

CITY OF MIDDLETON, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2023

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FEDERAL REPORT

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* 47



Independent Auditor's Report

Honorable Mayor
and City Council
City of Middleton, Idaho

Report on the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

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. We are required to be independent of the City of Middleton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Middleton's 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Middleton's ability to continue as a going concern from one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Middleton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Middleton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplemental 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 37 through 41 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.

Supplemental 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 January 31, 2024, 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
January 31, 2024

City of Middleton, Idaho
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Middleton Urban Renewal Agency
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 13,559,086	\$ 11,907,885	\$ 25,466,971	\$ 478,942
Property Taxes Receivable, Net	88,434	-	88,434	269,598
Accounts Receivable, Net	35,005	376,859	411,864	-
Prepaid Items	-	-	-	139
Due from Other Governments	315,030	-	315,030	-
Interest Receivable	1,395	10,228	11,623	-
Noncurrent Assets:				
Restricted Cash	-	231,791	231,791	-
Capital Assets:				
Land and Construction in Progress	7,692,412	4,357,720	12,050,132	-
Buildings and Improvements, Net	6,733,080	16,946,505	23,679,585	-
Equipment, Net	582,138	1,113,574	1,695,712	-
Total Capital Assets	15,007,630	22,417,799	37,425,429	-
Total Assets	29,006,580	34,944,562	63,951,142	748,679
Deferred Outflows				
Pension Related Items	572,262	321,896	894,158	-
Total Deferred Outflows	572,262	321,896	894,158	-
Liabilities				
Current Liabilities:				
Accounts Payable	570,693	338,339	909,032	4,512
Salaries and Benefits Payable	96,198	36,557	132,755	-
Customer Deposits	-	51,948	51,948	-
Accrued Interest Payable	-	1,110	1,110	10,465
Unearned Grant Revenue	165,000	-	165,000	-
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Bond Payable	-	80,394	80,394	19,027
Lease Payable	2,288	9,152	11,440	-
Compensated Absences	33,355	18,782	52,137	-
Portion Due or Payable After One Year:				
Bond Payable	-	2,024,999	2,024,999	270,958
Net Pension Liability	1,458,515	820,416	2,278,931	-
Total Liabilities	2,326,049	3,381,697	5,707,746	304,962
Deferred Inflows				
Unavailable Property Tax Revenue	-	-	-	269,598
Total Deferred Inflows	-	-	-	269,598
Net Position				
Invested in Capital Assets, Net of Related Debt	15,007,630	20,312,406	35,320,036	-
Restricted for:				
Debt Reserve	-	151,132	151,132	-
Streets & Alleys	5,226,953	-	5,226,953	-
Other	3,174,026	-	3,174,026	-
Unrestricted (Deficit) Surplus	3,844,184	11,421,223	15,265,407	174,119
Total Net Position	\$ 27,252,793	\$ 31,884,761	\$ 59,137,554	\$ 174,119

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

City of Middleton, Idaho
Statement of Activities
For the Year Ended September 30, 2023

	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	\$ 1,365,563	\$ 2,631,269	\$ 13,141	\$ -	\$ 1,278,847	\$ -	\$ 1,278,847	
Streets & Alleys	(328,975)	1,307,141	-	-	1,636,116	-	1,636,116	
Public Safety	1,659,457	-	-	-	(1,659,457)	-	(1,659,457)	
Culture and Recreation	657,129	11,119	-	-	(646,010)	-	(646,010)	
Total Governmental Activities	3,353,174	3,949,529	13,141	-	609,496	-	609,496	
Business-type Activities:								
Garbage	751,797.0	799,722.0	-	-	-	47,925	47,925	
Water	1,187,290.0	2,069,198.0	-	-	-	881,908	881,908	
Sewer	3,478,899.0	4,170,264.0	-	-	-	691,365	691,365	
Storm Drain	36,814.0	76,248.0	-	-	-	39,434	39,434	
Total Business-type Activities	5,454,800	7,115,432	-	-	-	1,660,632	1,660,632	
Total Primary Government	\$ 8,807,974	\$ 11,064,961	\$ 13,141	\$ -	609,496	1,660,632	2,270,128	
Component Unit:								
Middleton Urban Renewal Agency	\$ 83,049	\$ -	\$ -	\$ -				\$ (83,049)
General Revenues:								
Property Taxes					2,998,551	-	2,998,551	129,696
State Sources					1,985,105	-	1,985,105	-
Franchise Fees					152,420	-	152,420	-
Other					287,130	16,093	303,223	-
Unrestricted Investment Earnings					81,004	82,917	163,921	1,058
Gain (Loss) on Sale of Assets					(227,424)	(231,671)	(459,095)	-
Transfer between Governmental Funds and Business Type Activities					271,012	(271,012)	-	-
Total General Revenues and Special Items					5,547,798	(403,673)	5,144,125	130,754
Change in Net Position					6,157,294	1,256,959	7,414,253	47,705
Net Position, Beginning of Year - Previously					21,163,341	27,467,447	48,630,788	126,414
Prior Period Adjustment					(67,842)	3,160,355	3,092,513	-
Net Position, Beginning of Year					21,095,499	30,627,802	51,723,301	126,414
Net Position, End of Year					\$ 27,252,793	\$ 31,884,761	\$ 59,137,554	\$ 174,119

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

City of Middleton, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2023

	General	Streets & Alleys	Impact Fees
Assets			
Cash and Cash Equivalents	\$ 4,322,889	\$ 5,770,151	\$ 3,236,015
Receivables, Net:			
Property Tax	48,262	40,172	-
Accounts	8,441	26,564	-
Interest	1,395	-	-
Due from Other Governments	315,030	-	-
Total Assets	\$ 4,696,017	\$ 5,836,887	\$ 3,236,015
Liabilities			
Accounts Payable	\$ 106,924	\$ 400,860	\$ 61,989
Salaries and Benefits Payable	80,973	8,286	-
Unearned Grant Revenue	-	165,000	-
Total Liabilities	187,897	574,146	61,989
Deferred Inflows			
Unavailable Revenue - Property Taxes	42,962	35,788	-
Fund Balances			
Nonspendable:			
Restricted	-	5,226,953	3,174,026
Unassigned	4,465,158	-	-
Total Fund Balances	4,465,158	5,226,953	3,174,026
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,696,017	\$ 5,836,887	\$ 3,236,015

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

City of Middleton, Idaho
Balance Sheet -
Governmental Funds (continued)
September 30, 2023

	<u>Non-major Library</u>	<u>Total Governmental</u>
Assets		
Cash and Cash Equivalents	\$ 230,031	\$ 13,559,086
Receivables, Net:		
Property Tax	-	88,434
Accounts	-	35,005
Interest	-	1,395
Due from Other Governments	-	315,030
Total Assets	<u>\$ 230,031</u>	<u>\$ 13,998,950</u>
Liabilities		
Accounts Payable	\$ 920	\$ 570,693
Salaries and Benefits Payable	6,939	96,198
Unearned Royalty	-	165,000
Total Liabilities	<u>\$ 7,859</u>	<u>\$ 831,891</u>
Deferred Inflows		
Unavailable Revenue - Property Taxes	<u>303</u>	<u>79,053</u>
Fund Balances		
Nonspendable:		
Restricted	221,869	8,622,848
Unassigned		4,465,158
Total Fund Balances	<u>221,869</u>	<u>13,088,006</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 230,031</u>	<u>\$ 13,998,950</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, 2023

Total Fund Balances - Governmental Funds \$ 13,088,006

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	\$ 7,692,412	
Buildings and Improvements, Net of \$4,273,907 Accum. Depr.	6,733,080	
Equipment, Net of \$1,544,355 Accumulated Depreciation	<u>582,138</u>	
		15,007,630

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. 79,053

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	\$ (33,355)	
Municipal Lease	<u>(2,288)</u>	
		(35,643)

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	\$ (1,458,515)	
Pension Related Deferred Inflows	-	
Pension Related Deferred Outflows	<u>572,262</u>	
		<u>(886,253)</u>
Net Position of Governmental Activities		<u><u>\$ 27,252,793</u></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
For the Year Ended September 30, 2023

	General	Streets & Alleys	Impact Fees
Revenues			
Property Taxes	\$ 1,611,132	\$ 1,352,825	\$ -
Intergovernmental	723,817	1,261,288	-
Charges for Services	1,323,810	1,307,141	1,459,879
Interest Earned	46,260	7,520	26,931
Other	255,239	29,267	-
Total Revenues	<u>3,960,258</u>	<u>3,958,041</u>	<u>1,486,810</u>
Expenditures			
Current:			
Administrative	1,203,780	-	-
Streets & Alleys	-	941,872	-
Public Safety	435,746	-	-
Police	1,219,602	-	-
Culture and Recreation	195,891	-	-
Capital Outlay	246,153	3,221,873	-
Total Expenditures	<u>3,301,172</u>	<u>4,163,745</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures)	<u>659,086</u>	<u>(205,704)</u>	<u>1,486,810</u>
Other Financing Sources (Uses)			
Sale of Assets	25,000	-	-
Transfer In	472,351	1,602,980	-
Transfer Out	(577,990)	(123,464)	(1,358,490)
Total Other Financing Sources (Uses)	<u>(80,639)</u>	<u>1,479,516</u>	<u>(1,358,490)</u>
Net Change in Fund Balances	578,447	1,273,812	128,320
Fund Balances - Beginning	<u>3,886,711</u>	<u>3,953,141</u>	<u>3,045,706</u>
Fund Balances - Ending	<u><u>\$ 4,465,158</u></u>	<u><u>\$ 5,226,953</u></u>	<u><u>\$ 3,174,026</u></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, 2023

	<u>Non-major Library</u>	<u>Total Governmental</u>
Revenues		
Property Taxes	\$ -	\$ 2,963,957
Intergovernmental	-	1,985,105
Grants and Contributions	13,141	13,141
Charges for Services	11,119	4,101,949
Interest Earned	293	81,004
Other	2,624	287,130
Total Revenues	<u>27,177</u>	<u>9,432,286</u>
Expenditures		
Current:		
Administrative	-	1,203,780
Streets & Alleys	-	941,872
Public Safety	-	435,746
Police	-	1,219,602
Culture and Recreation	249,844	445,735
Capital Outlay	2,348	3,470,374
Total Expenditures	<u>252,192</u>	<u>7,717,109</u>
Excess (Deficiency) of Revenues Over Expenditures)	<u>(225,015)</u>	<u>1,715,177</u>
Other Financing Sources (Uses)		
Sale of Assets	-	25,000
Transfer In	267,990	2,343,321
Transfer Out	(12,365)	(2,072,309)
Total Other Financing Sources (Uses)	<u>255,625</u>	<u>296,012</u>
Net Change in Fund Balances	30,610	2,011,189
Fund Balances - Beginning	191,259	11,076,817
Fund Balances - Ending	<u>\$ 221,869</u>	<u>\$ 13,088,006</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, 2023

Total Net Change in Fund Balance - Governmental Funds \$ 2,011,189

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	\$ 5,168,620	
Depreciation	<u>(574,275)</u>	
		4,341,921

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.

34,594

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.

65,616

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.

(14,142)

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.

2,755

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.

(284,639)

Change in Net Position of Governmental Activities \$ 6,157,294

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

City of Middleton, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2023

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 210,866	\$ 5,270,665	\$ 6,250,832	\$ 175,522	\$ 11,907,885
Accounts Receivable, Net	67,992	85,764	223,103	-	376,859
Interest Receivable	-	4,417	5,811	-	10,228
Total Current Assets	<u>278,858</u>	<u>5,360,846</u>	<u>6,479,746</u>	<u>175,522</u>	<u>12,294,972</u>
Noncurrent Assets:					
Restricted Cash	-	80,659	151,132	-	231,791
Capital Assets:					
Land and Construction in Progress	-	1,579,990	2,777,730	-	4,357,720
Buildings and Improvements, Net	-	5,290,408	11,656,097	-	16,946,505
Equipment, Net	-	314,146	799,428	-	1,113,574
Total Noncurrent Assets	<u>-</u>	<u>7,265,203</u>	<u>15,384,387</u>	<u>-</u>	<u>22,649,590</u>
Total Assets	<u>278,858</u>	<u>12,626,049</u>	<u>21,864,133</u>	<u>175,522</u>	<u>34,944,562</u>
Deferred Outflows					
Pension Related Items	-	160,948	160,948	-	321,896
Total Deferred Outflows	<u>-</u>	<u>160,948</u>	<u>160,948</u>	<u>-</u>	<u>321,896</u>
Liabilities					
Current Liabilities:					
Accounts Payable	65,166	56,178	211,164	5,831	338,339
Salaries and Benefits Payable	-	15,893	20,664	-	36,557
Customer Deposits	-	51,948	-	-	51,948
Compensated Absences	-	9,748	9,034	-	18,782
Accrued Interest Payable	-	-	1,110	-	1,110
Bonds, Notes, and Loans Payable	-	-	80,394	-	80,394
Lease Payable	-	4,576	4,576	-	9,152
Total Current Liabilities	<u>65,166</u>	<u>138,343</u>	<u>326,942</u>	<u>5,831</u>	<u>536,282</u>
Noncurrent Liabilities:					
Bonds, Notes, and Loans Payable	-	-	2,024,999	-	2,024,999
Net Pension Liability	-	410,208	410,208	-	820,416
Total Noncurrent Liabilities	<u>-</u>	<u>410,208</u>	<u>2,435,207</u>	<u>-</u>	<u>2,845,415</u>
Total Liabilities	<u>65,166</u>	<u>548,551</u>	<u>2,762,149</u>	<u>5,831</u>	<u>3,381,697</u>
Deferred Inflows					
Pension Related Items	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Invested in Capital Assets, Net of Related Debt	-	7,184,544	13,127,862	-	20,312,406
Restricted - Debt Reserve	-	-	151,132	-	151,132
Unrestricted	213,692	5,053,902	5,983,938	169,691	11,421,223
Total Net Position	<u>\$ 213,692</u>	<u>\$ 12,238,446</u>	<u>\$ 19,262,932</u>	<u>\$ 169,691</u>	<u>\$ 31,884,761</u>

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, 2023

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Operating Revenues					
Charges for Services	\$ 799,722	\$ 2,043,835	\$ 4,170,264	\$ 76,248	\$ 7,090,069
Rent	-	25,363	-	-	25,363
Miscellaneous	24,081	10,324	(18,312)	-	16,093
Total Operating Revenues	<u>823,803</u>	<u>2,079,522</u>	<u>4,151,952</u>	<u>76,248</u>	<u>7,131,525</u>
Operating Expenses					
Salaries	-	263,290	429,088	-	692,378
Benefits	-	155,454	219,637	-	375,091
Supplies	552	3,053	2,021	-	5,626
Professional Services	750,432	95,663	1,558,317	36,814	2,441,226
Utilities	-	77,276	86,152	-	163,428
Miscellaneous	813	44,477	161,476	-	206,766
Repairs and Maintenance	-	227,407	316,546	-	543,953
Depreciation	-	320,670	645,654	-	966,324
Total Operating Expenses	<u>751,797</u>	<u>1,187,290</u>	<u>3,418,891</u>	<u>36,814</u>	<u>5,394,792</u>
Income (Loss) From Operations	<u>72,006</u>	<u>892,232</u>	<u>733,061</u>	<u>39,434</u>	<u>1,736,733</u>
Nonoperating Revenues (Expenses)					
Interest Earned	792	33,013	49,112	-	82,917
Interest Expense	-	-	(60,008)	-	(60,008)
Disposal of Capital Assets	-	(231,671)	-	-	(231,671)
Transfers Out	-	(135,506)	(135,506)	-	(271,012)
Total Nonoperating Revenues (Expenses)	<u>792</u>	<u>(334,164)</u>	<u>(146,402)</u>	<u>-</u>	<u>(479,774)</u>
Change in Net Position	<u>72,798</u>	<u>558,068</u>	<u>586,659</u>	<u>39,434</u>	<u>1,256,959</u>
Total Net Position - Beginning - Previous	140,894	8,866,004	18,330,292	130,257	27,467,447
Prior Period Adjustment	-	2,814,374	345,981	-	3,160,355
Total Net Position - Beginning	<u>140,894</u>	<u>11,680,378</u>	<u>18,676,273</u>	<u>130,257</u>	<u>30,627,802</u>
Total Net Position - Ending	<u>\$ 213,692</u>	<u>\$ 12,238,446</u>	<u>\$ 19,262,932</u>	<u>\$ 169,691</u>	<u>\$ 31,884,761</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, 2023

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Cash Flows From Operating Activities					
Receipts from Customers	\$ 821,574	\$ 2,081,855	\$ 4,127,681	\$ 76,248	\$ 7,107,358
Payments to Suppliers	(745,648)	(413,268)	(2,223,873)	(40,662)	(3,423,451)
Payments to Employees	-	(330,965)	(569,282)	-	(900,247)
Net Cash Provided (Used) by Operating Activities	<u>75,926</u>	<u>1,337,622</u>	<u>1,334,526</u>	<u>35,586</u>	<u>2,783,660</u>
Cash Flows From Noncapital Financing Activities					
Net Cash Transfer In (Out)	-	(135,506)	(135,506)	-	(271,012)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(135,506)</u>	<u>(135,506)</u>	<u>-</u>	<u>(271,012)</u>
Cash Flows From Capital and Related Financing Activities					
Purchases and Construction of Capital Assets	-	(191,641)	(1,133,355)	-	(1,324,996)
Proceeds from Sale of Capital Assets	-	-	18,806	-	18,806
Principal Paid on Capital Debt	-	(8,867)	(87,109)	-	(95,976)
Interest Paid on Capital Debt	-	-	(60,050)	-	(60,050)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(200,508)</u>	<u>(1,261,708)</u>	<u>-</u>	<u>(1,462,216)</u>
Cash Flows From Investing Activities					
Interest and Dividends	792	29,631	44,662	-	75,085
Net Cash Provided (Used) by Investing Activities	<u>792</u>	<u>29,631</u>	<u>44,662</u>	<u>-</u>	<u>75,085</u>
Net Increase (Decrease) in Cash and Cash Equivalents	76,718	1,031,239	(18,026)	35,586	1,125,517
Cash and Cash Equivalents - Beginning	134,148	4,320,085	6,419,990	139,936	11,014,159
Cash and Cash Equivalents - Ending	<u>\$ 210,866</u>	<u>\$ 5,351,324</u>	<u>\$ 6,401,964</u>	<u>\$ 175,522</u>	<u>\$ 12,139,676</u>
Displayed As:					
Cash	\$ 210,866	\$ 5,270,665	\$ 6,250,832	\$ 175,522	\$ 11,907,885
Restricted Cash	-	80,659	151,132	-	231,791
	<u>\$ 210,866</u>	<u>\$ 5,351,324</u>	<u>\$ 6,401,964</u>	<u>\$ 175,522</u>	<u>\$ 12,139,676</u>

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, 2023

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 72,006	\$ 892,232	\$ 733,061	\$ 39,434	\$ 1,736,733
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	320,670	645,654	-	966,324
(Increase) Decrease in Accounts Receivable	(2,229)	(649)	(24,271)	-	(27,149)
(Increase) Decrease in Deferred Outflows	-	32,976	32,976	-	65,952
Increase (Decrease) in Accounts Payable	6,149	34,608	(99,361)	(3,848)	(62,452)
Increase (Decrease) in Customer Deposits	-	2,982	-	-	2,982
Increase (Decrease) in Salaries and Benefits Payable	-	5,745	(100)	-	5,645
Increase (Decrease) in Compensated Absences	-	1,979	(513)	-	1,466
Increase (Decrease) in Net Pension Liability	-	48,693	48,693	-	97,386
Increase (Decrease) in Deferred Inflows	-	(1,614)	(1,613)	-	(3,227)
Net Cash Provided (Used) by Operating Activities	<u>\$ 75,926</u>	<u>\$ 1,337,622</u>	<u>\$ 1,334,526</u>	<u>\$ 35,586</u>	<u>\$ 2,783,660</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, 2023

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, 2023

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.

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, 2023

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.

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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, there were no allowances in any of the funds.

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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <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.

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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2023, the carrying amount of the City's deposits was \$8,347,518 and the respective bank balances totaled \$8,402,880 . \$7,347,518 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, 2023, \$7,347,518 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.

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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

2. CASH AND INVESTMENTS (continued)

The City's investments at September 30, 2023, are summarized below:

Investment Type	Fair Value	Maturity (In Years) Less Than 1
Money Market Funds	\$ 14,687,960	\$ 14,687,960
External Investment Pool	2,662,534	2,662,534
	\$ 17,350,494	\$ 17,350,494

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	\$ 6,073,121	\$ 2,194,488	\$ 8,267,609
Restricted Cash and Investments	-	231,791	231,791
Investments categorized as deposits	7,485,965	9,713,397	17,199,362
	\$ 13,559,086	\$ 12,139,676	\$ 25,698,762

The City has set aside restricted funds of \$ 231,791 , which includes \$151,132 in accordance with debt restrictions and \$80,659 for utility customers' deposits.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing of \$315,030 .

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, 2023, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2023, 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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

5. PENSION PLAN (continued)

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.

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 74% for public safety. As of June 30, 2023, it was 7.16% for general employees and 9.13% for public safety. 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 \$286,917 for the year ended September 30, 2023.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

5. PENSION PLAN (continued)

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

At September 30, 2023, 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, 2023, 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, 2023, the City of Middleton, Idaho's proportion was 0.0571064 percent.

For the year ended September 30, 2023, the City of Middleton recognized pension expense/ (revenue) of \$731,665 . At September 30, 2023, the City of Middleton, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 390,626	\$ -
Changes in assumptions or other inputs	225,662	-
Net difference between projected and actual earnings on pension plan investments	213,910	-
City of Middleton, Idaho's contributions subsequent to the measurement date	63,960	-
Total	\$ 894,158	\$ -

\$63,960 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, 2023.

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, 2023, the beginning of the measurement period ended June 30, 2022, is 4.6 years and 4.4 for the measurement period June 30, 2023.

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
2024	\$ 359,197
2025	138,740
2026	431,599
2027	(35,377)

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

- General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
- General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
- Teachers – Males Pub-2010 Teacher Tables, increased 12%
- Teachers – Females Pub-2010 Teacher Tables, increased 21%
- Fire & Police – Males Pub-2010 Safety Tables, increased 21%
- Fire & Police – Females Pub -2010 Safety Tables, increased 26%
- Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
- Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

5. PENSION PLAN (continued)

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100.00%	100.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. 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 6.35 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 (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 4,098,748	\$ 2,278,931	\$ 791,569

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

5. PENSION PLAN (continued)

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.

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:

	9/30/2022	Earned	Used	9/30/2023	Current
Governmental Activities	\$ 19,213	\$ 77,318	\$ (63,176)	\$ 33,355	\$ 33,355
Business-type Activities	<u>17,316</u>	<u>38,757</u>	<u>(37,291)</u>	<u>18,782</u>	<u>18,782</u>
	<u>\$ 36,529</u>	<u>\$116,075</u>	<u>\$ (100,467)</u>	<u>\$ 52,137</u>	<u>\$ 52,137</u>

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	9/30/2022	Adjustments	Additions	Disposals	9/30/2023
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 2,669,061	\$ (113,541)	\$ 278,686	\$ -	\$ 2,834,206
Construction in Progress	<u>363,268</u>	<u>-</u>	<u>4,587,857</u>	<u>(92,919)</u>	<u>4,858,206</u>
Total	<u>3,032,329</u>	<u>(113,541)</u>	<u>4,866,543</u>	<u>(92,919)</u>	<u>7,692,412</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	11,165,779	56,329	-	(215,121)	11,006,987
Equipment	<u>1,888,129</u>	<u>48,168</u>	<u>302,077</u>	<u>(111,881)</u>	<u>2,126,493</u>
Total Historical Cost	<u>13,053,908</u>	<u>104,497</u>	<u>302,077</u>	<u>(327,002)</u>	<u>13,133,480</u>
Less: Accumulated Depreciation					
Buildings and Improvements	3,868,897	20,626	445,941	(61,557)	4,273,907
Equipment	<u>1,483,784</u>	<u>38,177</u>	<u>128,334</u>	<u>(105,940)</u>	<u>1,544,355</u>
Total Accumulated Depreciation	<u>3,210,556</u>	<u>58,803</u>	<u>574,275</u>	<u>(167,497)</u>	<u>5,818,262</u>
Net Depreciable Assets	<u>7,496,516</u>	<u>45,694</u>	<u>(272,198)</u>	<u>(159,505)</u>	<u>7,315,218</u>
Governmental Activities - Net	<u>\$ 9,222,177</u>	<u>\$ (67,847)</u>	<u>\$ 4,594,345</u>	<u>\$ (252,424)</u>	<u>\$ 15,007,630</u>

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

7. CAPITAL ASSETS (continued)

	9/30/2022	Adjustments	Additions	Disposals	9/30/2023
<u>Business-type Activities:</u>					
Capital Assets Not Being Depreciated:					
Land and Easements	\$ 3,625,867	\$ 316,000	\$ -	\$ -	\$ 3,941,867
Construction in Progress	1,905,791	(1,905,791)	415,853	-	415,853
Total	3,699,867	(1,589,791)	415,853	-	4,357,720
Capital Assets Being Depreciated:					
Buildings and Improvements	20,640,910	6,552,520	47,803	(213,749)	27,027,484
Equipment	2,017,026	22,850	861,340	(469,571)	2,431,645
Total Historical Cost	20,729,519	6,575,370	909,143	(683,320)	29,459,129
Less: Accumulated Depreciation					
Buildings and Improvements	7,653,020	1,802,374	775,839	(150,254)	10,080,979
Equipment	1,387,324	22,850	190,485	(282,588)	1,318,071
Total Accumulated Depreciation	5,614,395	1,825,224	966,324	(432,842)	11,399,050
Net Depreciable Assets	15,115,124	4,750,146	(57,181)	(250,478)	18,060,079
Business-type Activities - Net	<u>\$ 17,688,031</u>	<u>\$ 3,160,355</u>	<u>\$ 358,672</u>	<u>\$ (250,478)</u>	<u>\$ 22,417,799</u>

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

Governmental Activities:

Administrative	\$ 53,603
Highway and Streets	131,566
Public Safety	347,060
Culture and Recreation	42,046
	<u>\$ 574,275</u>

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

8. 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.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

9. LONG-TERM LIABILITIES

Business-type Activities – Sewer Fund Bond Payable

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, 2023, are as follows:

Description	Rate	9/30/2022	Increase	Decrease	9/30/2023	Current Portion
USDA Loan 92-02	2.750%	\$ 2,183,635	-	\$ (78,242)	\$ 2,105,393	\$ 80,394

Debt service requirements on long-term debt at September 30, 2023, are as follows:

Year Ending September 30,	Bonds	
	Principal	Interest
2024	\$ 80,394	\$ 57,898
2025	82,605	55,687
2026	84,876	53,416
2027	87,210	51,082
2028	89,609	48,683
2029-2033	486,390	205,070
2034-2038	557,049	134,411
2039-2023	637,260	53,486
	<u>\$2,105,393</u>	<u>\$ 659,733</u>

There was \$60,008 of interest expense for the year ended September 30, 2023. No interest was capitalized during the year.

10. 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, 2023.

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

11. TRANSFERS

During the year ended September 30, 2023 the following transfers took place between funds:

\$ 123,464	To the General Fund from the Street Fund to reimburse expenses.
12,365	To the General Fund from the Library Fund to reimburse expenses.
135,506	To the General Fund from the Water Fund to reimburse expenses.
135,506	To the General Fund from the Sewer Fund to reimburse expenses.
65,510	To the General Fund from the Impact Fees Fund to reimburse expenses.
310,000	To the Street Fund from the General Fund to reimburse expenses.
524	To the Street Fund from the Library fund to reimburse expenses.
1,292,456	To the Street Fund from the Impact Fees Fund to reimburse expenses.
267,990	To the Library Fund from the General Fund to reimburse expenses.
<u>\$ 2,343,321</u>	

12. 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:

Governmental Activities:

Equipment	\$ 494,964
Less: accumulated amortization (included as depreciation on the accompanying financial statements) by function	
Public Safety	<u>(378,843)</u>
	<u>\$ 116,121</u>

Changes in long-term obligations for the year ended September 30, 2023, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>9/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2023</u>	<u>Current</u>
<u>Governmental Activities:</u>							
Lease - Police Vehicles	2023	5.40%	61,182	-	(61,182)	-	-
Lease - Loader	2024	4.40%	6,722	-	(4,434)	2,288	2,288
			<u>\$ 67,904</u>	<u>\$ -</u>	<u>\$ (65,616)</u>	<u>\$ 2,288</u>	<u>\$ 2,288</u>
<u>Business Type Activities</u>							
Lease - Loader	2024	4.40%	<u>\$ 26,886</u>	<u>\$ -</u>	<u>\$ (17,734)</u>	<u>\$ 9,152</u>	<u>\$ 9,152</u>

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

12. MUNICIPAL LEASE (continued)

Future minimum lease requirements as of September 30, 2023, are as follows:

<u>Year Ending</u> <u>September 30,</u> 2024	<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>
	\$ 2,288	\$ 49	\$ 2,337	\$ 9,152	\$ 198	\$ 9,350
	<u>\$ 2,288</u>	<u>\$ 49</u>	<u>\$ 2,337</u>	<u>\$ 9,152</u>	<u>\$ 198</u>	<u>\$ 9,350</u>

13. LEASE REVENUE

The City leases the land for the Viper Park to the Greater Middleton Area Recreation District with a 40 year lease for \$400. All \$400 was paid at the start of the lease in 2021. At the completion of the lease the property, and any improvements made on the property, will return to the City's control.

The City leases a gravel pit to a construction company. The lease is for 2 years, with an option to extend every 2 years for a total of 10 years. The City received \$ 95,835 in lease payments during the year ending September 30, 2023.

14. 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, 2023, is as follows:

<u>Governmental Activities:</u>	<u>Rate</u>	<u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u>	<u>Estimated</u> <u>Current</u>
Note Payable - Middleton						
Village Project	4.110%	\$ 289,985	\$ -	\$ -	\$ 289,985	\$ 19,027
		<u>\$ 289,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,985</u>	<u>\$ 19,027</u>

City of Middleton, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

15. RESTATEMENT

In prior years the fixed assets of the business-type activities were understated by \$ 3,160,355, and fixed assets of the governmental activities were overstated by \$67,842. This caused the Net Position to be misstated by the same. Net Position was restated in the current period as follows:

	Governmental Activities
Net Position, Beginning - As Previously Stated	\$ 21,163,341
Change in Net position due to Overstatement of Fixed Assets	(67,842)
Net Position, Beginning - Restated	\$ 21,095,499
	Business-Type Activites
Net Position, Beginning - As Previously Stated	\$ 27,467,447
Increase in Net Position due to Understated Fixed Assets	3,160,355
Net Position, Beginning - Restated	\$ 30,627,802

REQUIRED SUPPLEMENTAL INFORMATION

City of Middleton, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,638,714	\$ 1,638,714	\$ 1,611,132	\$ (27,582)
Intergovernmental	687,130	687,130	723,817	36,687
Grants and Contributions	-	-	-	-
Charges for Services	1,524,175	1,524,175	1,323,810	(200,365)
Interest Earned	5,005	5,005	46,260	41,255
Other	200,500	200,500	255,239	54,739
Total Revenues	<u>4,055,524</u>	<u>4,055,524</u>	<u>3,960,258</u>	<u>(95,266)</u>
Expenditures				
Current:				
Administrative	1,479,246	1,479,246	1,203,780	275,466
Public Safety	27,908	27,908	27,848	60
Building	501,009	501,009	407,898	93,111
Police	1,462,851	1,462,851	1,219,602	243,249
Parks	247,225	247,225	195,891	51,334
Capital Outlay	520,500	520,500	246,153	274,347
Operating Reserve	53,072	53,072	-	53,072
Total Expenditures	<u>4,291,811</u>	<u>4,291,811</u>	<u>3,301,172</u>	<u>990,639</u>
Excess (Deficiency of Revenues Over Expenditures)				
	<u>(236,287)</u>	<u>(236,287)</u>	<u>659,086</u>	<u>(1,085,905)</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	25,000	25,000
Transfers In	504,277	504,277	472,351	(31,926)
Transfers Out	(267,990)	(267,990)	(577,990)	(310,000)
Total Other Financing Sources (Uses)	<u>236,287</u>	<u>236,287</u>	<u>(80,639)</u>	<u>(316,926)</u>
Net Change in Fund Balances	-	-	578,447	578,447
Fund Balances - Beginning	-	-	3,886,711	3,886,711
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,465,158</u>	<u>\$ 4,465,158</u>

City of Middleton, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Streets & Alleys Fund
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,294,902	\$ 1,294,902	\$ 1,352,825	\$ 57,923
Intergovernmental	1,092,004	1,092,004	1,261,288	169,284
Grants and Contributions	-	-	-	-
Charges for Services	54,000	54,000	1,307,141	1,253,141
Interest Earned	1,000	1,000	7,520	6,520
Other	98,639	98,639	29,267	(69,372)
Total Revenues	<u>2,540,545</u>	<u>2,540,545</u>	<u>3,958,041</u>	<u>1,417,496</u>
Expenditures				
Current:				
Streets & Alleys	1,827,581	1,827,581	941,872	885,709
Capital Outlay	2,913,000	2,913,000	3,221,873	(308,873)
Total Expenditures	<u>4,740,581</u>	<u>4,740,581</u>	<u>4,163,745</u>	<u>576,836</u>
Excess (Deficiency of Revenues Over Expenditures)	<u>(2,200,036)</u>	<u>(2,200,036)</u>	<u>(205,704)</u>	<u>1,994,332</u>
Other Financing Sources (Uses)				
Transfers In	1,456,000	1,456,000	1,602,980	146,980
Transfers Out	(123,464)	(123,464)	(123,464)	-
Total Other Financing Sources (Uses)	<u>1,332,536</u>	<u>1,332,536</u>	<u>1,479,516</u>	<u>146,980</u>
Net Change in Fund Balances	(867,500)	(867,500)	1,273,812	2,141,312
Fund Balances - Beginning	867,500	867,500	3,953,141	3,085,641
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,226,953</u>	<u>\$ 5,226,953</u>

City of Middleton, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Impact Fees
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for Services	\$ 721,200	\$ 721,200	\$ 1,459,879	\$ 738,679
Interest Earned	-	-	26,931	26,931
Total Revenues	<u>721,200</u>	<u>721,200</u>	<u>1,486,810</u>	<u>765,610</u>
Expenditures				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency of Revenues Over Expenditures)				
	<u>721,200</u>	<u>721,200</u>	<u>1,486,810</u>	<u>765,610</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	<u>(2,236,500)</u>	<u>(2,236,500)</u>	<u>(1,358,490)</u>	<u>878,010</u>
Total Other Financing Sources (Uses)	<u>(2,236,500)</u>	<u>(2,236,500)</u>	<u>(1,358,490)</u>	<u>878,010</u>
Net Change in Fund Balances	(1,515,300)	(1,515,300)	128,320	1,643,620
Fund Balances - Beginning	<u>1,515,300</u>	<u>1,515,300</u>	<u>3,045,706</u>	<u>1,530,406</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,174,026</u>	<u>\$ 3,174,026</u>

City of Middleton, Idaho
Notes to Required Supplemental Information
For the Year Ended September 30, 2023

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
2023	0.0571064%	\$ 2,278,929	\$ 2,388,476	95.41%	83.83%
2022	0.0509911%	\$ 2,008,414	2,049,175	98.01%	83.09%
2021	0.0051548%	\$ (40,712)	1,923,310	-2.12%	100.36%
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%	91.69%
2017	0.0410020%	\$ 644,481	1,354,934	47.57%	90.68%
2016	0.0350760%	\$ 711,044	1,101,439	64.56%	87.26%
2015	0.0275714%	\$ 363,070	821,028	44.22%	91.38%

Data reported is measured as of June 30, 2023

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
2023	\$ 286,917	\$ 286,917	-	\$ 2,388,476	12.01%
2022	\$ 246,807	\$ 246,807	-	\$ 2,049,175	12.04%
2021	\$ 231,628	\$ 231,628	-	\$ 1,923,310	12.04%
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, 2023

* 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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes:			
Property Taxes	\$ 1,638,714	\$ 1,611,132	\$ (27,582)
Total Taxes	<u>1,638,714</u>	<u>1,611,132</u>	<u>(27,582)</u>
Intergovernmental:			
State Liquor Apportionment	95,000	146,804	51,804
State Revenue Sharing	592,130	577,013	(15,117)
Total Intergovernmental	<u>687,130</u>	<u>723,817</u>	<u>36,687</u>
Grants and Contributions			
Grants	-	-	-
Total Grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Charges for Services:			
Beer, Wine, and Liquor Licenses	2,500	3,810	1,310
Building Permits	869,475	1,002,325	132,850
Business Permits	1,000	1,410	410
Franchise Fees	54,200	91,149	36,949
Rent	14,000	32,451	18,451
Fines and Fees	245,000	192,665	(52,335)
Park Impact Fees	163,000	-	(163,000)
Police Impact Fees	175,000	-	(175,000)
Total Licenses and Permits	<u>1,524,175</u>	<u>1,323,810</u>	<u>(200,365)</u>
Other:			
Reimbursements	160,500	161,725	1,225
Interest Earned	5,005	46,260	41,255
Sale of Assets	-	25,000	25,000
Miscellaneous Revenue	40,000	93,514	53,514
Total Other	<u>205,505</u>	<u>326,499</u>	<u>120,994</u>
Total Revenue	<u>\$ 4,055,524</u>	<u>\$ 3,985,258</u>	<u>\$ (70,266)</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, 2023

	Budget	Actual	Variance
Administrative:			
Salaries	\$ 489,312	\$ 486,790	\$ 2,522
Benefits	256,452	154,239	102,213
Supplies	7,500	5,042	2,458
Repairs and Maintenance	16,500	10,954	5,546
Professional Fees	583,800	447,581	136,219
Other Services and Charges	125,682	99,174	26,508
Capital Outlay	338,000	65,510	272,490
Total Administrative	<u>1,817,246</u>	<u>1,269,290</u>	<u>547,956</u>
Public Safety:			
Code Enforcement	12,908	13,348	(440)
Professional Fees	15,000	14,500	500
Capital Outlay	40,000	-	40,000
Total Public Safety	<u>67,908</u>	<u>27,848</u>	<u>40,060</u>
Building Inspection:			
Salaries	152,531	135,999	16,532
Benefits	71,001	30,688	40,313
Supplies	7,500	2,189	5,311
Repairs and Maintenance	62,250	22,121	40,129
Professional Fees	140,923	148,815	(7,892)
Other Services and Charges	66,804	68,086	(1,282)
Capital Outlay	25,000	7,654	17,346
Total Building Inspection	<u>526,009</u>	<u>415,552</u>	<u>110,457</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Police:			
Salaries	\$ 871,136	\$ 818,360	\$ 52,776
Benefits	363,613	214,764	148,849
Supplies	6,200	6,415	(215)
Repairs and Maintenance	31,000	23,605	7,395
Professional Fees	1,000	-	1,000
Other Services and Charges	125,414	91,970	33,444
Lease Payments	64,488	64,488	-
Capital Outlay	12,500	151,862	(139,362)
Total Police	<u>1,475,351</u>	<u>1,371,464</u>	<u>103,887</u>
Parks:			
Salaries	65,384	56,841	8,543
Benefits	37,453	27,439	10,014
Supplies	5,480	3,440	2,040
Repairs and Maintenance	56,300	34,087	22,213
Professional Fees	31,710	31,792	(82)
Other Services and Charges	50,898	42,292	8,606
Capital Outlay	105,000	21,127	83,873
Total Parks	<u>352,225</u>	<u>217,018</u>	<u>135,207</u>
Operating Reserve	<u>53,072</u>	<u>-</u>	<u>53,072</u>
Total Expenditures	<u>\$ 4,291,811</u>	<u>\$ 3,301,172</u>	<u>\$ 990,639</u>

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

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Phone: 208-459-4649 ♦ FAX: 208-229-0404

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, 2023, 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 January 31, 2024.

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.

Zwyzart John & Associates, CPAs, PLLC

Nampa, Idaho
January 31, 2024