost	<u>4,642,554</u>	<u>-</u>	<u>125,836</u>	<u>(147,447)</u>	<u>4,620,943</u>
Less: Accumulated Depreciation					
Improvements	1,209,719	-	95,533	(23,100)	1,282,152
Buildings	658,349	-	4,664	-	663,013
Equipment	1,207,879	-	102,081	(124,347)	1,185,613
Total Acc. Depr.	<u>3,075,947</u>	<u>-</u>	<u>202,278</u>	<u>(147,447)</u>	<u>3,130,778</u>
Net Depreciable Assets	<u>1,566,607</u>	<u>-</u>	<u>(76,442)</u>	<u>-</u>	<u>1,490,165</u>
Governmental Activities					
Capital Assets - Net	<u>\$ 1,778,366</u>	<u>\$ -</u>	<u>\$ (76,442)</u>	<u>\$ -</u>	<u>\$ 1,701,924</u>
<u>Business-type Activities:</u>					
Capital Assets Not Being Depreciated:					
Land and Easements	\$ 86,256	\$ -	\$ 83,435	\$ -	\$ 169,691
Capital Assets Being Depreciated:					
Improvements	13,011,460	-	-	(359,922)	12,651,538
Buildings	8,076,473	-	-	(675,806)	7,400,667
Equipment	4,090,512	-	174,922	(77,146)	4,188,288
Total Depreciable Assets	<u>25,178,445</u>	<u>-</u>	<u>174,922</u>	<u>(1,112,874)</u>	<u>24,240,493</u>
Less: Accumulated Depreciation					
Improvements	5,917,311	-	346,618	(359,922)	5,904,007
Buildings	2,440,311	-	183,458	(675,806)	1,947,963
Equipment	2,289,724	-	233,335	(77,146)	2,445,913
Total Acc. Depr.	<u>10,647,346</u>	<u>-</u>	<u>763,411</u>	<u>(1,112,874)</u>	<u>10,297,883</u>
Net Depreciable Assets	<u>14,531,099</u>	<u>-</u>	<u>(588,489)</u>	<u>-</u>	<u>13,942,610</u>
Business-type Activities - Net	<u>\$ 14,617,355</u>	<u>\$ -</u>	<u>\$ (505,054)</u>	<u>\$ -</u>	<u>\$ 14,112,301</u>

The City reviewed their capital asset policy and determined they would remove fully depreciated assets below the capitalization threshold and fully depreciated assets which are no longer in service. The total for capital assets and for accumulated depreciation

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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was \$147,447 for governmental activities and \$1,112,874 for business-type activities.

4. CAPITAL ASSETS (continued)

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

Governmental Activities:

General Government	\$ 8,807
Public Safety	61,378
Highway and Streets	92,762
Culture and Recreation	39,331
	<u>\$ 202,278</u>

Business-type Activities:

Water	\$ 316,413
Sewer	441,479
Sanitation	114
Snowhaven	5,405
	<u>\$ 763,411</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.

*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

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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the highest consecutive 42 months.

5. PENSION PLAN (continued)

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

*Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2019 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 \$104,978 the year ended September 30, 2019.

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

At September 30, 2019, 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, 2019, 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, 2019, the City of Grangeville, Idaho's proportion was 0.0266313 percent.

For the year ended September 30, 2019, the City of Grangeville, Idaho recognized pension expense (revenue) of \$114,836. At September 30, 2019, the City of Grangeville, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

5. PENSION PLAN (continued)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,251	\$ 35,827
Changes in assumptions or other inputs	16,910	-
Net difference between projected and actual earnings on pension plan investments	-	103,560
City of Grangeville, Idaho's contributions subsequent to the measurement date	23,875	-
<b>Total</b>	<b>\$ 69,036</b>	<b>\$ 139,387</b>

\$23,875 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, 2019.

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, 2018, the beginning of the measurement period ended June 30, 2018, is 4.8 years and 4.8 for the measurement period June 30, 2019.

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 September 30:</b>	<b>PERSI</b>
2020	12,929
2021	(46,897)
2022	(22,844)
2023	(13,539)

*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



**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

5. PENSION PLAN (continued)

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2019, is based on the results of an actuarial valuation date of July 1, 2019.

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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

5. PENSION PLAN (continued)

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, 2017.

<u>Asset Class</u>		<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	Barclays Aggregate	30.00%	3.05%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.45%	6.20%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>				<b>7.05%</b>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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5. PENSION PLAN (continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 918,164	\$ 303,989	\$ (203,914)

*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).

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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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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, 2019, are as follows:

	<u>9/30/2018</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2019</u>	<u>Current</u>
Governmental Activities	\$ 33,543	\$ 25,112	\$(25,137)	\$ 33,518	\$ 33,518
Business-type Activities	<u>24,894</u>	<u>21,256</u>	<u>(20,500)</u>	<u>25,650</u>	<u>25,650</u>
Total	<u>\$ 58,437</u>	<u>\$ 46,368</u>	<u>\$(45,637)</u>	<u>\$ 59,168</u>	<u>\$ 59,168</u>

8. OTHER COMMITMENTS

The City has credit cards with a total credit limit of \$38,400. As of September 30, 2019, \$1,592 of the available credit was in use.

9. LONG-TERM OBLIGATIONS

Municipal Lease:

The City leases certain equipment and vehicles under long-term lease agreements. Certain leases have been recorded as municipal leases and others as operating leases. The municipal leases consist of:

Equipment	\$ 121,851
Less: accumulated amortization (listed as depreciation on the accompanying financial statements)	<u>(16,780)</u>
	<u>\$ 105,071</u>

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, 2019 was as follows:

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2019**

9. LONG-TERM OBLIGATIONS (continued)

Description	Maturity	Rate	Required Reserve	9/30/2018	Increase	Decrease	9/30/2019	Current Portion
<u>Governmental Activities:</u>								
2019 Chevy Silverado	2022	5.64%	N/A	\$ -	\$ 47,655	\$ (12,911)	\$ 34,744	\$ 10,952
Spillman Software	2024	6.56%	N/A	-	74,196	(7,420)	66,776	11,714
				<u>\$ -</u>	<u>\$ 121,851</u>	<u>\$ (20,331)</u>	<u>\$ 101,520</u>	<u>\$ 22,666</u>
<u>Business-type Activities:</u>								
USDA Sewer Bond	2043	1.875%	\$ 76,808	\$ 3,043,239	\$ -	\$ (96,554)	\$ 2,946,685	\$ 98,365
Water Refunding Bond	2033	2.00 - 5.00%	\$ 243,750	<u>2,530,000</u>	-	(130,000)	<u>2,400,000</u>	<u>135,000</u>
				5,573,239	-	(226,554)	5,346,685	233,365
Unamort. Water Bond Premium				<u>297,861</u>	-	(19,857)	<u>278,004</u>	<u>-</u>
				<u>\$ 5,871,100</u>	<u>\$ -</u>	<u>\$ (246,411)</u>	<u>\$ 5,624,689</u>	<u>\$ 233,365</u>

Debt service requirements on long-term debt as of September 30, 2019, are as follows:

Year Ending September 30,	<u>Business-type Activities</u> <u>Bonds and Notes</u>		<u>Governmental Activities</u> <u>Municipal Lease</u>	
	Principal	Interest	Principal	Interest
2020	\$ 233,365	\$ 161,650	\$ 22,666	\$ 6,340
2021	235,209	155,081	24,052	4,954
2022	242,088	150,502	25,524	3,482
2023	249,002	145,438	14,174	1,921
2024	255,952	138,413	15,104	991
2025-2029	1,415,315	549,510	-	-
2030-2034	1,454,852	270,723	-	-
2035-2039	674,697	93,378	-	-
2040-2043	586,205	27,719	-	-
	<u>\$5,346,685</u>	<u>\$ 1,692,414</u>	<u>\$ 101,520</u>	<u>\$ 17,688</u>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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10. 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. The Police Department also leases body cameras and tasers, both of which are expected to be returned at the completion of the lease. Future minimum lease payments are as follows:

Year Ending <u>September 30,</u>	<u>Amount</u>
2020	\$ 10,951
2021	10,951
2022	10,951
2023	2,289
2024	<u>396</u>
	<u>\$ 35,538</u>

Rent expenditures for the year ended September 30, 2019, were \$11,920.

11. SUBSEQUENT EVENTS

The City has entered into a contract to purchase land which was previously used as a landfill. The purchase price of the land is \$31,000. The City has not determined the existence of or value of estimated liabilities related to landfill post-closure costs or other potential environmental remediation costs.

***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 689,265	\$ 689,265	\$ 693,787	\$ 4,522
Licenses and Permits	10,400	10,400	13,850	3,450
Intergovernmental	262,386	262,386	286,471	24,085
Charges for Services	12,000	12,000	12,000	-
Grants & Contributions	-	-	6,306	6,306
Interest Income	-	-	22,636	22,636
Other	28,000	28,000	38,395	10,395
<b>Total Revenues</b>	<b>1,002,051</b>	<b>1,002,051</b>	<b>1,073,445</b>	<b>71,394</b>
<b>Expenditures</b>				
Current:				
General Government	227,320	227,320	207,554	19,766
Public Safety	814,850	814,850	697,308	117,542
Capital Outlay	85,232	85,232	168,944	(83,712)
<b>Total Expenditures</b>	<b>1,127,402</b>	<b>1,127,402</b>	<b>1,073,806</b>	<b>53,596</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(125,351)</b>	<b>(125,351)</b>	<b>(361)</b>	<b>124,990</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Debt	-	-	121,852	121,852
Debt Service	-	-	(20,331)	20,331
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>101,521</b>	<b>142,183</b>
<b>Net Change in Fund Balances</b>	<b>(125,351)</b>	<b>(125,351)</b>	<b>101,160</b>	<b>267,173</b>
Fund Balances - Beginning	125,351	125,351	1,068,140	942,789
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,169,300</b>	<b>\$ 1,209,962</b>



**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Street Fund  
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 158,951	\$ 158,951	\$ 163,224	\$ 4,273
Intergovernmental	188,781	188,781	186,782	(1,999)
Charges for Services	87,100	87,100	82,703	(4,397)
Interest Income	-	-	23,633	23,633
Other	17,000	17,000	29,737	12,737
<b>Total Revenues</b>	<u>451,832</u>	<u>451,832</u>	<u>486,079</u>	<u>34,247</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	127,100	127,100	130,967	(3,867)
Maintenance and Operations	713,950	713,950	226,406	487,544
<b>Total Expenditures</b>	<u>841,050</u>	<u>841,050</u>	<u>357,373</u>	<u>483,677</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(389,218)</u>	<u>(389,218)</u>	<u>128,706</u>	<u>517,924</u>
<b>Other Financing Sources (Uses)</b>				
Gain/(Loss) on Sale of Assets	-	-	600	600
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
<b>Net Change in Fund Balances</b>	<u>(389,218)</u>	<u>(389,218)</u>	<u>129,306</u>	<u>518,524</u>
Fund Balances - Beginning	<u>389,218</u>	<u>389,218</u>	<u>985,033</u>	<u>595,815</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,339</u>	<u>\$ 1,114,339</u>

**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Recreation Fund  
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 70,282	\$ 70,282	\$ 71,161	\$ 879
Intergovernmental	113,708	113,708	119,202	5,494
Charges for Services	44,000	44,000	39,917	(4,083)
Grants & Contributions	-	-	500	500
Interest Income	-	-	13,579	13,579
Other	158,700	158,700	9,161	(149,539)
<b>Total Revenues</b>	<u>386,690</u>	<u>386,690</u>	<u>253,520</u>	<u>(133,170)</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	115,900	115,900	75,770	40,130
Maintenance and Operations	102,290	102,290	71,052	31,238
Capital Outlay	361,700	361,700	8,752	352,948
<b>Total Expenditures</b>	<u>579,890</u>	<u>579,890</u>	<u>155,574</u>	<u>424,316</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(193,200)</u>	<u>(193,200)</u>	<u>97,946</u>	<u>291,146</u>
<b>Other Financing Sources (Uses)</b>				
Timber Sale	-	-	67,262	67,262
Transfers Out	-	-	(13,333)	(13,333)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>53,929</u>	<u>53,929</u>
<b>Net Change in Fund Balances</b>	(193,200)	(193,200)	151,875	345,075
Fund Balances - Beginning	193,200	193,200	514,828	321,628
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,703</u>	<u>\$ 666,703</u>

**City of Grangeville, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2019

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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\*

	2019	2018	2017	2016	2015
City proportion of the net pension liability (asset)	0.0266313%	0.0258488%	0.0276946%	0.0273786%	0.0270404%
City's proportionate share of the net pension liability (asset)	\$ 303,989	\$ 381,274	\$ 435,312	\$ 555,006	\$ 356,078
City's covered-employee payroll	\$ 908,350	\$ 820,986	\$ 821,952	\$ 797,072	\$ 758,865
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.47%	46.44%	52.96%	69.63%	46.92%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	87.26%	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, 2019

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

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 104,978	\$ 93,856	\$ 94,005	\$ 91,184	\$ 86,753
Contributions in relation to the contractually required contribution	<u>104,978</u>	<u>93,856</u>	<u>94,005</u>	<u>91,184</u>	<u>86,753</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 908,350	\$ 820,986	\$ 821,952	\$ 797,072	\$ 758,865
Contributions as a percentage of covered-employee payroll	11.56%	11.43%	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, 2019

***SUPPLEMENTAL INFORMATION***

**City of Grangeville, Idaho**  
Supplemental Schedule of Revenues by Source  
- Budget and Actual - General Fund  
For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Taxes</b>			
Property Taxes	\$ 686,500	\$ 689,541	\$ 3,041
Penalties and Interest	2,765	4,246	1,481
	<u>689,265</u>	<u>693,787</u>	<u>4,522</u>
<b>Licenses and Permits</b>			
Alcoholic Beverages	4,900	5,290	390
Building and Inspection	3,000	4,053	1,053
Animal Licenses and Impound Fees	2,500	1,493	(1,007)
Franchise Fees	-	3,014	3,014
	<u>10,400</u>	<u>13,850</u>	<u>3,450</u>
<b>Intergovernmental</b>			
State Liquor Apportionment	50,500	53,092	2,592
Personal Property Tax Replacement	15,966	15,966	-
State Revenue Sharing	190,220	204,372	14,152
Court Revenue	5,700	13,041	7,341
	<u>262,386</u>	<u>286,471</u>	<u>24,085</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	-	6,306	6,306
Interest Income	-	22,636	22,636
Other Income	28,000	38,145	10,145
Proceeds from Debt	-	121,852	121,852
Gain/(Loss) on Sale of Assets	-	250	250
	<u>28,000</u>	<u>189,189</u>	<u>161,189</u>
<b>Total Revenue</b>	<u>\$ 1,002,051</u>	<u>\$ 1,195,297</u>	<u>\$ 193,246</u>

**City of Grangeville, Idaho**  
Supplemental Schedule of Expenditures by Object of Expenditure  
- Budget and Actual - General Fund  
For the Year Ended September 30, 2019

	Budget	Actual	Variance
<b>Council</b>			
Salaries	\$ 18,360	\$ 17,124	\$ 1,236
Benefits	3,550	2,916	634
Travel and Meetings	3,000	30	2,970
	<u>24,910</u>	<u>20,070</u>	<u>4,840</u>
<b>Executive</b>			
Mayor Salary	5,460	5,328	132
Benefits	1,200	1,009	191
Travel and Meetings	1,500	-	1,500
	<u>8,160</u>	<u>6,337</u>	<u>1,823</u>
<b>City Clerk</b>			
Salaries	39,900	44,937	(5,037)
Benefits	23,400	24,043	(643)
Travel and Meetings	2,400	2,268	132
Maintenance and Repairs	200	46	154
	<u>65,900</u>	<u>71,294</u>	<u>(5,394)</u>
<b>Administrative Assistant</b>			
Salaries	11,950	13,259	(1,309)
Benefits	8,250	17,042	(8,792)
Travel and Meetings	150	391	(241)
Supplies	150	-	150
	<u>20,500</u>	<u>30,692</u>	<u>(10,192)</u>
<b>Legal</b>			
Professional Services	36,000	35,696	304
	<u>36,000</u>	<u>35,696</u>	<u>304</u>
<b>Planning and Zoning</b>			
Travel and Meetings	200	-	200
Publication	400	134	266
Professional Services	5,500	-	5,500
Supplies	100	103	(3)
Other Expenses	150	-	150
	<u>6,350</u>	<u>237</u>	<u>6,113</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Government</b>			
Maintenance and Repairs	\$ 14,500	\$ 11,790	\$ 2,710
Publication	3,500	1,591	1,909
Professional Services	5,000	3,183	1,817
Supplies	6,800	1,146	5,654
Utilities	7,600	6,570	1,030
Dues and Subscriptions	3,100	2,880	220
Printing and Binding	4,500	3,215	1,285
Insurance	1,500	786	714
Janitorial Services	3,300	2,739	561
Other Expenses	10,500	5,657	4,843
Economic Development	4,000	2,000	2,000
Capital Outlay	8,550	8,685	(135)
	<u>72,850</u>	<u>50,242</u>	<u>22,608</u>
<b>Law Enforcement</b>			
Salaries	359,300	344,417	14,883
Benefits	174,800	149,642	25,158
Travel and Meetings	4,500	1,870	2,630
Maintenance and Repairs	31,400	26,623	4,777
Professional Services	36,000	35,965	35
Supplies	17,100	8,744	8,356
Utilities	8,600	11,216	(2,616)
Dues and Subscriptions	500	150	350
Insurance	16,000	10,387	5,613
Gas and Oil	20,000	11,331	8,669
Training	12,500	9,269	3,231
Other Expenses	10,000	3,253	6,747
Capital Outlay	50,240	143,887	(93,647)
	<u>740,940</u>	<u>756,754</u>	<u>(15,814)</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, 2019

	Budget	Actual	Variance
<b>Fire Department</b>			
Salaries	\$ 45,050	\$ 49,828	\$ (4,778)
Benefits	4,400	3,922	478
Travel and Meetings	700	196	504
Maintenance and Repairs	20,200	11,798	8,402
Supplies	3,300	1,727	1,573
Utilities	6,400	4,279	2,121
Dues and Subscriptions	200	69	131
Insurance	3,400	2,460	940
Janitorial Services	750	540	210
Gas and Oil	900	689	211
Training	2,800	1,324	1,476
Other Expenses	5,700	4,725	975
Capital Outlay	26,442	16,372	10,070
	<u>120,242</u>	<u>97,929</u>	<u>22,313</u>
<b>Animal Control</b>			
Salaries	15,500	-	15,500
Benefits	2,900	-	2,900
Travel and Meetings	3,200	7	3,193
Professional Services	1,500	1,200	300
Supplies	2,000	197	1,803
Utilities	1,400	1,160	240
Insurance	450	247	203
Gas and Oil	2,400	-	2,400
Other Expenses	1,000	73	927
	<u>30,350</u>	<u>2,884</u>	<u>27,466</u>
<b>Building Maintenance</b>			
Salaries	1,000	1,402	(402)
Benefits	200	269	(69)
	<u>1,200</u>	<u>1,671</u>	<u>(471)</u>
<b>Debt Service</b>			
Payment of Leases	-	20,331	(20,331)
<b>Total Expenditures</b>	<u>\$ 1,127,402</u>	<u>\$ 1,094,137</u>	<u>\$ 33,265</u>

**City of Grangeville, Idaho**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2019**

	Library	Tort Insurance	Grant	Total
<b>Assets</b>				
Cash and Investments	\$ 92,340	\$ 16,094	\$ -	\$ 108,434
Receivables, Net:				
Accounts	-	-	-	-
Property Taxes	2,110	1,203	-	3,313
Due from Other Governments	3,096	-	-	3,096
Prepaid Items	25	-	-	25
<b>Total Assets</b>	<b>\$ 97,571</b>	<b>\$ 17,297</b>	<b>\$ -</b>	<b>\$ 114,868</b>
<b>Liabilities</b>				
Accounts Payable	\$ 4,644	\$ -	\$ -	\$ 4,644
Wages Payable	2,415	-	-	2,415
Customer Deposits	-	-	-	-
Compensated Absences	-	-	-	-
<b>Total Liabilities</b>	<b>7,059</b>	<b>-</b>	<b>-</b>	<b>7,059</b>
<b>Deferred Inflows</b>				
Unearned Revenue - Property Tax	1,833	1,050	-	2,883
<b>Total Deferred Inflows</b>	<b>1,833</b>	<b>1,050</b>	<b>-</b>	<b>2,883</b>
<b>Fund Balances</b>				
Nonspendable	25	-	-	25
Restricted	88,654	16,247	-	104,901
<b>Total Fund Balances</b>	<b>88,679</b>	<b>16,247</b>	<b>-</b>	<b>104,926</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 97,571</b>	<b>\$ 17,297</b>	<b>\$ -</b>	<b>\$ 114,868</b>

**City of Grangeville, Idaho**  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Nonmajor Governmental Funds  
For the Year Ended September 30, 2019

	Library	Tort Insurance	Grant	Total
<b>Revenues</b>				
Property Taxes	\$ 50,810	\$ 28,667	\$ -	\$ 79,477
Licenses and Permits	2,464	-	-	2,464
Intergovernmental	13,959	656	-	14,615
Charges for Services	2,550	-	-	2,550
Grants & Contributions	2,341	-	32,750	2,341
Interest Income	2,646	340	-	2,986
Other	3,988	-	-	3,988
<b>Total Revenues</b>	<u>78,758</u>	<u>29,663</u>	<u>32,750</u>	<u>108,421</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	64,048	-	-	64,048
Maintenance and Operations	24,694	28,892	32,750	53,586
Capital Outlay	6,748	-	-	6,748
<b>Total Expenditures</b>	<u>95,490</u>	<u>28,892</u>	<u>32,750</u>	<u>124,382</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(16,732)</u>	<u>771</u>	<u>-</u>	<u>(15,961)</u>
<b>Other Financing Sources (Uses)</b>				
Gain/(Loss) on Sale of Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(16,732)</u>	<u>771</u>	<u>-</u>	<u>(15,961)</u>
Fund Balances - Beginning	105,411	15,476	-	120,887
<b>Fund Balances - Ending</b>	<u>\$ 88,679</u>	<u>\$ 16,247</u>	<u>\$ -</u>	<u>\$ 104,926</u>

***FEDERAL REPORTS***



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *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, 2019, 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 4, 2020.

**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.

*Zwyzart John & Associates, CPAs PLLC*

Nampa, Idaho  
March 4, 2020