

CITY OF MIDDLETON, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2020

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Independent Auditor's Report

Honorable Mayor
and City Council
City of Middleton, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Middleton, 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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Middleton, Idaho, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the City's proportionate share of the net pension liability, and schedule of City contributions on pages 34 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The schedules of revenues by source and expenditures by object are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues by source and expenditures by object 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 April 23, 2021, on our consideration of the City of Middleton, Idaho'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 of Middleton, Idaho's internal control over financial reporting and compliance.

Zwysart John & Associates, CPAs, PLLC

Nampa, Idaho
April 23, 2021

City of Middleton, Idaho
Statement of Net Position
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Middleton Urban Renewal Agency
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 3,811,797	\$ 4,728,455	\$ 8,540,252	\$ 300,351
Property Taxes Receivable, Net	30,840	-	30,840	129,132
Accounts Receivable, Net	24,585	275,191	299,776	-
Prepaid Items	-	-	-	-
Due from Other Governments	96,971	-	96,971	-
Interest Receivable	69	551	620	-
Noncurrent Assets:				
Restricted Cash	-	224,991	224,991	-
Capital Assets:				
Land and Construction in Progress	1,845,662	3,699,867	5,545,529	-
Buildings and Improvements, Net	7,337,092	14,152,330	21,489,422	-
Equipment, Net	660,430	744,844	1,405,274	-
Total Capital Assets	<u>9,843,184</u>	<u>18,597,041</u>	<u>28,440,225</u>	<u>-</u>
Total Assets	<u>13,807,446</u>	<u>23,826,229</u>	<u>37,633,675</u>	<u>429,483</u>
Deferred Outflows				
Pension Related Items	<u>247,239</u>	<u>132,176</u>	<u>379,415</u>	<u>-</u>
Total Deferred Outflows	<u>247,239</u>	<u>132,176</u>	<u>379,415</u>	<u>-</u>
Liabilities				
Current Liabilities:				
Accounts Payable	201,372	173,229	374,601	2,298
Related Party Payable	-	-	-	-
Salaries and Benefits Payable	51,325	16,986	68,311	-
Customer Deposits	-	49,118	49,118	-
Accrued Interest Payable	8,957	1,231	10,188	13,513
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Bond Payable	-	74,110	74,110	11,895
Lease Payable	108,518	16,291	124,809	-
Compensated Absences	30,884	16,338	47,222	-
Portion Due or Payable After One Year:				
Bond Payable	-	2,259,783	2,259,783	330,776
Lease Payable	130,200	43,885	174,085	-
Net Pension Liability	770,957	419,375	1,190,332	-
Total Liabilities	<u>1,302,213</u>	<u>3,070,346</u>	<u>4,372,559</u>	<u>358,482</u>
Deferred Inflows				
Pension Related Items	25,783	13,083	38,866	-
Unavailable Property Tax Revenue	-	-	-	128,308
Total Deferred Inflows	<u>25,783</u>	<u>13,083</u>	<u>38,866</u>	<u>128,308</u>
Net Position				
Invested in Capital Assets, Net of Related Debt	9,843,184	16,263,148	26,106,332	-
Restricted for:				
Debt Reserve	-	144,332	144,332	-
Streets & Alleys	1,391,266	-	1,391,266	-
Other	637,373	-	637,373	-
Unrestricted (Deficit) Surplus	<u>854,866</u>	<u>4,467,496</u>	<u>5,322,362</u>	<u>(57,307)</u>
Total Net Position	<u>\$ 12,726,689</u>	<u>\$ 20,874,976</u>	<u>\$ 33,601,665</u>	<u>\$ (57,307)</u>

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
Administrative	\$ 887,819	\$ 1,827,882	\$ 9,383	\$ -	\$ 949,446	\$ -	\$ 949,446	
Streets & Alleys	866,417	45,432	-	139,933	(681,052)	-	(681,052)	
Public Safety	1,601,769	-	-	-	(1,601,769)	-	(1,601,769)	
Culture and Recreation	663,948	5,090	-	-	(658,858)	-	(658,858)	
Total Governmental Activities	4,019,953	1,878,404	9,383	139,933	(1,992,233)	-	(1,992,233)	
Business-type Activities:								
Garbage	670,996.0	714,108.0	-	-	-	43,112	43,112	
Water	899,681.0	1,493,259.0	-	-	-	593,578	593,578	
Sewer	1,853,480.0	3,055,918.0	-	-	-	1,202,438	1,202,438	
Storm Drain	25,131.0	64,339.0	-	-	-	39,208	39,208	
Total Business-type Activities	3,449,288	5,327,624	-	-	-	1,878,336	1,878,336	
Total Primary Government	\$ 7,469,241	\$ 7,206,028	\$ 9,383	\$ 139,933	(1,992,233)	1,878,336	(113,897)	
Component Unit:								
Middleton Urban Renewal Agency	\$ 48,257	\$ -	\$ -	\$ -				\$ (48,257)
General Revenues:								
Property Taxes					2,295,261	-	2,295,261	123,891
State Sources					1,112,571	-	1,112,571	-
Franchise Fees					92,085	-	92,085	-
Developer Participation					-	306,998	306,998	-
Other					184,485	23,635	208,120	-
Unrestricted Investment Earnings					21,273	26,984	48,257	390
Gain (Loss) on Sale of Assets					(11,390)	(52,522)	(63,912)	-
Transfer between Governmental Funds and Business Type Activities					(616,089)	616,089	-	-
Disposal of Capital Assets					-	-	-	-
Total General Revenues and Special Items					3,078,196	921,184	3,999,380	124,281
Change in Net Position					1,085,963	2,799,520	3,885,483	76,024
Net Position, Beginning of Year					11,640,726	18,075,456	29,716,182	(133,331)
Net Position, End of Year					\$ 12,726,689	\$ 20,874,976	\$ 33,601,665	\$ (57,307)

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

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

	General	Streets & Alleys	Impact Fees
Assets			
Cash and Cash Equivalents	\$ 1,581,591	\$ 1,482,349	\$ 637,373
Receivables, Net:			
Property Tax	18,266	12,574	-
Accounts	5,122	19,463	-
Interest	69	-	-
Prepaid Items	-	-	-
Due from Other Governments	96,971	-	-
Total Assets	\$ 1,702,019	\$ 1,514,386	\$ 637,373
Liabilities			
Accounts Payable	\$ 94,137	\$ 106,256	\$ -
Salaries and Benefits Payable	40,026	5,908	-
Total Liabilities	134,163	112,164	-
Deferred Inflows			
Unavailable Revenue - Property Taxes	16,004	10,956	-
Fund Balances			
Nonspendable:			
Prepays	-	-	-
Restricted	-	1,391,266	637,373
Unassigned	1,551,852	-	-
Total Fund Balances	1,551,852	1,391,266	637,373
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,702,019	\$ 1,514,386	\$ 637,373

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

City of Middleton, Idaho
 Balance Sheet -
 Governmental Funds (continued)
 September 30, 2020

	<u>Capital Project Fund</u>	<u>Non-major Library</u>	<u>Total Governmental</u>
Assets			
Cash and Cash Equivalents	\$ -	\$ 110,484	\$ 3,811,797
Receivables, Net:			
Property Tax	-	-	30,840
Accounts	-	-	24,585
Interest	-	-	69
Prepaid Items	-	-	-
Due from Other Governments	-	-	96,971
Total Assets	<u>\$ -</u>	<u>\$ 110,484</u>	<u>\$ 3,964,262</u>
Liabilities			
Accounts Payable	\$ -	\$ 979	\$ 201,372
Salaries and Benefits Payable	-	5,391	51,325
Total Liabilities	<u>-</u>	<u>6,370</u>	<u>252,697</u>
Deferred Inflows			
Unavailable Revenue - Property Taxes	-	-	26,960
Fund Balances			
Nonspendable:			
Prepays	-	-	-
Restricted	-	104,114	2,132,753
Unassigned	-	-	1,551,852
Total Fund Balances	<u>-</u>	<u>104,114</u>	<u>3,684,605</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ -</u>	<u>\$ 110,484</u>	<u>\$ 3,964,262</u>

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

City of Middleton, Idaho
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2020

Total Fund Balances - Governmental Funds \$ 3,684,605

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

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

Land and Construction in Progress	\$ 1,845,662	
Buildings and Improvements, Net of \$2,999,134 Accum. Depr.	7,337,092	
Equipment, Net of \$1,205,699 Accumulated Depreciation	<u>660,430</u>	
		9,843,184

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred in the funds. 26,960

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	\$ (30,884)	
Accrued Interest	(8,957)	
Municipal Lease	<u>(238,718)</u>	
		(278,559)

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

Net Pension Liability	\$ (770,957)	
Pension Related Deferred Inflows	(25,783)	
Pension Related Deferred Outflows	<u>247,239</u>	
		<u>(549,501)</u>

Net Position of Governmental Activities \$ 12,726,689

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

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

	General	Streets & Alleys	Impact Fees
Revenues			
Property Taxes	\$ 859,859	\$ 1,048,427	\$ -
Intergovernmental	584,182	528,389	-
Grants and Contributions	-	139,933	-
Charges for Services	1,020,487	45,432	899,480
Interest Earned	21,419	(362)	-
Other	168,054	16,307	-
Total Revenues	<u>2,654,001</u>	<u>1,778,126</u>	<u>899,480</u>
Expenditures			
Current:			
Administrative	809,937	-	-
Streets & Alleys	-	796,451	-
Public Safety	381,110	-	-
Police	1,085,836	-	-
Culture and Recreation	145,664	-	-
Capital Outlay	413,420	701,875	-
Total Expenditures	<u>2,835,967</u>	<u>1,498,326</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures)	<u>(181,966)</u>	<u>279,800</u>	<u>899,480</u>
Other Financing Sources (Uses)			
Proceeds From Lease	237,521	-	-
Transfer In	454,699	383,440	-
Transfer Out	-	(64,733)	(361,405)
Total Other Financing Sources (Uses)	<u>692,220</u>	<u>318,707</u>	<u>(361,405)</u>
Net Change in Fund Balances	510,254	598,507	538,075
Fund Balances - Beginning	1,041,598	792,759	99,298
Fund Balances - Ending	<u>\$ 1,551,852</u>	<u>\$ 1,391,266</u>	<u>\$ 637,373</u>

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

City of Middleton, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds (continued)
For the Year Ended September 30, 2020

	Capital Project Fund	Non-major Library	Total Governmental
Revenues			
Property Taxes	\$ -	\$ 383,000	\$ 2,291,286
Intergovernmental	-	-	1,112,571
Grants and Contributions	-	9,383	149,316
Charges for Services	-	5,090	1,970,489
Interest Earned	-	216	21,273
Other	-	124	184,485
Total Revenues	<u>-</u>	<u>397,813</u>	<u>5,729,420</u>
Expenditures			
Current:			
Administrative	-	5,747	815,684
Streets & Alleys	-	-	796,451
Public Safety	-	-	381,110
Police	-	-	1,085,836
Culture and Recreation	-	334,784	480,448
Capital Outlay	-	-	1,115,295
Total Expenditures	<u>-</u>	<u>340,531</u>	<u>4,674,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>57,282</u>	<u>1,054,596</u>
Other Financing Sources (Uses)			
Proceeds From Lease	-	-	237,521
Transfer In	-	-	838,139
Transfer Out	<u>(1,016,604)</u>	<u>(11,486)</u>	<u>(1,454,228)</u>
Total Other Financing Sources (Uses)	<u>(1,016,604)</u>	<u>(11,486)</u>	<u>(378,568)</u>
Net Change in Fund Balances	(1,016,604)	45,796	676,028
Fund Balances - Beginning	<u>1,016,604</u>	<u>58,318</u>	<u>3,008,577</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 104,114</u>	<u>\$ 3,684,605</u>

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

City of Middleton, 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 \$ 676,028

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. In the current period these amounts are:

Capital Outlay	\$ 1,351,637	
Sale of Assets	(11,390)	
Depreciation	<u>(597,618)</u>	742,629

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.

3,975

Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the statement of Net Position, the municipal lease obligation is reported as a liability.

(237,521)

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

114,093

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.

(5,667)

Accrued interest on long-term debt reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. This amount represents the net change in accrued interest.

(5,260)

The City participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.

(202,314)

Change in Net Position of Governmental Activities \$ 1,085,963

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

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

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 72,671	\$ 1,928,021	\$ 2,666,946	\$ 60,817	\$ 4,728,455
Accounts Receivable, Net	51,395	66,521	157,275	-	275,191
Interest Receivable	-	238	313	-	551
Prepaid Items	-	-	-	-	-
Total Current Assets	124,066	1,994,780	2,824,534	60,817	5,004,197
Noncurrent Assets:					
Restricted Cash	-	80,659	144,332	-	224,991
Capital Assets:					
Land and Construction in Progress	-	1,579,990	2,119,877	-	3,699,867
Buildings and Improvements, Net	-	2,997,417	11,154,913	-	14,152,330
Equipment, Net	-	428,747	316,097	-	744,844
Total Noncurrent Assets	-	5,086,813	13,735,219	-	18,822,032
Total Assets	124,066	7,081,593	16,559,753	60,817	23,826,229
Deferred Outflows					
Pension Related Items	-	70,217	61,959	-	132,176
Total Deferred Outflows	-	70,217	61,959	-	132,176
Liabilities					
Current Liabilities:					
Accounts Payable	46,541	67,376	59,157	155	173,229
Salaries and Benefits Payable	-	7,816	9,170	-	16,986
Customer Deposits	-	49,118	-	-	49,118
Compensated Absences	-	6,645	9,693	-	16,338
Accrued Interest Payable	-	-	1,231	-	1,231
Bonds, Notes, and Loans Payable	-	-	74,110	-	74,110
Lease Payable	-	8,145	8,146	-	16,291
Total Current Liabilities	46,541	139,100	161,507	155	347,303
Noncurrent Liabilities:					
Bonds, Notes, and Loans Payable	-	-	2,259,783	-	2,259,783
Net Pension Liability	-	218,324	201,051	-	419,375
Lease Payable	-	21,943	21,942	-	43,885
Total Noncurrent Liabilities	-	240,267	2,482,776	-	2,723,043
Total Liabilities	46,541	379,367	2,644,283	155	3,070,346
Deferred Inflows					
Pension Related Items	-	9,069	4,014	-	13,083
Total Deferred Inflows	-	9,069	4,014	-	13,083
Net Position					
Invested in Capital Assets, Net of Related Debt	-	5,006,154	11,256,994	-	16,263,148
Restricted - Debt Reserve	-	-	144,332	-	144,332
Unrestricted	77,525	1,757,220	2,572,089	60,662	4,467,496
Total Net Position	\$ 77,525	\$ 6,763,374	\$ 13,973,415	\$ 60,662	\$ 20,874,976

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

City of Middleton, Idaho
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2020

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Operating Revenues					
Charges for Services	\$ 714,108	\$ 1,482,314	\$ 3,055,918	\$ 64,339	\$ 5,316,679
Rent	-	10,945	-	-	10,945
Miscellaneous	-	1,526	22,109	-	23,635
Total Operating Revenues	<u>714,108</u>	<u>1,494,785</u>	<u>3,078,027</u>	<u>64,339</u>	<u>5,351,259</u>
Operating Expenses					
Salaries	-	212,134	277,985	-	490,119
Benefits	-	160,742	182,858	-	343,600
Supplies	558	6,399	6,937	-	13,894
Professional Services	669,903	163,482	215,597	25,131	1,074,113
Utilities	(86)	59,173	65,728	-	124,815
Miscellaneous	621	32,063	89,631	-	122,315
Repairs and Maintenance	-	98,240	361,346	-	459,586
Depreciation	-	167,448	576,739	-	744,187
Total Operating Expenses	<u>670,996</u>	<u>899,681</u>	<u>1,776,821</u>	<u>25,131</u>	<u>3,372,629</u>
Income (Loss) From Operations	<u>43,112</u>	<u>595,104</u>	<u>1,301,206</u>	<u>39,208</u>	<u>1,978,630</u>
Nonoperating Revenues (Expenses)					
Interest Earned	327	10,360	16,297	-	26,984
Interest Expense	-	-	(76,659)	-	(76,659)
Disposal of Capital Assets	-	(26,045)	(26,477)	-	(52,522)
Developer Participation	-	306,998	-	-	306,998
Transfers In	-	338,016	524,588	-	862,604
Transfers	(26,987)	(109,764)	(109,764)	-	(246,515)
Total Nonoperating Revenues (Expenses)	<u>(26,660)</u>	<u>519,565</u>	<u>327,985</u>	<u>-</u>	<u>820,890</u>
Change in Net Position	16,452	1,114,669	1,629,191	39,208	2,799,520
Total Net Position - Beginning	<u>61,073</u>	<u>5,648,705</u>	<u>12,344,224</u>	<u>21,454</u>	<u>18,075,456</u>
Total Net Position - Ending	<u>\$ 77,525</u>	<u>\$ 6,763,374</u>	<u>\$ 13,973,415</u>	<u>\$ 60,662</u>	<u>\$ 20,874,976</u>

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

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

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Cash Flows From Operating Activities					
Receipts from Customers	\$ 723,202	\$ 1,489,030	\$ 3,067,696	\$ 64,339	\$ 5,344,267
Payments to Suppliers	(682,443)	(325,001)	(712,349)	(24,976)	(1,744,769)
Payments to Employees	-	(314,691)	(403,598)	-	(718,289)
Net Cash Provided (Used) by Operating Activities	<u>40,759</u>	<u>849,338</u>	<u>1,951,749</u>	<u>39,363</u>	<u>2,881,209</u>
Cash Flows From Noncapital Financing Activities					
Net Cash Transfer In (Out)	(26,987)	228,252	414,824	-	616,089
Net Cash Provided by Developer Participation Fees	-	306,998	-	-	306,998
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(26,987)</u>	<u>535,250</u>	<u>414,824</u>	<u>-</u>	<u>923,087</u>
Cash Flows From Capital and Related Financing Activities					
Purchases and Construction of Capital Assets	-	(769,585)	(465,443)	-	(1,235,028)
Principal Paid on Capital Debt	-	(7,803)	(332,524)	-	(340,327)
Interest Paid on Capital Debt	-	-	(78,846)	-	(78,846)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(777,388)</u>	<u>(876,813)</u>	<u>-</u>	<u>(1,654,201)</u>
Cash Flows From Investing Activities					
Interest and Dividends	327	11,168	16,207	-	27,702
Net Cash Provided (Used) by Investing Activities	<u>327</u>	<u>11,168</u>	<u>16,207</u>	<u>-</u>	<u>27,702</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,099	618,368	1,505,967	39,363	2,177,797
Cash and Cash Equivalents - Beginning	<u>58,572</u>	<u>1,390,312</u>	<u>1,305,311</u>	<u>21,454</u>	<u>2,775,649</u>
Cash and Cash Equivalents - Ending	<u>\$ 72,671</u>	<u>\$ 2,008,680</u>	<u>\$ 2,811,278</u>	<u>\$ 60,817</u>	<u>\$ 4,953,446</u>
Displayed As:					
Cash	\$ 72,671	\$ 1,928,021	\$ 2,666,946	\$ 60,817	\$ 4,728,455
Internal Balances	-	-	-	-	-
Restricted Cash	-	80,659	144,332	-	224,991
Internal Balances	-	-	-	-	-
	<u>\$ 72,671</u>	<u>\$ 2,008,680</u>	<u>\$ 2,811,278</u>	<u>\$ 60,817</u>	<u>\$ 4,953,446</u>
Noncash Capital Activity:					
Capital Lease issues for new equipment	\$ -	\$ -	\$ -	\$ -	\$ -

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

City of Middleton, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2020

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 43,112	\$ 595,104	\$ 1,301,206	\$ 39,208	\$ 1,978,630
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	167,448	576,739	-	744,187
(Increase) Decrease in Accounts Receivable	9,094	(4,994)	(10,331)	-	(6,231)
(Increase) Decrease in Prepaid Expense	-	14,332	4,188	-	18,520
(Increase) Decrease in Deferred Outflows	-	(23,707)	(23,707)	-	(47,414)
Increase (Decrease) in Accounts Payable	(11,447)	20,024	22,702	155	31,434
Increase (Decrease) in Customer Deposits	-	(761)	-	-	(761)
Increase (Decrease) in Salaries and Benefits Payable	-	478	149	-	627
Increase (Decrease) in Compensated Absences	-	805	194	-	999
Increase (Decrease) in Net Pension Liability	-	117,829	117,829	-	235,658
Increase (Decrease) in Deferred Inflows	-	(37,220)	(37,220)	-	(74,440)
Net Cash Provided (Used) by Operating Activities	<u>\$ 40,759</u>	<u>\$ 849,338</u>	<u>\$ 1,951,749</u>	<u>\$ 39,363</u>	<u>2,881,209</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Middleton, Idaho (the City), which has responsibility and control over all activities related to public safety, planning and zoning, parks, roads and streets, water, and sewer services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Council members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component unit column in the government-wide statements is the financial data of the Middleton Urban Renewal Agency (the Agency). The Agency is a separate and distinct legal entity created by State statute. The directors are appointed by the Mayor and approved by the City Council. The Agency provides urban development services for the citizens of the City. Complete financial statements can be obtained from the City of Middleton.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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 segment of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.
- 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. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any remaining governmental and enterprise funds would be aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General fund.* This is the City’s primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Streets & Alleys fund.* This fund accounts for the activities related to the City’s roads and streets.
- *Impact fees.* This fund accounts for the activities related to impact fees.
- *Capital Projects fund.* This fund accounts for the activities related to capital outlay and capital projects taken on by the City.

Proprietary fund operating revenues and expenses are related to providing sanitation, water, and sewer services to the residents and businesses of the City of Middleton, Idaho and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City reports the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City’s water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the operations and collections of the City’s sewer system.
- *Garbage fund.* This fund accounts for the operations and collections of the City’s sanitation services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after 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 Balance Sheet:

- *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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

In the Streets & Alleys fund, external parties require that property taxes, grants, and intergovernmental revenues are to be used to maintain, build, or improve the City's roads and streets.

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade receivables are shown net of an allowance for doubtful accounts. As of September 30, 2020, there were no allowances in any of the funds.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July. 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</u> <u>Policy</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	8 – 40 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 – 20 Years

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

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

Compensated Absences

The City uses the vesting method to compute compensated absences awarded to employees.

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 Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 was \$2,667,474 and the respective bank balances totaled \$2,671,703 . \$1,917,469 of the bank balance was not insured through the Federal Depository Insurance Corporation (FDIC).

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, \$1,917,469 of the City's deposits were not covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City. The City also had \$750 of petty 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 does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

City of Middleton, 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 does not have a credit rating. 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.

It is the City's policy to limit investments to the safest types of securities and to diversify the City's investment portfolio so that potential losses on securities will be minimized. The City follows Idaho Statute that outlines qualifying investment options as follows:

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

The City's investments at September 30, 2020, are summarized below:

Investment Type	Fair Value	Maturity (In Years) Less Than 1
Money Market Funds	\$4,782,531	\$ 4,782,531
External Investment Pool	<u>1,314,448</u>	<u>1,314,448</u>
	<u>\$6,096,979</u>	<u>\$ 6,096,979</u>

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 883,112	\$ 1,704,453	\$2,587,565
Restricted Cash and Investments	-	224,991	224,991
Investments categorized as deposits	<u>2,928,685</u>	<u>3,024,002</u>	<u>5,952,687</u>
	<u>\$ 3,811,797</u>	<u>\$ 4,953,446</u>	<u>\$8,765,243</u>

The City has set aside \$224,991 in accordance with debt restrictions.

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

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing of \$96,971.

4. PROPERTY TAXES

The City receives tax revenue from Canyon County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2020, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2020, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

5. PENSION PLAN

Plan Description

The City of Middleton, Idaho contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

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 Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2020

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 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 Middleton, Idaho's contributions were \$217,943 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 Middleton, 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 Middleton, Idaho's proportion of the net pension liability was based on the City of Middleton 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 Middleton, Idaho's proportion was 0.0512603 percent.

For the year ended September 30, 2020, the City of Middleton recognized pension expense/ (revenue) of \$538,135. At September 30, 2020, the City of Middleton, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

5. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,001	\$ 38,866
Changes in assumptions or other inputs	20,131	-
Net difference between projected and actual earnings on pension plan investments	136,436	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	71,543	-
City of Middleton, Idaho's contributions subsequent to the measurement date	58,304	-
Total	\$ 379,415	\$ 38,866

\$58,304 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020.

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

For the Year Ended September 30:	PERSI
2021	\$ 104,495
2022	79,337
2023	68,054
2024	88,663

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

5. PENSION PLAN (continued)

Actuarial Assumptions

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

The total pension liability in the June 30, 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.

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

5. PENSION PLAN (continued)

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	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 Investme		5.85%	3.49%

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

5. PENSION PLAN (continued)

Discount Rate

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

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 2,441,045	\$ 1,190,332	\$ 156,196

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

6. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in accumulated vacation are as follows:

	<u>9/30/2019</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2020</u>	<u>Current</u>
Governmental Activities	\$ 25,217	\$ 51,869	\$ (46,202)	\$ 30,884	\$ 30,884
Business-type Activities	15,339	32,692	(31,693)	16,338	16,338
	<u>\$ 40,556</u>	<u>\$ 84,561</u>	<u>\$ (77,895)</u>	<u>\$ 47,222</u>	<u>\$ 47,222</u>

7. CAPITAL ASSETS

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

	<u>9/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2020</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,510,450	\$ -	\$ -	\$ 1,510,450
Construction in Progress	335,212	-	-	335,212
Total	<u>1,725,661</u>	<u>-</u>	<u>-</u>	<u>1,845,662</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	9,700,093	1,065,332	(429,199)	10,336,226
Equipment	<u>1,859,850</u>	<u>286,305</u>	<u>(280,026)</u>	<u>1,866,129</u>
Total Historical Cost	<u>10,707,072</u>	<u>1,351,637</u>	<u>(709,225)</u>	<u>12,202,355</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,045,157	383,176	(429,199)	2,999,134
Equipment	<u>1,259,893</u>	<u>214,442</u>	<u>(268,636)</u>	<u>1,205,699</u>
Total Accumulated Depreciation	<u>3,210,556</u>	<u>597,618</u>	<u>(697,835)</u>	<u>4,204,833</u>
Net Depreciable Assets	<u>7,496,516</u>	<u>754,019</u>	<u>(11,390)</u>	<u>7,997,522</u>
Governmental Activities - Net	<u>\$ 9,222,177</u>	<u>\$ 754,019</u>	<u>\$ (11,390)</u>	<u>\$ 9,843,184</u>

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

7. CAPITAL ASSETS (continued)

	9/30/2019	Additions	Disposals	9/30/2020
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 3,699,867	\$ -	\$ -	\$ 3,699,867
Capital Assets Being Depreciated:				
Buildings and Improvements	19,643,430	1,060,756	(190,979)	20,513,207
Equipment	1,863,819	174,272	(146,775)	1,891,316
Total Historical Cost	20,729,519	1,235,028	(337,754)	22,404,523
Less: Accumulated Depreciation				
Buildings and Improvements	5,921,477	609,724	(170,324)	6,360,877
Equipment	1,126,917	134,463	(114,908)	1,146,472
Total Accumulated Depreciation	5,614,395	744,187	(285,232)	7,507,349
Net Depreciable Assets	15,115,124	490,841	(52,522)	14,897,174
Business-type Activities - Net	\$ 17,688,031	\$ 490,841	\$ (52,522)	\$ 18,597,041

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

Governmental Activities:

Administrative	\$ 45,398
Highway and Streets	128,622
Public Safety	307,150
Culture and Recreation	116,448
	\$ 597,618

All assets that were constructed using the bond funds were completed in prior years, so no interest has been capitalized in the enterprise funds.

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

7. 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, medical insurance costs, and professional liabilities.

8. LONG-TERM LIABILITIES

Business-type Activities – Sewer Fund Bond Payable

The City issued \$1,200,000 of Series 2002 Revenue Bonds dated July 23, 2002, this bond was paid off in 2020. Bearing interest at 4.5% per annum. Payments are due in July of each year. The Bonds were issued to pay for sewer system upgrades.

The City issued \$2,800,000 of Series 2013 Revenue Bonds dated September 23, 2013, with a maturity date of September 23, 2043, and bearing interest at 2.75% per annum. Payments are due in September of each year. The Bonds were issued to pay for sewer system upgrades.

Business-type Activities – Sewer Fund Note Payable

Changes in long-term obligations for the year ended September 30, 2020, are as follows:

Business-type Activities:

Description	Rate	9/30/2019	Increase	Decrease	9/30/2020	Current Portion
USDA Loan 92-01	4.50%	\$ 252,595	\$ -	\$ (252,595)	\$ -	\$ -
USDA Loan 92-02	2.750%	2,406,019	-	(72,126)	2,333,893	74,110
		<u>\$ 2,658,614</u>	<u>\$ -</u>	<u>\$ (324,721)</u>	<u>\$ 2,333,893</u>	<u>\$ 74,110</u>

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

8. LONG-TERM LIABILITIES (continued)

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

Year Ending	Bonds	
September 30,	Principal	Interest
2021	\$ 74,110	\$ 64,182
2022	76,148	62,144
2023	78,242	60,050
2024	80,394	57,898
2025	82,605	55,687
2026-2030	448,373	243,087
2031-2035	513,509	177,951
2036-2040	588,108	103,352
2041-2043	392,404	21,758
	<u>\$2,333,893</u>	<u>\$ 846,109</u>

There was \$76,659 of interest expense for the year ended September 30, 2020. No interest was capitalized during the year.

9. TRANSFERS

During the year ended September 30, 2020 the following transfers took place between funds:

\$ 154,000	To the Street Fund from the Construction Fund to reimburse expenses.
229,440	To the Street Fund from the Impact Fees Fund to reimburse expenses.
131,965	To the General Fund from the Impact Fees Fund to reimburse expenses.
64,733	To the General Fund from the Street Fund to reimburse expenses.
26,987	To the General Fund from the Garbage Fund to reimburse expenses.
109,764	To the General Fund from the Water Fund to reimburse expenses.
109,764	To the General Fund from the Sewer Fund to reimburse expenses.
11,486	To the General Fund from the Library Fund to reimburse expenses.
524,588	To the Sewer Fund from the Construction Fund to reimburse expenses.
338,016	To the Water Fund from the Construction Fund to reimburse expenses.
<u>\$ 1,700,743</u>	

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

10. MUNICIPAL LEASE

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

<u>Governmental Activities:</u>		
Equipment		\$ 542,352
Less: accumulated amortization (included as depreciation on the accompanying financial statements) by function		
Public Safety		<u>(245,451)</u>
		<u>\$ 296,901</u>

Changes in long-term obligations for the year ended September 30, 2020, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>9/30/2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2020</u>	<u>Current</u>
<u>Governmental Activities:</u>							
Lease - Police Vehicles	2021	5.12%	\$ 96,344	\$ -	\$ (46,970)	\$ 49,374	\$ 49,374
Lease - Police Vehicles	2023	5.40%	-	237,521	(63,222)	174,299	55,071
Lease - Loader	2024	4.40%	18,946	-	(3,901)	15,045	4,073
			<u>\$ 115,290</u>	<u>\$ 237,521</u>	<u>\$ (114,093)</u>	<u>\$ 238,718</u>	<u>\$ 108,518</u>
<u>Business Type Activities</u>							
Lease - Loader	2024	4.40%	<u>\$ 75,782</u>	<u>\$ -</u>	<u>\$ (15,606)</u>	<u>\$ 60,176</u>	<u>\$ 16,291</u>

Future minimum lease requirements as of September 30, 2020, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>			<u>Business Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 108,518	\$ 12,546	\$ 121,064	\$ 16,291	\$ 2,411	\$ 18,702
2022	62,295	6,868	69,163	16,998	1,704	18,702
2023	65,616	3,548	69,164	17,735	967	18,702
2024	2,289	49	2,338	9,152	198	9,350
	<u>\$ 238,718</u>	<u>\$ 23,011</u>	<u>\$ 261,729</u>	<u>\$ 60,176</u>	<u>\$ 5,280</u>	<u>\$ 65,456</u>

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

11. COMPONENT UNIT

The Middleton Urban Renewal Agency (the Agency) is a separate and distinct legal entity of the City of Middleton created by and existing under the Idaho Urban Renewal Law of 1965, as amended. The Directors for the Agency are appointed by the Mayor and approved by the City Council. The Agency provides urban renewal services for the citizens of the City.

The following is a summary of the disclosures required for a fair presentation of the component unit in the City's financial statements.

A summary of long-term liability activity for the year ended September 30, 2020, is as follows:

Governmental Activities:	Rate	Beginning	Increase	Decrease	Ending	Estimated Current
Note Payable - CJM LP	3.396%	\$ 97,817	\$ -	\$ (45,131)	\$ 52,686	\$ 3,624
Note Payable - Middleton Village Project	4.110%	289,985	-	-	289,985	8,271
		<u>\$ 387,802</u>	<u>\$ -</u>	<u>\$ (45,131)</u>	<u>\$ 342,671</u>	<u>\$ 11,895</u>

12. RELATED PARTY TRANSACTIONS

Middleton Urban Renewal Agency (the Agency) is a component unit of the City. The capital assets constructed from the Agency's activities are contributed to the City. In the current year, there was no work for assets transferred from the Agency to the City. There are no amounts payable between the Agency and the City as of September 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 948,821	\$ 948,821	\$ 859,859	\$ (88,962)
Intergovernmental	488,038	488,038	584,182	96,144
Charges for Services	949,499	949,499	1,020,487	70,988
Interest Earned	1,500	1,500	21,419	19,919
Other	158,240	158,240	168,054	9,814
Total Revenues	<u>2,546,098</u>	<u>2,546,098</u>	<u>2,654,001</u>	<u>107,903</u>
Expenditures				
Current:				
Administrative	847,588	847,588	809,937	37,651
Public Safety	47,572	47,572	39,559	8,013
Building	274,983	274,983	341,551	(66,568)
Police	1,197,512	1,197,512	1,085,836	111,676
Parks	134,319	134,319	145,664	(11,345)
Capital Outlay	308,450	308,450	413,420	(104,970)
Operating Reserve	166,546	166,546	-	166,546
Total Expenditures	<u>2,976,970</u>	<u>2,976,970</u>	<u>2,835,967</u>	<u>141,003</u>
Excess (Deficiency of Revenues Over Expenditures)	<u>(430,872)</u>	<u>(430,872)</u>	<u>(181,966)</u>	<u>(33,100)</u>
Other Financing Sources (Uses)				
Proceeds From Lease	-	-	237,521	237,521
Transfers In	307,632	307,632	454,699	147,067
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>307,632</u>	<u>307,632</u>	<u>692,220</u>	<u>384,588</u>
Net Change in Fund Balances	<u>(123,240)</u>	<u>(123,240)</u>	<u>510,254</u>	<u>633,494</u>
Fund Balances - Beginning	123,240	123,240	1,041,598	918,358
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,551,852</u>	<u>\$ 1,551,852</u>

City of Middleton, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Streets & Alleys Fund
 For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 938,079	\$ 938,079	\$ 1,048,427	\$ 110,348
Intergovernmental	469,972	469,972	528,389	58,417
Grants and Contributions	250,000	250,000	139,933	(110,067)
Charges for Services	36,000	36,000	45,432	9,432
Developer Participation	350,000	350,000	-	(350,000)
Interest Earned	-	-	(362)	(362)
Other	500	500	16,307	15,807
Total Revenues	<u>2,044,551</u>	<u>2,044,551</u>	<u>1,778,126</u>	<u>(266,425)</u>
Expenditures				
Current:				
Streets & Alleys	1,231,578	1,231,578	796,451	435,127
Capital Outlay	1,131,680	1,131,680	701,875	429,805
Total Expenditures	<u>2,363,258</u>	<u>2,363,258</u>	<u>1,498,326</u>	<u>864,932</u>
Excess (Deficiency of Revenues Over Expenditures)	<u>(318,707)</u>	<u>(318,707)</u>	<u>279,800</u>	<u>598,507</u>
Other Financing Sources (Uses)				
Proceeds From Lease	-	-	-	-
Transfers In	383,440	383,440	383,440	-
Transfers Out	(64,733)	(64,733)	(64,733)	-
Total Other Financing Sources (Uses)	<u>318,707</u>	<u>318,707</u>	<u>318,707</u>	<u>-</u>
Net Change in Fund Balances	-	-	598,507	598,507
Fund Balances - Beginning	-	-	792,759	792,759
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,391,266</u>	<u>\$ 1,391,266</u>

City of Middleton, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Impact Fees
 For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	467,040	467,040	899,480	432,440
Total Revenues	<u>467,040</u>	<u>467,040</u>	<u>899,480</u>	<u>432,440</u>
Other Financing Sources (Uses)				
Transfers Out	(467,040)	(467,040)	(361,405)	105,635
Total Other Financing Sources (Uses)	<u>(467,040)</u>	<u>(467,040)</u>	<u>(361,405)</u>	<u>105,635</u>
Net Change in Fund Balances	-	-	538,075	538,075
Fund Balances - Beginning	-	-	99,298	99,298
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,373</u>	<u>\$ 637,373</u>

City of Middleton, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Capital Project Fund
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Grants and Contributions	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:				
Administrative	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency of Revenues Over Expenditures)	-	-	-	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,016,604)	(1,016,604)
Total Other Financing Sources (Uses)	-	-	(1,016,604)	(1,016,604)
Net Change in Fund Balances	-	-	(1,016,604)	(1,016,604)
Fund Balances - Beginning	-	-	1,016,604	1,016,604
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

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

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the Department Heads, the City Treasurer, 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 landowner and resident 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 non-enterprise 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 Middleton, Idaho
 Schedule of Required Supplemental Information
 Public Employees Retirement System of Idaho
 Last 10 - Fiscal Years*

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

Year	City proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.0512603%	\$ 1,190,332	\$ 1,813,345	65.64%	88.22%
2019	0.0469332%	535,729	1,626,417	32.94%	93.79%
2018	0.0450131%	663,951	1,471,661	45.12%	87.26%
2017	0.0410020%	644,481	1,354,934	47.57%	87.26%
2016	0.0350760%	711,044	1,101,439	64.56%	82.26%
2015	0.0275714%	363,070	821,028	44.22%	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	\$ 218,499	\$ 218,499	-	\$ 1,813,345	12.05%
2019	187,953	187,953	-	1,626,417	11.56%
2018	168,169	168,169	-	1,471,661	11.43%
2017	154,823	154,823	-	1,354,934	11.43%
2016	125,442	125,442	-	1,101,439	11.39%
2015	93,306	93,306	-	821,028	11.36%

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 Middleton, Idaho will present information for those years for which information is available.

SUPPLEMENTAL INFORMATION

City of Middleton, Idaho
Supplemental Schedule of Revenues by Source -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended Sep 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes:			
Property Taxes	\$ 948,821	\$ 859,859	\$ (88,962)
Total Taxes	<u>948,821</u>	<u>859,859</u>	<u>(88,962)</u>
Intergovernmental:			
State Liquor Apportionment	82,960	95,397	12,437
State Revenue Sharing	331,368	403,906	72,538
State Sales Tax	73,710	84,879	11,169
Total Intergovernmental	<u>488,038</u>	<u>584,182</u>	<u>96,144</u>
Charges for Services:			
Beer, Wine, and Liquor Licenses	2,208	2,590	382
Building Permits	538,655	764,535	225,880
Business Permits	-	2,990	2,990
Franchise Fees	42,516	46,653	4,137
Rent	20,700	14,825	(5,875)
Fines and Fees	107,820	188,894	81,074
Total Licenses and Permits	<u>949,499</u>	<u>1,020,487</u>	<u>70,988</u>
Other:			
Reimbursements	138,240	123,579	(14,661)
Interest Earned	1,500	21,419	19,919
Miscellaneous Revenue	20,000	44,475	24,475
Total Other	<u>159,740</u>	<u>189,473</u>	<u>29,733</u>
Proceeds From Debt	<u>-</u>	<u>237,521</u>	<u>237,521</u>
Total Revenue	<u><u>\$ 2,546,098</u></u>	<u><u>\$ 2,891,522</u></u>	<u><u>\$ 107,903</u></u>

City of Middleton, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Administrative:			
Salaries	\$ 349,128	\$ 306,870	\$ 42,258
Benefits	178,813	113,615	65,198
Supplies	7,500	4,374	3,126
Repairs and Maintenance	12,600	14,588	(1,988)
Professional Fees	207,000	283,105	(76,105)
Other Services and Charges	92,547	87,385	5,162
Total Administrative	<u>847,588</u>	<u>809,937</u>	<u>37,651</u>
Public Safety:			
Code Enforcement	29,572	25,059	4,513
Professional Fees	18,000	14,500	3,500
Total Public Safety	<u>47,572</u>	<u>39,559</u>	<u>8,013</u>
Building Inspection:			
Salaries	67,995	72,905	(4,910)
Benefits	32,371	31,075	1,296
Supplies	3,500	6,421	(2,921)
Repairs and Maintenance	27,815	23,189	4,626
Professional Fees	83,004	135,358	(52,354)
Other Services and Charges	60,298	72,603	(12,305)
Total Building Inspection	<u>\$ 274,983</u>	<u>\$ 341,551</u>	<u>\$ (66,568)</u>

City of Middleton, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund (continued)
For the Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Police:			
Salaries	\$ 670,182	\$ 633,479	\$ 36,703
Benefits	296,784	229,216	67,568
Supplies	8,500	3,226	5,274
Repairs and Maintenance	7,000	12,351	(5,351)
Professional Fees	4,000	-	4,000
Other Services and Charges	111,046	91,165	19,881
Lease Payments	100,000	116,399	(16,399)
Capital Outlay	28,700	281,455	(252,755)
Total Police	<u>1,226,212</u>	<u>1,367,291</u>	<u>(141,079)</u>
Parks:			
Salaries	46,296	48,175	(1,879)
Benefits	29,303	27,688	1,615
Supplies	850	8,196	(7,346)
Repairs and Maintenance	18,900	9,631	9,269
Professional Fees	6,667	9,130	(2,463)
Other Services and Charges	32,303	42,844	(10,541)
Capital Outlay	279,750	131,965	147,785
Total Parks	<u>414,069</u>	<u>277,629</u>	<u>136,440</u>
Operating Reserve	<u>166,546</u>	<u>-</u>	<u>166,546</u>
Total Expenditures	<u>\$ 2,976,970</u>	<u>\$ 2,835,967</u>	<u>\$ 141,003</u>

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor
and City Council
City of Middleton, 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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Middleton, Idaho, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Middleton, Idaho's basic financial statements and have issued our report thereon dated April 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Middleton, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Middleton, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Middleton, Idaho's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Middleton, 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 is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
April 23, 2021