

**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, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grangeville, Idaho, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in 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 3 through 10, budgetary comparison information, schedule of the City's proportionate share of the net pension liability, and schedule of City contributions on pages 37 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 3, 2021, 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 3, 2021

**City of Grangeville  
Management's Discussion and Analysis  
September 30, 2020**

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, 2020. 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 \$18,920,774. Of this amount \$6,406,215 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 \$361,837. Net position of government activities increased \$41,041 and net position of business-type activities increased \$320,796.
- Fund balances of governmental funds at the end of the fiscal year totaled \$3,335,827 an increase of \$280,557 in comparison to the prior year. Of this amount, \$2,106,730 is nonspendable, restricted and committed while the remaining \$1,229,097 is unassigned.
- At the end of the fiscal year the unassigned governmental fund balance was \$1,229,097.

**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 11-12 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 13-16 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 17-24 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.

For the fiscal year ended September 30, 2020 the City had no fiduciary funds to report.

**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 25-44 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 45-49 of this report.

The combining and individual fund statements and schedules can be found on pages 50-55 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, 2020, the City’s combined assets exceed liabilities by \$18,920,774. In comparison at September 30, 2019 combined assets exceeded liabilities by \$18,558,93.

The largest portion of the City’s net assets, 52%, 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 13% of net assets, which is 1% higher than the prior year. The same as the prior period, unrestricted net position equals 33% of net position.

### City of Grangeville – Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current & Other Assets	\$ 3,617,301	\$ 3,988,200	\$ 5,587,203	\$ 5,724,461	\$ 9,204,504	\$ 9,712,661
Capital Assets	\$ 1,701,924	\$ 1,437,991	\$ 14,112,301	\$ 14,022,625	\$ 15,814,225	\$ 15,460,616
Deferred Outflows	\$ 45,881	\$ 97,558	\$ 23,155	\$ 49,234	\$ 69,036	\$ 146,792
<b>Total Assets and Deferred Outflows</b>	\$ 5,365,106	\$ 5,523,749	\$ 19,722,659	\$ 19,796,320	\$ 25,087,765	\$ 25,320,069
Long-term liabilities outstanding	\$ 280,885	\$ 436,777	\$ 5,493,283	\$ 5,329,029	\$ 5,774,168	\$ 5,765,806
Other Liabilities	\$ 139,225	\$ 181,097	\$ 476,051	\$ 433,624	\$ 615,276	\$ 614,721
Deferred Inflows	\$ 92,636	\$ 12,472	\$ 46,752	\$ 6,296	\$ 139,388	\$ 18,768
<b>Total Liabilities and Deferred Inflows</b>	\$ 512,746	\$ 630,346	\$ 6,016,086	\$ 5,768,949	\$ 6,528,832	\$ 6,399,295
Net Assets:						
Net Investment in Capital Assets	\$ 1,600,403	\$ 1,359,137	\$ 8,487,611	\$ 8,651,157	\$ 10,088,014	\$ 10,010,294
Restricted	\$ 1,935,296	\$ 2,119,280	\$ 363,510	\$ 384,985	\$ 2,298,806	\$ 2,504,265
Unrestricted	\$ 1,316,661	\$ 1,414,986	\$ 4,855,452	\$ 4,991,229	\$ 6,172,113	\$ 6,406,215
<b>Total Net Position</b>	\$ 4,852,360	\$ 4,893,403	\$ 13,706,573	\$ 14,027,371	\$ 18,558,933	\$ 18,920,774



**Changes in Net Position:** During the year the City's financial position increased by \$361,837. 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, 2020**

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 153,484	\$ 148,191	\$ 2,607,256	\$ 2,663,576	\$ 2,760,740	\$ 2,811,767
Operating grants and contributions	\$ 41,897	\$ 16,749	\$ -	\$ 2,000	\$ 41,897	\$ 18,749
Capital grants and contributions			\$ -	\$ -	\$ -	\$ -
General revenues:					\$ -	\$ -
Property taxes	\$ 1,002,625	\$ 1,052,904			\$ 1,002,625	\$ 1,052,904
Sales tax and other governmental	\$ 607,070	\$ 608,747	\$ -	\$ -	\$ 607,070	\$ 608,747
Other	\$ 272,505	\$ 81,341	\$ 243,568	\$ 391,554	\$ 516,073	\$ 472,895
Total Revenues	\$ 2,077,581	\$ 1,907,932	\$ 2,850,824	\$ 3,057,130	\$ 4,928,405	\$ 4,965,062
<b>Expenses:</b>						
General government	\$ 250,699	\$ 339,007			\$ 250,699	\$ 339,007
Public Safety	\$ 804,011	\$ 800,513			\$ 804,011	\$ 800,513
Highways/streets	\$ 452,460	\$ 403,774			\$ 452,460	\$ 403,774
Culture and Recreation	\$ 322,506	\$ 323,597			\$ 322,506	\$ 323,597
Interest on long-term debt					\$ -	\$ -
Water			\$ 885,159	\$ 810,099	\$ 885,159	\$ 810,099
Sewer			\$ 1,226,615	\$ 1,163,798	\$ 1,226,615	\$ 1,163,798
Sanitation			\$ 597,051	\$ 632,331	\$ 597,051	\$ 632,331
Recreation-Snowhaven			\$ 131,657	\$ 130,106	\$ 131,657	\$ 130,106
Total Expenses	\$ 1,829,676	\$ 1,866,891	\$ 2,840,482	\$ 2,736,334	\$ 4,670,158	\$ 4,603,225
Increase in net position before transfers	\$ 247,905	\$ 41,041	\$ 10,342	\$ 320,796	\$ 258,247	\$ 361,837
Transfers	\$ (13,333)	\$ -	\$ 13,333	\$ -	\$ -	\$ -
<b>Change in net position</b>	\$ 234,572	\$ 41,041	\$ 23,675	\$ 320,796	\$ 258,247	\$ 361,837
Net Position beginning	\$ 4,617,788	\$ 4,852,362	\$ 13,682,898	\$ 13,706,575	\$ 18,300,686	\$ 18,558,937
Prior Period Adjustment				\$ -	\$ -	\$ -
Net Position ending	\$ 4,852,360	\$ 4,893,403	\$ 13,706,573	\$ 14,027,371	\$ 18,558,933	\$ 18,920,774

**Governmental Activities:** Governmental activities increased the City's net position by \$41,041 compared to a \$234,572 increase the previous fiscal year. The majority of governmental expenses, 42%, are incurred by Public Safety. Overall, governmental expenses for 2020 increased by almost 2% over fiscal year 2019.

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.

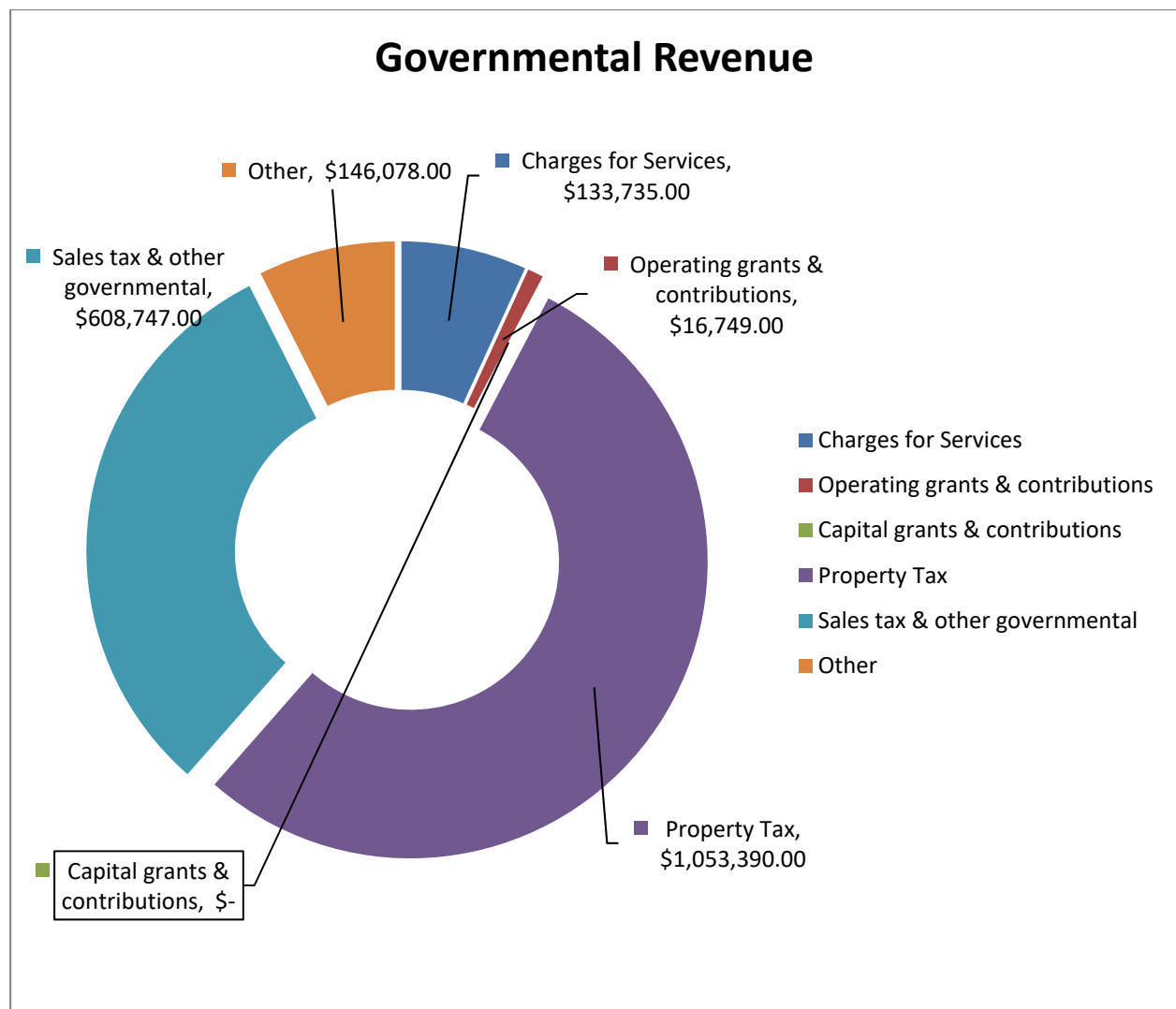
**Business-Type Activities:** Business-type activities increased net position by \$320,796 in fiscal year 2020. Expenses decreased 3.8% from fiscal year 2019 to 2020 while revenues increased 7.2% in the same time period. The Council adopted the Water Master Plan in February 2020. Work on the new Sewer Master Plan is currently in progress and should be adopted in February 2021.

### Financial Analysis of the City’s Funds

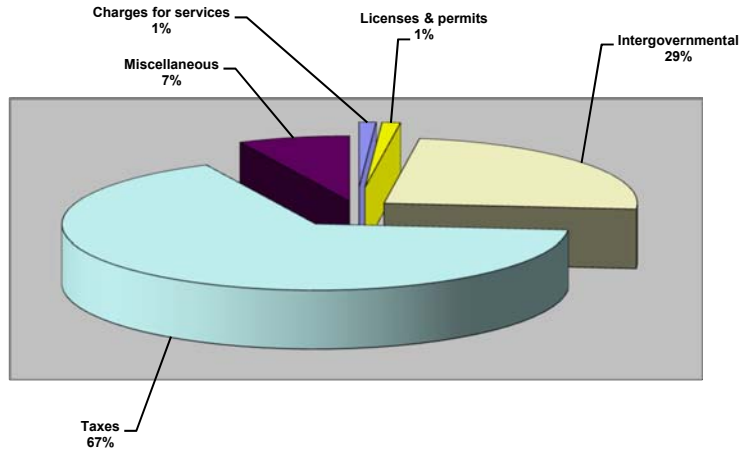
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$1,229,097 while the total fund balance reached \$3,335,827 an increase of \$280,557 compared to the prior year fund balance.

The following chart shows the breakdown of governmental revenue.

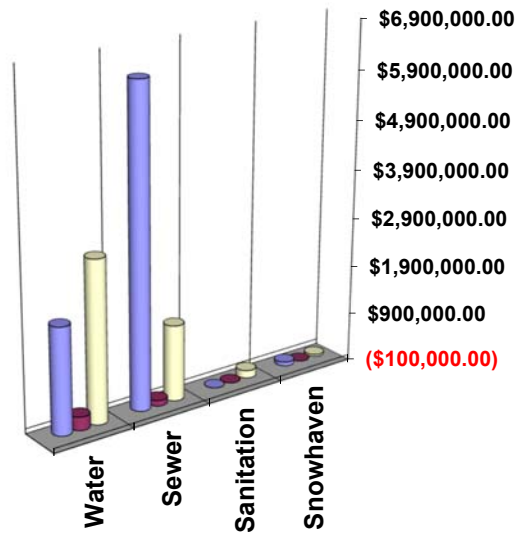


## Revenue by Source-General Fund



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



■ Invested in capital assets, net of related debt   
 ■ Restricted for debt service   
 ■ Unrestricted

## **General Fund Budgetary Highlights**

The total revenue in the General Fund was \$1,097,717 which was less than the budgeted amount of \$1,386,416 by \$288,699. The total expenditures in the General Fund were \$1,033,451 which was under the budget of \$1,634,237 by \$600,786. For FY20 the fire department has budgeted for a grant for a filling station and SCBA replacement, which if received, the match would be shared between the City and Rural Departments. At the end of the fiscal year, the fire department received word on they were awarded a Firefighter's Grant for SCBA replacement. Funds will be received in FY21.

## **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 FY20 included:

- Purchased 2020 Chevy 1 ton for Street, Water and Sewer
- Removed the bricks from Main Street sidewalks and poured concrete to replace
- Masonry repair at the front door of the Library
- BST on E N 7<sup>th</sup> from Meadow to the County Road
- The Sewer Master Plan is currently in progress with estimated completion for February 2021
- The Water Master Plan was adopted February 2020
- Land purchase from Wagner's and Whitley's on the watershed, Fugate by the WWTP and the old dump from Chahal
- Purchase and install of generator at Park well
- Install of the step screen 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, 2020 was \$2,265,000.

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, 2020 was \$2,848,320.

## **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 rates will increase by 4.88% and sewer rates will increase by 7.3% in the base and 63% in the overage for fiscal year 2021. Walco Inc. requested a 0% increase in Sanitation.

The City will continue to work with J-U-B Engineers on wastewater plant and collection system requirements in the IPDESDP permit along with water system requirements. The Sewer Master Plan should be adopted early in 2021 and the Environmental Information Documents should be completed in 2021. The Council will look at running a bond election in November 2021 to fund water and sewer projects.

### **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, 2020

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	2,123,213	\$ 3,514,940	\$ 5,638,153
Short-term Investments	214,458	377,482	591,940
Accounts Receivable, Net	11,859	265,225	277,084
Taxes Receivable, Net	39,410	-	39,410
Interest Receivable	4,087	7,196	11,283
Due from Other Governments	165,406	-	165,406
Prepaid Items	8,403	4,089	12,492
<b>Total Current Assets</b>	<u>2,566,836</u>	<u>4,168,932</u>	<u>6,735,768</u>
Noncurrent Assets:			
Long-term Investments	819,378	1,170,544	1,989,922
Restricted Cash	601,986	384,985	986,971
Capital Assets:			
Land and Construction in Progress	211,759	387,212	598,971
Improvements, Net	958,568	6,423,345	7,381,913
Buildings, Net	70,339	5,269,916	5,340,255
Equipment, Net	197,325	1,942,152	2,139,477
<b>Total Noncurrent Assets</b>	<u>2,859,355</u>	<u>15,578,154</u>	<u>18,437,509</u>
<b>Total Assets</b>	<u>5,426,191</u>	<u>19,747,086</u>	<u>25,173,277</u>
<b>Deferred Outflows</b>			
Pension Related Items	97,558	49,234	146,792
<b>Total Deferred Outflows</b>	<u>97,558</u>	<u>49,234</u>	<u>146,792</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	54,144	107,642	161,786
Wages Payable	62,912	23,417	86,329
Deposits from Others	3,830	2,936	6,766
Accrued Interest	-	33,646	33,646
Long-term Liabilities:			
Due Within One Year:			
Bonds and Notes Payable	24,052	235,209	259,261
Compensated Absences	36,159	30,774	66,933
Due in More than One Year:			
Bonds and Notes Payable	54,802	5,136,259	5,191,061
Net Pension Liability	381,975	192,770	574,745
<b>Total Liabilities</b>	<u>617,874</u>	<u>5,762,653</u>	<u>6,380,527</u>
<b>Deferred Inflows</b>			
Pension Related Items	12,472	6,296	18,768
<b>Total Deferred Inflows</b>	<u>12,472</u>	<u>6,296</u>	<u>18,768</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,359,137	8,651,157	10,010,294
Restricted for:			
Debt Service	601,986	384,985	986,971
Other Purposes	2,098,327	-	2,098,327
Unrestricted Surplus	833,953	4,991,229	5,825,182
<b>Total Net Position</b>	<u>\$ 4,893,403</u>	<u>\$ 14,027,371</u>	<u>\$ 18,920,774</u>

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

**City of Grangeville, Idaho**  
**Statement of Activities**  
For the Year Ended September 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 339,007	\$ 26,456	\$ 2,603	\$ -	\$ (309,948)	\$ -	\$ (309,948)
Public Safety	800,513	-	-	-	(800,513)	-	(800,513)
Highways and Streets	403,774	82,969	-	-	(320,805)	-	(320,805)
Culture and Recreation	323,597	38,766	14,146	-	(270,685)	-	(270,685)
<b>Total Governmental Activities</b>	<b>1,866,891</b>	<b>148,191</b>	<b>16,749</b>	<b>-</b>	<b>(1,701,951)</b>	<b>-</b>	<b>(1,701,951)</b>
Business-type Activities:							
Water	810,099	918,683	-	-	-	108,584	108,584
Sewer	1,163,798	996,369	-	-	-	(167,429)	(167,429)
Sanitation	632,331	649,361	-	-	-	17,030	17,030
Recreation-Snowhaven	130,106	99,163	2,000	-	-	(28,943)	(28,943)
<b>Total Business-type Activities</b>	<b>2,736,334</b>	<b>2,663,576</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>(70,758)</b>	<b>(70,758)</b>
<b>Total Primary Government</b>	<b>\$ 4,603,225</b>	<b>\$ 2,811,767</b>	<b>\$ 18,749</b>	<b>\$ -</b>	<b>(1,701,951)</b>	<b>(70,758)</b>	<b>(1,772,709)</b>
General Revenues:							
Property Taxes					1,052,904	-	1,052,904
Intergovernmental					608,747	-	608,747
Timber Sales					2,006	262,618	264,624
Interest					75,221	129,140	204,361
Other					106,643	-	106,643
Disposal of Capital Assets					(102,529)	(204)	(102,733)
Transfers					-	-	-
<b>Total General Revenues and Special Items</b>					<b>1,742,992</b>	<b>391,554</b>	<b>2,134,546</b>
Change in Net Position					41,041	320,796	361,837
Net Position, Beginning of Year					4,852,362	13,706,575	18,558,937
Net Position, End of Year					<b>\$ 4,893,403</b>	<b>\$ 14,027,371</b>	<b>\$ 18,920,774</b>

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

**City of Grangeville, Idaho**  
 Balance Sheet -  
 Governmental Funds  
 September 30, 2020

	General	Street	Recreation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Investments	\$ 869,925	\$ 1,217,698	\$ 488,511	\$ 96,862	\$ 2,672,996
Receivables, Net:					
Accounts	5,786	6,073	-	-	11,859
Property Taxes	27,379	6,241	2,734	3,056	39,410
Interest	2,335	1,420	332	-	4,087
Due from Other Governments	96,975	56,661	6,864	4,906	165,406
Prepaid Items	4,470	3,282	626	25	8,403
Restricted Investments	331,011	-	270,975	-	601,986
<b>Total Assets</b>	<b>\$ 1,337,881</b>	<b>\$ 1,291,375</b>	<b>\$ 770,042</b>	<b>\$ 104,849</b>	<b>\$ 3,504,147</b>
<b>Liabilities</b>					
Accounts Payable	\$ 18,900	\$ 15,590	\$ 11,522	\$ 8,054	\$ 54,066
Wages Payable	53,433	4,858	1,258	3,363	62,912
Customer Deposits	-	3,830	-	-	3,830
Compensated Absences	7,148	4,124	478	-	11,750
<b>Total Liabilities</b>	<b>79,481</b>	<b>28,402</b>	<b>13,258</b>	<b>11,417</b>	<b>132,558</b>
<b>Deferred Inflows</b>					
Unearned Revenue - Property Tax	24,833	5,670	2,483	2,776	35,762
<b>Total Deferred Inflows</b>	<b>24,833</b>	<b>5,670</b>	<b>2,483</b>	<b>2,776</b>	<b>35,762</b>
<b>Fund Balances</b>					
Nonspendable	4,470	3,282	626	25	8,403
Restricted	-	1,254,021	753,675	90,631	2,098,327
Unassigned	1,229,097	-	-	-	1,229,097
<b>Total Fund Balances</b>	<b>1,233,567</b>	<b>1,257,303</b>	<b>754,301</b>	<b>90,656</b>	<b>3,335,827</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 1,337,881</b>	<b>\$ 1,291,375</b>	<b>\$ 770,042</b>	<b>\$ 104,849</b>	<b>\$ 3,504,147</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, 2020

Total Fund Balances - Governmental Funds \$ 3,335,827

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 \$1,355,516 Accumulated Depreciation	958,568	
Buildings, Net of \$667,188 Accumulated Depreciation	70,339	
Equipment, Net of \$1,009,755 Accumulated Depreciation	<u>197,325</u>	
		1,437,991

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. 35,762

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	(24,409)	
Municipal Lease	<u>(78,854)</u>	
		(103,263)

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: 483,975

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	(381,975)	
Pension Related Deferred Inflows	(12,472)	
Pension Related Deferred Outflows	<u>97,558</u>	
		<u>(296,889)</u>

Net Position of Governmental Activities \$ 4,893,403

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, 2020

	General	Roads and Streets	Recreation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 737,584	\$ 163,478	\$ 71,964	\$ 80,364	\$ 1,053,390
Licenses and Permits	12,931	-	-	1,525	14,456
Intergovernmental	268,405	190,900	135,028	14,414	608,747
Charges for Services	12,000	82,969	35,546	3,220	133,735
Grants & Contributions	2,603	-	5,000	9,146	16,749
Interest Income	30,245	26,651	12,040	1,550	70,486
Other	33,949	18,221	5,119	3,847	61,136
<b>Total Revenues</b>	<u>1,097,717</u>	<u>482,219</u>	<u>264,697</u>	<u>114,066</u>	<u>1,958,699</u>
<b>Expenditures</b>					
Current:					
General Government	249,843	-	-	29,000	278,843
Public Safety	707,984	-	-	-	707,984
Highway and Streets	-	309,589	-	-	309,589
Culture and Recreation	-	-	139,397	90,413	229,810
Capital Outlay	75,624	31,367	39,708	8,923	155,622
<b>Total Expenditures</b>	<u>1,033,451</u>	<u>340,956</u>	<u>179,105</u>	<u>128,336</u>	<u>1,681,848</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>64,266</u>	<u>141,263</u>	<u>85,592</u>	<u>(14,270)</u>	<u>276,851</u>
<b>Other Financing Resources (Uses)</b>					
Timber Sales	-	-	2,006	-	2,006
Gain/(Loss) on Sale of Assets	-	1,700	-	-	1,700
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,700</u>	<u>2,006</u>	<u>-</u>	<u>3,706</u>
<b>Net Change in Fund Balances</b>	64,266	142,963	87,598	(14,270)	280,557
Fund Balances - Beginning	1,169,301	1,114,340	666,703	104,926	3,055,270
<b>Fund Balances - Ending</b>	<u>\$ 1,233,567</u>	<u>\$ 1,257,303</u>	<u>\$ 754,301</u>	<u>\$ 90,656</u>	<u>\$ 3,335,827</u>

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

**City of Grangeville, Idaho**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of the  
 Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2020

Total Net Change in Fund Balance - Governmental Funds \$ 280,557

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	\$	30,598	
Depreciation Expense		(179,350)	
Gain on Disposal of Assets		<u>(104,229)</u>	
Net			(252,981)

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. (486)

The net revenue of certain activities of internal service funds are reported with governmental activities. 50,242

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. 11,813

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. (48,104)

Change in Net Position of Governmental Activities \$ 41,041

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

**City of Grangeville, Idaho**  
Statement of Net Position - Proprietary Funds  
September 30, 2020

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,780,148	\$ 1,539,228	\$ 145,692
Short-term Investments	365,419	12,063	-
Accounts Receivable, Net	95,018	105,245	64,962
Interest Receivable	6,966	230	-
Prepaid Items	2,288	953	141
Total Current Assets	<u>2,249,839</u>	<u>1,657,719</u>	<u>210,795</u>
Noncurrent Assets:			
Long-term Investments	1,124,454	46,090	-
Restricted Cash and Investments	271,700	113,285	-
Capital Assets:			
Land and Construction in Progress	235,944	119,708	-
Improvements, Net	4,070,592	2,314,045	-
Buildings, Net	41,423	5,222,750	-
Equipment, Net	321,895	1,618,016	341
Total Noncurrent Assets	<u>6,066,008</u>	<u>9,433,894</u>	<u>341</u>
Total Assets	<u>8,315,847</u>	<u>11,091,613</u>	<u>211,136</u>
<b>Deferred Outflows</b>			
Pension Related Items	21,814	23,134	690
Total Deferred Outflows	<u>21,814</u>	<u>23,134</u>	<u>690</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	15,595	39,024	52,970
Wages Payable	8,976	14,025	416
Customer Deposits	2,936	-	-
Accrued Interest	4,236	29,410	-
Compensated Absences	13,802	16,612	360
Current Portion - Debt	135,000	100,209	-
Total Current Liabilities	<u>180,545</u>	<u>199,280</u>	<u>53,746</u>
Long-term Liabilities:			
Bonds and Notes Payable	2,388,148	2,748,111	-
Net Pension Liability	85,406	90,580	2,702
Total Long-term Liabilities	<u>2,473,554</u>	<u>2,838,691</u>	<u>2,702</u>
Total Liabilities	<u>2,654,099</u>	<u>3,037,971</u>	<u>56,448</u>
<b>Deferred Inflows</b>			
Pension Related Items	2,789	2,957	89
Total Deferred Inflows	<u>2,789</u>	<u>2,957</u>	<u>89</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,146,706	6,426,199	341
Restricted for Debt Service	271,700	113,285	-
Unrestricted	3,262,367	1,534,335	154,948
Total Net Position	<u>\$ 5,680,773</u>	<u>\$ 8,073,819</u>	<u>\$ 155,289</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, 2020

	Enterprise Funds		Governmental
	Snowhaven	Total	Activities - Internal Services
<b>Assets</b>			
Current Assets:			
Cash and Investments	\$ 49,872	\$ 3,514,940	\$ 484,053
Short-term Investments	-	377,482	-
Accounts Receivable, Net	-	265,225	-
Interest Receivable	-	7,196	-
Prepaid Items	707	4,089	-
Total Current Assets	<u>50,579</u>	<u>4,168,932</u>	<u>484,053</u>
Noncurrent Assets:			
Long-term Investments	-	1,170,544	-
Restricted Cash	-	384,985	-
Capital Assets:			
Land and Construction in Progress	31,560	387,212	-
Improvements, Net	38,708	6,423,345	-
Buildings, Net	5,743	5,269,916	-
Equipment, Net	1,900	1,942,152	-
Total Noncurrent Assets	<u>77,911</u>	<u>15,578,154</u>	<u>-</u>
Total Assets	<u>128,490</u>	<u>19,747,086</u>	<u>484,053</u>
<b>Deferred Outflows</b>			
Pension Related Items	3,596	49,234	-
Total Deferred Outflows	<u>3,596</u>	<u>49,234</u>	<u>-</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	53	107,642	78
Wages Payable	-	23,417	-
Customer Deposits	-	2,936	-
Accrued Interest	-	33,646	-
Compensated Absences	-	30,774	-
Current Portion - Debt	-	235,209	-
Total Current Liabilities	<u>53</u>	<u>433,624</u>	<u>78</u>
Long-term Liabilities:			
Bonds and Notes Payable	-	5,136,259	-
Net Pension Liability	14,082	192,770	-
Total Long-term Liabilities	<u>14,082</u>	<u>5,329,029</u>	<u>-</u>
Total Liabilities	<u>14,135</u>	<u>5,762,653</u>	<u>78</u>
<b>Deferred Inflows</b>			
Pension Related Items	461	6,296	-
Total Deferred Inflows	<u>461</u>	<u>6,296</u>	<u>-</u>
<b>Net Position</b>			
Net Investment in Capital Assets	77,911	8,651,157	-
Restricted for Debt Service	-	384,985	-
Unrestricted	39,579	4,991,229	483,975
Total Net Position	<u>\$ 117,490</u>	<u>\$ 14,027,371</u>	<u>\$ 483,975</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, 2020

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Operating Revenues</b>			
Charges for Services	\$ 904,408	\$ 993,141	\$ 649,361
Penalties	7,275	-	-
Other	7,000	3,228	-
Total Operating Revenues	<u>918,683</u>	<u>996,369</u>	<u>649,361</u>
<b>Operating Expenses</b>			
Salaries and Benefits	205,015	306,929	9,431
Contractor Services	-	-	613,952
Supplies	10,707	11,618	5,795
Heat, Light, and Power	56,664	95,898	-
Other Services and Charges	132,428	245,172	3,039
Depreciation	319,179	449,947	114
Total Operating Expenses	<u>723,993</u>	<u>1,109,564</u>	<u>632,331</u>
<b>Operating Income (Loss)</b>	<u>194,690</u>	<u>(113,195)</u>	<u>17,030</u>
<b>Nonoperating Revenues (Expenses)</b>			
Gain (Loss) on Disposal of Assets	(1,860)	1,656	-
Timber Sales	262,618	-	-
Interest Earned	91,777	36,798	-
Interest Expense	(86,106)	(54,234)	-
Total Nonoperating Revenues (Expenses)	<u>266,429</u>	<u>(15,780)</u>	<u>-</u>
<b>Change in Net Position</b>	461,119	(128,975)	17,030
<b>Net Position - Beginning</b>	5,219,654	8,202,794	138,259
<b>Net Position - Ending</b>	<u>\$ 5,680,773</u>	<u>\$ 8,073,819</u>	<u>\$ 155,289</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, 2020

	Enterprise Funds		Governmental Activities - Internal Services
	Snowhaven	Total	
<b>Operating Revenues</b>			
Charges for Services	\$ 96,208	\$ 2,643,118	\$ -
Penalties	-	7,275	-
Other	2,955	13,183	208,995
<b>Total Operating Revenues</b>	<u>99,163</u>	<u>2,663,576</u>	<u>208,995</u>
<b>Operating Expenses</b>			
Salaries and Benefits	49,977	571,352	163,488
Contractor Services	-	613,952	-
Supplies	8,122	36,242	-
Heat, Light, and Power	6,428	158,990	-
Other Services and Charges	61,582	442,221	-
Depreciation	3,997	773,237	-
<b>Total Operating Expenses</b>	<u>130,106</u>	<u>2,595,994</u>	<u>163,488</u>
<b>Operating Income (Loss)</b>	<u>(30,943)</u>	<u>67,582</u>	<u>45,507</u>
<b>Nonoperating Revenues (Expenses)</b>			
Gain (Loss) on Disposal of Assets	-	(204)	-
Donations	2,000	2,000	-
Timber Sales	-	262,618	-
Interest Earned	565	129,140	4,735
Interest Expense	-	(140,340)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,565</u>	<u>253,214</u>	<u>4,735</u>
<b>Change in Net Position</b>	(28,378)	320,796	50,242
<b>Net Position - Beginning</b>	145,868	13,706,575	433,733
<b>Net Position - Ending</b>	<u>\$ 117,490</u>	<u>\$ 14,027,371</u>	<u>\$ 483,975</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, 2020

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 908,463	\$ 993,028	\$ 649,969
Payments to Suppliers for Goods or Services	(207,570)	(394,202)	(621,735)
Payments to Employees for Services	(188,279)	(292,239)	(8,876)
Net Cash Provided (Used) by Operating Activities	<u>512,614</u>	<u>306,587</u>	<u>19,358</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Timber Sales	262,618	-	-
Donations	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>262,618</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases and Construction of Capital Assets	(301,156)	(386,109)	-
Disposal of Capital Assets	-	3,500	-
Principal Paid on Capital Debt	(154,857)	(98,365)	-
Interest Paid on Capital Debt	(86,303)	(55,250)	-
Net Cash Used by Capital and Related Financing Activities	<u>(542,316)</u>	<u>(536,224)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>			
Sale (Purchase) of Investments	(66,418)	(2,342)	-
Interest and Dividends	93,140	36,843	-
Net Cash Used by Investing Activities	<u>26,722</u>	<u>34,501</u>	<u>-</u>
 Net Increase in Cash and Cash Equivalents	 259,638	 (195,136)	 19,358
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,792,210</u>	<u>1,847,649</u>	<u>126,334</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,051,848</u>	<u>\$ 1,652,513</u>	<u>\$ 145,692</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ 1,780,148	\$ 1,539,228	\$ 145,692
Restricted Cash and Investments	271,700	113,285	-
	<u>\$ 2,051,848</u>	<u>\$ 1,652,513</u>	<u>\$ 145,692</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, 2020

	Enterprise Funds		Governmental
	Snowhaven	Total	Activities - Internal Services
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 99,163	\$ 2,650,623	\$ 208,995
Payments to Suppliers for Goods or Services	(79,834)	(1,303,341)	(163,410)
Payments to Employees for Services	(48,203)	(537,597)	-
Net Cash Provided (Used) by Operating Activities	<u>(28,874)</u>	<u>809,685</u>	<u>45,585</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Timber Sales	-	262,618	-
Donations	2,000	2,000	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,000</u>	<u>264,618</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases and Construction of Capital Assets	-	(687,265)	-
Disposal of Capital Assets		3,500	
Principal Paid on Capital Debt	-	(253,222)	-
Interest Paid on Capital Debt	-	(141,553)	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(1,078,540)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>			
Sale (Purchase) of Investments	-	(68,760)	-
Interest and Dividends	565	130,548	4,735
Net Cash Used by Investing Activities	<u>565</u>	<u>61,788</u>	<u>4,735</u>
Net Increase in Cash and Cash Equivalents	(26,309)	57,551	50,320
<b>Cash and Cash Equivalents, Beginning</b>	76,181	3,842,374	433,733
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 49,872</u>	<u>\$ 3,899,925</u>	<u>\$ 484,053</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ 49,872	\$ 3,514,940	\$ 484,053
Restricted Cash	-	384,985	-
	<u>\$ 49,872</u>	<u>\$ 3,899,925</u>	<u>\$ 484,053</u>

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

**City of Grangeville, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
Fore the Year Ended September 30, 2020

	Enterprise Funds		
	Water	Sewer	Sanitation
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 194,690	\$ (113,195)	\$ 17,030
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	319,179	449,947	114
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(9,620)	(3,341)	608
(Increase) Decrease in Deferred Outflows	(11,555)	(12,254)	(365)
Increase (Decrease) in Accrued Payroll and Benefits	2,130	2,118	106
Increase (Decrease) in Accounts Payable	(7,771)	(41,514)	1,051
Increase (Decrease) in Customer Deposits	(600)	-	-
Increase (Decrease) in Compensated Absences	3,851	1,165	108
Increase (Decrease) in Net Pension Liability	40,234	42,671	1,273
Increase (Decrease) in Deferred Inflows	(17,924)	(19,010)	(567)
Net Cash Provided by Operating Activities	<u>\$ 512,614</u>	<u>\$ 306,587</u>	<u>\$ 19,358</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, 2020

	Enterprise Funds		Governmental Activities - Internal Services
	Snowhaven	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (30,943.00)	\$ 67,582.00	\$ 45,507.00
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,997	773,237	-
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	(12,353)	-
(Increase) Decrease in Deferred Outflows	(1,905)	(26,079)	-
Increase (Decrease) in Accrued Payroll and Benefits	-	4,354	-
Increase (Decrease) in Accounts Payable	(3,702)	(51,936)	78
Increase (Decrease) in Customer Deposits	-	(600)	-
Increase (Decrease) in Compensated Absences	-	5,124	-
Increase (Decrease) in Net Pension Liability	6,634	90,812	-
Increase (Decrease) in Deferred Inflows	(2,955)	(40,456)	-
Net Cash Provided by Operating Activities	<u>\$ (28,874)</u>	<u>\$ 809,685</u>	<u>\$ 45,585</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, 2020

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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, 2020

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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, 2020

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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, 2020

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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, 2020

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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 and Investments

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.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement, and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair Value of Investments

The City of Grangeville measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities the City of Grangeville can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, the valuation of these securities does not entail any significant degree of judgement. Securities classed as Level 1 inputs include U.S. Government securities and other U.S. Agency and sovereign government obligations.



**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and “brokered” or securitized certificates of deposits; and
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Allowance for uncollectible accounts is estimated to be 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, 2020, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2020, are not considered available for use by the City and are recorded as 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.

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

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020, the carrying amount of the City's deposits were \$629,416 and the respective bank balances totaled \$607,279. All of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2020, all of the City's deposits were covered by 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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

2. CASH AND INVESTMENTS (continued)

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.

The City's investments at September 30, 2020, 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	\$ 5,707,240	\$ 5,707,240	\$ -	\$ -
Money Market	N/A	13,858	13,858	-	-
CD	N/A	2,588,137	476,079	2,112,058	
Corporate Bonds	A	265,424	115,861	149,563	
		<u>\$ 8,574,659</u>	<u>\$ 6,313,038</u>	<u>\$ 2,261,621</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	\$ 2,220,193	\$ 3,998,994	\$ 6,219,187
Investments	1,033,836	1,548,025	2,581,861
Restricted Invesetments	20,953	384,985	405,938
	<u>\$ 3,274,982</u>	<u>\$ 5,932,004</u>	<u>\$ 9,206,986</u>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

2. CASH AND INVESTMENTS (continued)

On September 30, 2020, the City had the following recurring fair value measurements:

Investment Type	Level 1	Level 2	Level 3	Total
Money Market	\$ 13,858	\$ -	\$ -	\$ 13,858
CD	-	2,588,137	-	2,588,137
Corporate Bonds	-	265,424	-	265,424
	<u>\$ 13,858</u>	<u>\$ 2,853,561</u>	<u>\$ -</u>	<u>\$ 2,867,419</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source no the following day. The solution is to report a “consensus price” or a weighted average price for each security. The City receives market prices for these securities from a variety of industry standard date provides (e.g. Bloomberg), security master fields from large financial institutions, and other third-party sources. Through the help of an investment advisor, the City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

Securities held as Level 1 are valued using the following approach.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;

Debt securities classified as Level 2 are valued using the following approaches.

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units include state revenue sharing of \$97,911, liquor apportionment of \$11,629, highway user revenue of \$41,171 from the State Department of Highways, and \$14,695 due from Rural Fire. The total due from other governments is \$165,406.

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2020**

**4. CAPITAL ASSETS**

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

	Balance 9/30/2019	Adjustments	Additions	Disposals	Balance 9/30/2020
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 211,759	\$ -	\$ -	\$ -	\$ 211,759
Capital Assets Being Depreciated:					
Improvements	2,314,084	-	-	-	2,314,084
Buildings	737,527	-	-	-	737,527
Equipment	1,569,332	-	19,646	(381,898)	1,207,080
Total Historical Cost	<u>4,620,943</u>	<u>-</u>	<u>19,646</u>	<u>(381,898)</u>	<u>4,258,691</u>
Less: Accumulated Depreciation					
Improvements	1,282,152	-	73,364	-	1,355,516
Buildings	663,013	-	4,175	-	667,188
Equipment	1,185,613	-	101,811	(277,669)	1,009,755
Total Acc. Depr.	<u>3,130,778</u>	<u>-</u>	<u>179,350</u>	<u>(277,669)</u>	<u>3,032,459</u>
Net Depreciable Assets	<u>1,490,165</u>	<u>-</u>	<u>(159,704)</u>	<u>(104,229)</u>	<u>1,226,232</u>
Governmental Activities					
Capital Assets - Net	<u>\$ 1,701,924</u>	<u>\$ -</u>	<u>\$ (159,704)</u>	<u>\$ (104,229)</u>	<u>\$ 1,437,991</u>
<u>Business-type Activities:</u>					
Capital Assets Not Being Depreciated:					
Land and Easements	\$ 169,691	\$ -	\$ 217,521	\$ -	\$ 387,212
Capital Assets Being Depreciated:					
Improvements	12,651,538	-	20,022	-	12,671,560
Buildings	7,400,667	-	-	-	7,400,667
Equipment	4,188,288	-	449,722	(38,809)	4,599,201
Total Depreciable Assets	<u>24,240,493</u>	<u>-</u>	<u>469,744</u>	<u>(38,809)</u>	<u>24,671,428</u>
Less: Accumulated Depreciation					
Improvements	5,904,007	-	344,208	-	6,248,215
Buildings	1,947,963	-	182,788	-	2,130,751
Equipment	2,445,913	-	246,241	(35,105)	2,657,049
Total Acc. Depr.	<u>10,297,883</u>	<u>-</u>	<u>773,237</u>	<u>(35,105)</u>	<u>11,036,015</u>
Net Depreciable Assets	<u>13,942,610</u>	<u>-</u>	<u>(303,493)</u>	<u>(3,704)</u>	<u>13,635,413</u>
Business-type Activities - Net	<u>\$ 14,112,301</u>	<u>\$ -</u>	<u>\$ (85,972)</u>	<u>\$ (3,704)</u>	<u>\$ 14,022,625</u>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

4. CAPITAL ASSETS (continued)

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

Governmental Activities:

General Government	\$ 8,773
Public Safety	63,263
Highway and Streets	72,440
Culture and Recreation	<u>34,874</u>
	<u>\$ 179,350</u>

Business-type Activities:

Water	\$ 319,179
Sewer	449,947
Sanitation	114
Snowhaven	<u>3,997</u>
	<u>\$ 773,237</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 the highest consecutive 42 months.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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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, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% (for general employees and 12.28% for police and firefighters. The City of Grangeville, Idaho's contributions were \$107,647 the year ended September 30, 2020.

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

At September 30, 2020, the City of Grangeville, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of 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, 2020, the City of Grangeville, Idaho's proportion was 0.0247508 percent.

For the year ended September 30, 2020, the City of Grangeville, Idaho recognized pension expense (revenue) of \$180,028. At September 30, 2020, 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, 2020

5. PENSION PLAN (continued)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 44,905	\$ 18,767
Changes in assumptions or other inputs	9,720	-
Net difference between projected and actual earnings on pension plan investments	65,877	-
City of Grangeville, Idaho's contributions subsequent to the measurement date	26,290	-
<b>Total</b>	<b>\$ 146,792</b>	<b>\$ 18,767</b>

\$26,290 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019, the beginning of the measurement period ended June 30, 2020, is 4.8 years and 4.8 for the measurement period June 30, 2020.

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	28,146
2021	24,211
2022	32,860
2023	42,808

*Actuarial Assumptions*

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

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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5. PENSION PLAN (continued)

The total pension liability in the June 30, 2020 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, 2020, is based on the results of an actuarial valuation date of July 1, 2020.

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

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

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, 2020

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 2020.

<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	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment		5.85%	3.49%

*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.

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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5. PENSION PLAN (continued)

*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)	\$ 1,178,647	\$ 574,746	\$ 75,419

*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, 2020

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, 2020, are as follows:

	<u>9/30/2019</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2020</u>	<u>Current</u>
Governmental Activities	\$ 33,518	\$ 25,225	\$(22,584)	\$ 36,159	\$ 36,159
Business-type Activities	<u>25,650</u>	<u>21,291</u>	<u>(20,500)</u>	<u>30,774</u>	<u>30,774</u>
Total	<u>\$ 59,168</u>	<u>\$ 46,516</u>	<u>\$(43,084)</u>	<u>\$ 66,933</u>	<u>\$ 66,933</u>

8. OTHER COMMITMENTS

The City has credit cards with a total credit limit of \$30,400. As of September 30, 2020, \$387 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, 2020 was as follows:

**City of Grangeville, Idaho**  
**Notes to Financial Statements**  
For the Year Ended September 30, 2020

9. LONG-TERM OBLIGATIONS (continued)

Description	Maturity	Rate	Required Reserve	9/30/2019	Increase	Decrease	9/30/2020	Current Portion
<u>Governmental Activities:</u>								
2019 Chevy Silverado	2022	5.64%	N/A	\$ 34,744	\$ -	\$ (10,952)	\$ 23,792	\$ 11,570
Spillman Software	2024	6.56%	N/A	66,776	-	(11,714)	55,062	12,482
				<u>\$ 101,520</u>	<u>\$ -</u>	<u>\$ (22,666)</u>	<u>\$ 78,854</u>	<u>\$ 24,052</u>
<u>Business-type Activities:</u>								
USDA Sewer Bond	2043	1.875%	\$ 107,531	\$ 2,946,685	\$ -	\$ (98,365)	\$ 2,848,320	\$ 100,209
Water Refunding Bond	2033	2.00 - 5.00%	\$ 243,750	2,400,000	-	(135,000)	2,265,000	135,000
				5,346,685	-	(233,365)	5,113,320	235,209
Unamort. Water Bond Premium				278,004	-	(19,857)	258,147	-
				<u>\$ 5,624,689</u>	<u>\$ -</u>	<u>\$ (253,222)</u>	<u>\$ 5,371,467</u>	<u>\$ 235,209</u>

Debt service requirements on long-term debt as of September 30, 2020, 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
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	262,939	13,046	-	-
2026-2030	1,465,821	496,254	-	-
2031-2035	1,271,380	217,195	-	-
2036-2040	687,347	80,728	-	-
2041-2043	443,582	16,727	-	-
	<u>\$5,113,320</u>	<u>\$ 1,413,384</u>	<u>\$ 78,854</u>	<u>\$ 11,348</u>

**City of Grangeville, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

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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>
2021	\$ 10,951
2022	10,951
2023	2,289
2024	<u>396</u>
	<u>\$ 24,587</u>

Rent expenditures for the year ended September 30, 2020, were \$11,997.

11. SUBSEQUENT EVENTS

In October 2020 the City refinanced their Water Refunding Bond. The refinance decreased the interest rate to 1.453% and moved the final maturity date to September 15, 2033.

***REQUIRED SUPPLEMENTARY INFORMATION***



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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 723,507	\$ 723,507	\$ 737,584	\$ 14,077
Licenses and Permits	9,900	9,900	12,931	3,031
Intergovernmental	255,759	255,759	268,405	12,646
Charges for Services	12,000	12,000	12,000	-
Grants & Contributions	356,250	356,250	2,603	(353,647)
Interest Income	-	-	30,245	30,245
Other	29,000	29,000	33,949	4,949
<b>Total Revenues</b>	<b>1,386,416</b>	<b>1,386,416</b>	<b>1,097,717</b>	<b>(288,699)</b>
<b>Expenditures</b>				
Current:				
General Government	307,500	307,500	249,843	57,657
Public Safety	851,564	851,564	707,984	143,580
Capital Outlay	430,173	475,173	75,624	399,549
<b>Total Expenditures</b>	<b>1,589,237</b>	<b>1,634,237</b>	<b>1,033,451</b>	<b>600,786</b>
<b>Net Change in Fund Balances</b>	<b>(202,821)</b>	<b>(247,821)</b>	<b>64,266</b>	<b>312,087</b>
Fund Balances - Beginning	202,821	247,821	1,169,301	921,480
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,233,567</u>	<u>\$ 1,233,567</u>

**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Street Fund  
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 158,615	\$ 158,615	\$ 163,478	\$ 4,863
Licenses and Permits	-	-	-	-
Intergovernmental	188,624	188,624	190,900	2,276
Charges for Services	87,100	87,100	82,969	(4,131)
Grants & Contributions	-	-	-	-
Interest Income	-	-	26,651	26,651
Other	18,000	18,000	18,221	221
<b>Total Revenues</b>	<u>452,339</u>	<u>452,339</u>	<u>482,219</u>	<u>29,880</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	117,000	117,000	104,672	12,328
Maintenance and Operations	363,700	363,700	204,917	158,783
Capital Outlay	26,250	26,250	31,367	(5,117)
<b>Total Expenditures</b>	<u>506,950</u>	<u>506,950</u>	<u>340,956</u>	<u>165,994</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(54,611)</u>	<u>(54,611)</u>	<u>141,263</u>	<u>195,874</u>
<b>Other Financing Sources (Uses)</b>				
Gain/(Loss) on Sale of Assets	-	-	1,700	1,700
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>1,700</u>
<b>Net Change in Fund Balances</b>	<u>(54,611)</u>	<u>(54,611)</u>	<u>142,963</u>	<u>197,574</u>
Fund Balances - Beginning	54,611	54,611	1,114,340	1,059,729
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257,303</u>	<u>\$ 1,257,303</u>

**City of Grangeville, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Recreation Fund  
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 70,273	\$ 70,273	\$ 71,964	\$ 1,691
Intergovernmental	134,437	134,437	135,028	591
Charges for Services	35,700	35,700	35,546	(154)
Grants & Contributions	-	-	5,000	5,000
Interest Income	-	-	12,040	12,040
Other	8,700	8,700	5,119	(3,581)
<b>Total Revenues</b>	<u>249,110</u>	<u>249,110</u>	<u>264,697</u>	<u>15,587</u>
<b>Expenditures</b>				
Current:				
Salaries and Benefits	71,900	71,900	69,776	2,124
Maintenance and Operations	107,410	107,410	69,621	37,789
Capital Outlay	106,300	106,300	39,708	66,592
<b>Total Expenditures</b>	<u>285,610</u>	<u>285,610</u>	<u>179,105</u>	<u>106,505</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(36,500)</u>	<u>(36,500)</u>	<u>85,592</u>	<u>122,092</u>
<b>Other Financing Sources (Uses)</b>				
Timber Sale	-	-	2,006	2,006
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>2,006</u>	<u>2,006</u>
<b>Net Change in Fund Balances</b>	<u>(36,500)</u>	<u>(36,500)</u>	<u>87,598</u>	<u>124,098</u>
Fund Balances - Beginning	36,500	36,500	666,703	630,203
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 754,301</u>	<u>\$ 754,301</u>

**City of Grangeville, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2020

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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 Required Supplemental Information  
 Public Employee Retirement System of Idaho  
 Last 10 - Fiscal Years\*

Schedule of the City's Proportionate Share of Net Pension Liability

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0247508%	\$ 574,746	\$ 892,809	64.38%	88.22%
2019	0.0266313%	303,989	908,350	33.47%	93.79%
2018	0.0258488%	381,274	820,986	46.44%	87.26%
2017	0.0276946%	435,312	821,952	52.96%	87.26%
2016	0.0273786%	555,006	797,072	69.63%	82.26%
2015	0.0270404%	356,078	758,865	46.92%	91.38%

Data reported is measured as of June 30, 2020

Schedule of City Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 107,647	\$ 107,647	\$ -	\$ 892,809	12.06%
2019	104,978	104,978	-	908,350	11.56%
2018	93,856	93,856	-	820,986	11.43%
2017	94,005	94,005	-	821,952	11.44%
2016	91,184	91,184	-	797,072	11.44%
2015	86,753	86,753	-	758,865	11.43%

Data reported is measured as of September 30, 2020

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

***SUPPLEMENTAL INFORMATION***

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Taxes</b>			
Property Taxes	\$ 720,699	\$ 732,161	\$ 11,462
Penalties and Interest	2,808	5,423	2,615
	<u>723,507</u>	<u>737,584</u>	<u>14,077</u>
<b>Licenses and Permits</b>			
Alcoholic Beverages	5,000	6,704	1,704
Building and Inspection	3,500	2,494	(1,006)
Animal Licenses and Impound Fees	1,400	997	(403)
Franchise Fees	-	2,736	2,736
	<u>9,900</u>	<u>12,931</u>	<u>3,031</u>
<b>Intergovernmental</b>			
State Liquor Apportionment	48,900	57,152	8,252
Personal Property Tax Replacement	16,208	16,208	-
State Revenue Sharing	182,651	188,644	5,993
Court Revenue	8,000	6,401	(1,599)
	<u>255,759</u>	<u>268,405</u>	<u>12,646</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	356,250	2,603	(353,647)
Interest Income	-	30,245	30,245
Other Income	29,000	33,949	4,949
Proceeds from Debt	-	-	-
Gain/(Loss) on Sale of Assets	-	-	-
	<u>385,250</u>	<u>66,797</u>	<u>(318,453)</u>
<b>Total Revenue</b>	<u>\$ 1,386,416</u>	<u>\$ 1,097,717</u>	<u>\$ (288,699)</u>

**City of Grangeville, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure  
 - Budget and Actual - General Fund  
 For the Year Ended September 30, 2020

	Budget	Actual	Variance
<b>Council</b>			
Salaries	\$ 47,500	\$ 48,276	\$ (776)
Benefits	26,700	8,042	18,658
Travel and Meetings	3,000	117	2,883
	<u>77,200</u>	<u>56,435</u>	<u>20,765</u>
<b>Executive</b>			
Mayor Salary	11,300	11,867	(567)
Benefits	10,900	7,908	2,992
Travel and Meetings	1,500	39	1,461
	<u>23,700</u>	<u>19,814</u>	<u>3,886</u>
<b>City Clerk</b>			
Salaries	41,200	41,810	(610)
Benefits	21,100	20,845	255
Travel and Meetings	2,400	(168)	2,568
Maintenance and Repairs	100	-	100
	<u>64,800</u>	<u>62,487</u>	<u>2,313</u>
<b>Administrative Assistant</b>			
Salaries	12,900	13,331	(431)
Benefits	11,200	12,251	(1,051)
Travel and Meetings	1,000	125	875
Supplies	150	-	150
	<u>25,250</u>	<u>25,707</u>	<u>(457)</u>
<b>Legal</b>			
Professional Services	45,000	47,051	(2,051)
	<u>45,000</u>	<u>47,051</u>	<u>(2,051)</u>
<b>Planning and Zoning</b>			
Travel and Meetings	200	-	200
Publication	400	570	(170)
Professional Services	3,000	-	3,000
Supplies	100	7	93
Other Expenses	150	-	150
	<u>3,850</u>	<u>577</u>	<u>3,273</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Government</b>			
Maintenance and Repairs	\$ 14,500	\$ 9,781	\$ 4,719
Publication	3,000	843	2,157
Professional Services	5,000	2,805	2,195
Supplies	6,500	1,335	5,165
Utilities	8,700	6,025	2,675
Dues and Subscriptions	3,100	2,913	187
Printing and Binding	5,000	566	4,434
Insurance	1,500	1,020	480
Janitorial Services	3,300	2,739	561
Other Expenses	9,500	3,652	5,848
Economic Development	2,000	2,000	-
Capital Outlay	50,850	45,919	4,931
	<u>112,950</u>	<u>79,598</u>	<u>33,352</u>
<b>Law Enforcement</b>			
Salaries	381,350	347,504	33,846
Benefits	197,200	145,084	52,116
Travel and Meetings	4,500	184	4,316
Maintenance and Repairs	46,114	50,732	(4,618)
Professional Services	37,050	37,044	6
Supplies	17,100	12,078	5,022
Utilities	13,000	12,294	706
Dues and Subscriptions	500	250	250
Insurance	16,000	9,032	6,968
Gas and Oil	18,000	9,161	8,839
Training	12,500	6,582	5,918
Other Expenses	10,000	5,452	4,548
Capital Outlay	29,920	13,111	16,809
	<u>783,234</u>	<u>648,508</u>	<u>134,726</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, 2020

	Budget	Actual	Variance
<b>Fire Department</b>			
Salaries	\$ 48,750	\$ 47,474	\$ 1,276
Benefits	5,800	5,393	407
Travel and Meetings	700	-	700
Maintenance and Repairs	12,000	3,975	8,025
Supplies	3,300	422	2,878
Utilities	6,100	3,844	2,256
Dues and Subscriptions	200	-	200
Insurance	3,400	2,600	800
Janitorial Services	750	540	210
Gas and Oil	900	841	59
Training	2,800	2,107	693
Other Expenses	5,700	3,027	2,673
Capital Outlay	394,403	16,594	377,809
	<u>484,803</u>	<u>86,817</u>	<u>397,986</u>
<b>Animal Control</b>			
Salaries	-	-	-
Benefits	-	-	-
Travel and Meetings	1,500	-	1,500
Professional Services	1,500	1,200	300
Supplies	2,000	120	1,880
Utilities	1,400	1,044	356
Insurance	450	-	450
Gas and Oil	-	-	-
Other Expenses	1,000	-	1,000
	<u>7,850</u>	<u>2,364</u>	<u>5,486</u>
<b>Building Maintenance</b>			
Salaries	4,600	3,455	1,145
Benefits	1,000	638	362
	<u>5,600</u>	<u>4,093</u>	<u>1,507</u>
<b>Debt Service</b>			
Payment of Leases	-	-	-
<b>Total Expenditures</b>	<u>\$ 1,634,237</u>	<u>\$ 1,033,451</u>	<u>\$ 600,786</u>

**City of Grangeville, Idaho**  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
September 30, 2020

	<u>Library</u>	<u>Tort Insurance</u>	<u>Total</u>
<b>Assets</b>			
Cash and Investments	\$ 79,857	\$ 17,005	\$ 96,862
Receivables, Net:			
Accounts	-	-	-
Property Taxes	1,953	1,103	3,056
Due from Other Governments	4,906	-	4,906
Prepaid Items	25	-	25
Total Assets	<u>\$ 86,741</u>	<u>\$ 18,108</u>	<u>\$ 104,849</u>
<b>Liabilities</b>			
Accounts Payable	\$ 8,054	\$ -	\$ 8,054
Wages Payable	3,363	-	3,363
Customer Deposits	-	-	-
Compensated Absences	-	-	-
Total Liabilities	<u>11,417</u>	<u>-</u>	<u>11,417</u>
<b>Deferred Inflows</b>			
Unearned Revenue - Property Tax	1,774	1,002	2,776
Total Deferred Inflows	<u>1,774</u>	<u>1,002</u>	<u>2,776</u>
<b>Fund Balances</b>			
Nonspendable	25	-	25
Restricted	73,525	17,106	90,631
Total Fund Balances	<u>73,550</u>	<u>17,106</u>	<u>90,656</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 86,741</u>	<u>\$ 18,108</u>	<u>\$ 104,849</u>

**City of Grangeville, Idaho**  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Nonmajor Governmental Funds  
For the Year Ended September 30, 2020

	Library	Tort Insurance	Total
<b>Revenues</b>			
Property Taxes	\$ 51,349	\$ 29,015	\$ 80,364
Licenses and Permits	1,525	-	1,525
Intergovernmental	13,779	635	14,414
Charges for Services	3,220	-	3,220
Grants & Contributions	9,146	-	9,146
Interest Income	1,341	209	1,550
Other	3,847	-	3,847
Total Revenues	<u>84,207</u>	<u>29,859</u>	<u>114,066</u>
<b>Expenditures</b>			
Current:			
Salaries and Benefits	58,814	-	58,814
Maintenance and Operations	31,599	29,000	60,599
Capital Outlay	8,923	-	8,923
Total Expenditures	<u>99,336</u>	<u>29,000</u>	<u>128,336</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(15,129)</u>	<u>859</u>	<u>(14,270)</u>
<b>Other Financing Sources (Uses)</b>			
Gain/(Loss) on Sale of Assets	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(15,129)	859	(14,270)
Fund Balances - Beginning	88,679	16,247	104,926
Fund Balances - Ending	<u>\$ 73,550</u>	<u>\$ 17,106</u>	<u>\$ 90,656</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, 2020, 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 3, 2021.

**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 3, 2021