

**CITY OF MIDDLETON, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2021

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## **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, 2021, 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, 2021, 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 GAAS 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 GAAS, 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.<sup>5</sup>
- 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 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 38 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.

### ***Supplementary 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 February 1, 2022, 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  
February 1, 2022

**City of Middleton, Idaho**  
Statement of Net Position  
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Middleton Urban Renewal Agency
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 7,940,423	\$ 9,459,544	\$ 17,399,967	\$ 360,724
Property Taxes Receivable, Net	40,462	-	40,462	144,497
Accounts Receivable, Net	28,519	302,326	330,845	-
Due from Other Governments	255,631	-	255,631	-
Interest Receivable	69	551	620	-
Noncurrent Assets:				
Restricted Cash	-	225,424	225,424	-
Net Pension Asset	16,911	23,801	40,712	-
Capital Assets:				
Land and Construction in Progress	2,107,189	4,180,597	6,287,786	-
Buildings and Improvements, Net	7,608,930	13,617,675	21,226,605	-
Equipment, Net	531,895	696,592	1,228,487	-
Total Capital Assets	<u>10,248,014</u>	<u>18,494,864</u>	<u>28,742,878</u>	<u>-</u>
<b>Total Assets</b>	<u>18,530,029</u>	<u>28,506,510</u>	<u>47,036,539</u>	<u>505,221</u>
<b>Deferred Outflows</b>				
Pension Related Items	399,124	217,612	616,736	-
Total Deferred Outflows	<u>399,124</u>	<u>217,612</u>	<u>616,736</u>	<u>-</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	197,537	794,685	992,222	4,023
Due to Other Governments	27,168	-	27,168	-
Salaries and Benefits Payable	63,604	23,812	87,416	-
Customer Deposits	-	48,599	48,599	-
Accrued Interest Payable	5,368	1,192	6,560	14,704
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Bond Payable	-	76,148	76,148	10,100
Lease Payable	62,295	16,998	79,293	-
Compensated Absences	29,214	17,792	47,006	-
Portion Due or Payable After One Year:				
Bond Payable	-	2,183,635	2,183,635	290,557
Lease Payable	67,904	26,886	94,790	-
Unearned Royalty	360,000	-	360,000	-
<b>Total Liabilities</b>	<u>813,090</u>	<u>3,189,747</u>	<u>4,002,837</u>	<u>319,384</u>
<b>Deferred Inflows</b>				
Pension Related Items	834,426	467,945	1,302,371	-
Unavailable Property Tax Revenue	-	-	-	142,745
Total Deferred Inflows	<u>834,426</u>	<u>467,945</u>	<u>1,302,371</u>	<u>142,745</u>
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt	10,248,014	16,235,081	26,483,095	-
Restricted for:				
Debt Reserve	-	144,765	144,765	-
Streets & Alleys	2,563,371	-	2,563,371	-
Other	1,998,403	-	1,998,403	-
Unrestricted (Deficit) Surplus	<u>2,471,849</u>	<u>8,686,584</u>	<u>11,158,433</u>	<u>43,092</u>
<b>Total Net Position</b>	<u>\$ 17,281,637</u>	<u>\$ 25,066,430</u>	<u>\$ 42,348,067</u>	<u>\$ 43,092</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, 2021

	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		
<b>Primary Government:</b>								
Governmental Activities:								
Administrative	\$ 1,122,127	\$ 4,227,644	\$ 15,370	\$ -	\$ 3,120,887	\$ -	\$ 3,120,887	
Streets & Alleys	1,671,432	90,674	-	24,218	(1,556,540)	-	(1,556,540)	
Public Safety	1,450,265	-	-	-	(1,450,265)	-	(1,450,265)	
Culture and Recreation	626,833	7,688	-	-	(619,145)	-	(619,145)	
Total Governmental Activities	4,870,657	4,326,006	15,370	24,218	(505,063)	-	(505,063)	
Business-type Activities:								
Garbage	612,769.0	645,003.0	-	-	-	32,234	32,234	
Water	965,479.0	2,439,320.0	-	-	-	1,473,841	1,473,841	
Sewer	2,438,225.0	4,463,513.0	-	910,502	-	2,935,790	2,935,790	
Storm Drain	8,992.0	68,238.0	-	-	-	59,246	59,246	
Total Business-type Activities	4,025,465	7,616,074	-	910,502	-	4,501,111	4,501,111	
<b>Total Primary Government</b>	<b>\$ 8,896,122</b>	<b>\$ 11,942,080</b>	<b>\$ 15,370</b>	<b>\$ 934,720</b>	<b>(505,063)</b>	<b>4,501,111</b>	<b>3,996,048</b>	
<b>Component Unit:</b>								
Middleton Urban Renewal Agency	\$ 37,621	\$ -	\$ -	\$ -			\$ (37,621)	

General Revenues:							
Property Taxes				2,577,158	-	2,577,158	137,834
State Sources				1,552,874	-	1,552,874	-
Franchise Fees				101,725	-	101,725	-
Other				198,106	31,219	229,325	-
Unrestricted Investment Earnings				17,140	20,127	37,267	184
Gain (Loss) on Sale of Assets				310,000	-	310,000	-
Transfer between Governmental Funds and Business Type Activities				303,006	(303,006)	-	-
Total General Revenues and Special Items				5,060,009	(251,660)	4,808,349	138,018
Change in Net Position				4,554,946	4,249,451	8,804,397	100,397
Net Position, Beginning of Year - Previously				12,726,691	20,874,979	33,601,670	(57,305)
Prior Period Adjustment				-	(58,000)	(58,000)	-
Net Position, Beginning of Year				12,726,691	20,816,979	33,543,670	(57,305)
Net Position, End of Year				\$ 17,281,637	\$ 25,066,430	\$ 42,348,067	\$ 43,092

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



**City of Middleton, Idaho**  
 Balance Sheet -  
 Governmental Funds  
 September 30, 2021

	General	Streets & Alleys	Impact Fees
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,808,061	\$ 2,967,511	\$ 2,025,571
Receivables, Net:			
Property Tax	20,929	19,533	-
Accounts	5,358	23,161	-
Interest	69	-	-
Due from Other Governments	255,631	-	-
Total Assets	\$ 3,090,048	\$ 3,010,205	\$ 2,025,571
<b>Liabilities</b>			
Accounts Payable	\$ 133,349	\$ 61,914	\$ -
Due to Other Governments	-	-	27,168
Salaries and Benefits Payable	51,344	8,088	-
Unearned Royalty	-	360,000	-
Total Liabilities	184,693	430,002	27,168
<b>Deferred Inflows</b>			
Unavailable Revenue - Property Taxes	18,132	16,832	-
<b>Fund Balances</b>			
Nonspendable:			
Restricted	-	2,563,371	1,998,403
Unassigned	2,887,223	-	-
Total Fund Balances	2,887,223	2,563,371	1,998,403
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,090,048	\$ 3,010,205	\$ 2,025,571

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

**City of Middleton, Idaho**  
 Balance Sheet -  
 Governmental Funds (continued)  
 September 30, 2021

	<u>Non-major Library</u>	<u>Total Governmental</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 139,280	\$ 7,940,423
Receivables, Net:		
Property Tax	-	40,462
Accounts	-	28,519
Interest	-	69
Due from Other Governments	-	255,631
Total Assets	<u>\$ 139,280</u>	<u>\$ 8,265,104</u>
<b>Liabilities</b>		
Accounts Payable	\$ 2,274	\$ 197,537
Due to Other Governments	-	27,168
Salaries and Benefits Payable	4,172	63,604
Unearned Royalty	-	360,000
Total Liabilities	<u>\$ 6,446</u>	<u>\$ 648,309</u>
<b>Deferred Inflows</b>		
Unavailable Revenue - Property Taxes	<u>-</u>	<u>34,964</u>
<b>Fund Balances</b>		
Nonspendable:		
Restricted	132,834	4,694,608
Unassigned		<u>2,887,223</u>
Total Fund Balances	<u>132,834</u>	<u>7,581,831</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 139,280</u>	<u>\$ 8,265,104</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, 2021

Total Fund Balances - Governmental Funds \$ 7,581,831

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	\$ 2,107,189	
Buildings and Improvements, Net of \$3,424,449 Accum. Depr.	7,608,930	
Equipment, Net of \$1,356,234 Accumulated Depreciation	<u>531,895</u>	
		10,248,014

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. 34,964

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	\$ (29,214)	
Accrued Interest	(5,368)	
Municipal Lease	<u>(130,199)</u>	
		(164,781)

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	\$ 16,911	
Pension Related Deferred Inflows	(834,426)	
Pension Related Deferred Outflows	<u>399,124</u>	
		<u>(418,391)</u>

Net Position of Governmental Activities \$ 17,281,637

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, 2021

	General	Streets & Alleys	Impact Fees
<b>Revenues</b>			
Property Taxes	\$ 1,256,260	\$ 1,312,894	\$ -
Intergovernmental	555,065	997,809	-
Grants and Contributions	-	24,218	-
Charges for Services	1,998,844	90,674	2,330,525
Interest Earned	10,670	4,933	1,275
Other	194,731	2,100	-
Total Revenues	<u>4,015,570</u>	<u>2,432,628</u>	<u>2,331,800</u>
<b>Expenditures</b>			
Current:			
Administrative	1,084,769	-	-
Streets & Alleys	-	835,870	-
Public Safety	439,090	-	-
Police	1,076,567	-	-
Culture and Recreation	158,612	-	-
Capital Outlay	477,919	1,211,598	-
Total Expenditures	<u>3,236,957</u>	<u>2,047,468</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures)</b>	<u>778,613</u>	<u>385,160</u>	<u>2,331,800</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Assets	310,000	-	-
Transfer In	570,757	860,814	-
Transfer Out	(324,000)	(73,869)	(970,770)
Total Other Financing Sources (Uses)	<u>556,757</u>	<u>786,945</u>	<u>(970,770)</u>
Net Change in Fund Balances	1,335,370	1,172,105	1,361,030
Fund Balances - Beginning	1,551,853	1,391,266	637,373
Fund Balances - Ending	<u>\$ 2,887,223</u>	<u>\$ 2,563,371</u>	<u>\$ 1,998,403</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, 2021

	Non-major Library	Total Governmental
<b>Revenues</b>		
Property Taxes	\$ -	\$ 2,569,154
Intergovernmental	-	1,552,874
Grants and Contributions	15,370	39,588
Charges for Services	7,688	4,427,731
Interest Earned	262	17,140
Other	1,275	198,106
Total Revenues	24,595	8,804,593
<b>Expenditures</b>		
Current:		
Administrative	1,141	1,085,910
Streets & Alleys	-	835,870
Public Safety	-	439,090
Police	-	1,076,567
Culture and Recreation	234,809	393,421
Capital Outlay	-	1,689,517
Total Expenditures	235,950	5,520,375
<b>Excess (Deficiency) of Revenues Over Expenditures)</b>	(211,355)	3,284,218
<b>Other Financing Sources (Uses)</b>		
Sale of Assets	-	310,000
Transfer In	250,000	1,681,571
Transfer Out	(9,926)	(1,378,565)
Total Other Financing Sources (Uses)	240,074	613,006
Net Change in Fund Balances	28,719	3,897,224
Fund Balances - Beginning	104,115	3,684,607
Fund Balances - Ending	\$ 132,834	\$ 7,581,831

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, 2021

Total Net Change in Fund Balance - Governmental Funds \$ 3,897,224

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	\$	980,680	
Depreciation		<u>(575,850)</u>	404,830

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.

8,004

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.

108,519

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.

1,670

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.

3,589

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.

131,110

Change in Net Position of Governmental Activities

\$ 4,554,946

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

**City of Middleton, Idaho**  
Statement of Net Position -  
Proprietary Funds  
September 30, 2021

	Garbage	Water	Sewer	Non-major Storm Drain	Total
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 79,031	\$ 3,381,488	\$ 5,876,593	\$ 122,432	\$ 9,459,544
Accounts Receivable, Net	55,595	67,733	178,998	-	302,326
Interest Receivable	-	238	313	-	551
<b>Total Current Assets</b>	<b>134,626</b>	<b>3,449,459</b>	<b>6,055,904</b>	<b>122,432</b>	<b>9,762,421</b>
Noncurrent Assets:					
Restricted Cash	-	80,659	144,765	-	225,424
Net Pension Asset	-	3,264	20,537	-	23,801
Capital Assets:					
Land and Construction in Progress	-	1,579,990	2,600,607	-	4,180,597
Buildings and Improvements, Net	-	2,882,693	10,734,982	-	13,617,675
Equipment, Net	-	432,182	264,410	-	696,592
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>4,978,788</b>	<b>13,765,301</b>	<b>-</b>	<b>18,744,089</b>
<b>Total Assets</b>	<b>134,626</b>	<b>8,428,247</b>	<b>19,821,205</b>	<b>122,432</b>	<b>28,506,510</b>
<b>Deferred Outflows</b>					
Pension Related Items	-	112,935	104,677	-	217,612
<b>Total Deferred Outflows</b>	<b>-</b>	<b>112,935</b>	<b>104,677</b>	<b>-</b>	<b>217,612</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	50,896	81,320	659,946	2,523	794,685
Salaries and Benefits Payable	-	10,451	13,361	-	23,812
Customer Deposits	-	48,599	-	-	48,599
Compensated Absences	-	10,105	7,687	-	17,792
Accrued Interest Payable	-	-	1,192	-	1,192
Bonds, Notes, and Loans Payable	-	-	76,148	-	76,148
Lease Payable	-	8,499	8,499	-	16,998
<b>Total Current Liabilities</b>	<b>50,896</b>	<b>158,974</b>	<b>766,833</b>	<b>2,523</b>	<b>979,226</b>
Noncurrent Liabilities:					
Bonds, Notes, and Loans Payable	-	-	2,183,635	-	2,183,635
Lease Payable	-	13,443	13,443	-	26,886
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>13,443</b>	<b>2,197,078</b>	<b>-</b>	<b>2,210,521</b>
<b>Total Liabilities</b>	<b>50,896</b>	<b>172,417</b>	<b>2,963,911</b>	<b>2,523</b>	<b>3,189,747</b>
<b>Deferred Inflows</b>					
Pension Related Items	-	236,500	231,445	-	467,945
<b>Total Deferred Inflows</b>	<b>-</b>	<b>236,500</b>	<b>231,445</b>	<b>-</b>	<b>467,945</b>
<b>Net Position</b>					
Invested in Capital Assets, Net of Related Debt	-	4,894,865	11,340,216	-	16,235,081
Restricted - Debt Reserve	-	-	144,765	-	144,765
Unrestricted	83,730	3,237,400	5,245,545	119,909	8,686,584
<b>Total Net Position</b>	<b>\$ 83,730</b>	<b>\$ 8,132,265</b>	<b>\$ 16,730,526</b>	<b>\$ 119,909</b>	<b>\$ 25,066,430</b>

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, 2021

	Garbage	Water	Sewer	Non-major Storm Drain	Total
<b>Operating Revenues</b>					
Charges for Services	\$ 645,003	\$ 2,426,219	\$ 4,463,513	\$ 68,238	\$ 7,602,973
Rent	-	13,101	-	-	13,101
Grants	-	-	910,502	-	910,502
Miscellaneous	14,692	15,951	576	-	31,219
<b>Total Operating Revenues</b>	<b>659,695</b>	<b>2,455,271</b>	<b>5,374,591</b>	<b>68,238</b>	<b>8,557,795</b>
<b>Operating Expenses</b>					
Salaries	-	199,947	308,390	-	508,337
Benefits	-	60,230	101,687	-	161,917
Supplies	845	6,033	2,869	-	9,747
Professional Services	610,868	76,674	371,525	8,992	1,068,059
Utilities	-	73,855	70,296	-	144,151
Miscellaneous	1,056	31,344	104,624	-	137,024
Repairs and Maintenance	-	335,153	830,834	-	1,165,987
Depreciation	-	182,243	583,857	-	766,100
<b>Total Operating Expenses</b>	<b>612,769</b>	<b>965,479</b>	<b>2,374,082</b>	<b>8,992</b>	<b>3,961,322</b>
<b>Income (Loss) From Operations</b>	<b>46,926</b>	<b>1,489,792</b>	<b>3,000,509</b>	<b>59,246</b>	<b>4,596,473</b>
<b>Nonoperating Revenues (Expenses)</b>					
Interest Earned	61	10,210	9,856	-	20,127
Interest Expense	-	-	(64,143)	-	(64,143)
Transfers In	-	-	74,000	-	74,000
Transfers	(40,782)	(131,112)	(205,112)	-	(377,006)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(40,721)</b>	<b>(120,902)</b>	<b>(185,399)</b>	<b>-</b>	<b>(347,022)</b>
<b>Change in Net Position</b>	<b>6,205</b>	<b>1,368,890</b>	<b>2,815,110</b>	<b>59,246</b>	<b>4,249,451</b>
Total Net Position - Beginning - Previous Prior Period Adjustment	77,525 -	6,763,375 -	13,973,416 (58,000)	60,663 -	20,816,979 -
<b>Total Net Position - Beginning</b>	<b>77,525</b>	<b>6,763,375</b>	<b>13,915,416</b>	<b>60,663</b>	<b>20,816,979</b>
<b>Total Net Position - Ending</b>	<b>\$ 83,730</b>	<b>\$ 8,132,265</b>	<b>\$ 16,730,526</b>	<b>\$ 119,909</b>	<b>\$ 25,066,430</b>

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, 2021

	Garbage	Water	Sewer	Non-major Storm Drain	Total
<b>Cash Flows From Operating Activities</b>					
Receipts from Customers	\$ 655,495	\$ 2,453,540	\$ 5,352,868	\$ 68,238	\$ 8,530,141
Payments to Suppliers	(608,414)	(509,115)	(837,359)	(6,624)	(1,961,512)
Payments to Employees	-	(290,957)	(444,767)	-	(735,724)
Net Cash Provided (Used) by Operating Activities	<u>47,081</u>	<u>1,653,468</u>	<u>4,070,742</u>	<u>61,614</u>	<u>5,832,905</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Net Cash Transfer In (Out)	(40,782)	(131,112)	(57,112)	-	(229,006)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(40,782)</u>	<u>(131,112)</u>	<u>(57,112)</u>	<u>-</u>	<u>(229,006)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchases and Construction of Capital Assets	-	(70,954)	(666,969)	-	(737,923)
Principal Paid on Capital Debt	-	(8,146)	(82,256)	-	(90,402)
Interest Paid on Capital Debt	-	-	(64,182)	-	(64,182)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(79,100)</u>	<u>(813,407)</u>	<u>-</u>	<u>(892,507)</u>
<b>Cash Flows From Investing Activities</b>					
Interest and Dividends	61	10,210	9,856	-	20,127
Net Cash Provided (Used) by Investing Activities	<u>61</u>	<u>10,210</u>	<u>9,856</u>	<u>-</u>	<u>20,127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,360	1,453,466	3,210,079	61,614	4,731,519
<b>Cash and Cash Equivalents - Beginning</b>	72,671	2,008,681	2,811,279	60,818	4,953,449
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 79,031</u>	<u>\$ 3,462,147</u>	<u>\$ 6,021,358</u>	<u>\$ 122,432</u>	<u>\$ 9,684,968</u>
<b>Displayed As:</b>					
Cash	\$ 79,031	\$ 3,381,488	\$ 5,876,593	\$ 122,432	\$ 9,459,544
Restricted Cash	-	80,659	144,765	-	225,424
	<u>\$ 79,031</u>	<u>\$ 3,462,147</u>	<u>\$ 6,021,358</u>	<u>\$ 122,432</u>	<u>\$ 9,684,968</u>
<b>Noncash Capital Activity:</b>					
Transfer of Land	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,000</u>	<u>\$ -</u>	<u>\$ 74,000</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, 2021**

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 46,926	\$ 1,489,792	\$ 3,000,509	\$ 59,246	\$ 4,596,473
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	182,243	583,857	-	766,100
(Increase) Decrease in Accounts Receivable	(4,200)	(1,212)	(21,723)	-	(27,135)
(Increase) Decrease in Deferred Outflows	-	(42,718)	(42,718)	-	(85,436)
Increase (Decrease) in Accounts Payable	4,355	13,944	542,789	2,368	563,456
Increase (Decrease) in Customer Deposits	-	(519)	-	-	(519)
Increase (Decrease) in Salaries and Benefits Payable	-	2,635	4,191	-	6,826
Increase (Decrease) in Compensated Absences	-	3,460	(2,006)	-	1,454
Increase (Decrease) in Net Pension Liability	-	(221,588)	(221,588)	-	(443,176)
Increase (Decrease) in Deferred Inflows	-	227,431	227,431	-	454,862
Net Cash Provided (Used) by Operating Activities	<u>\$ 47,081</u>	<u>\$ 1,653,468</u>	<u>\$ 4,070,742</u>	<u>\$ 61,614</u>	<u>\$ 5,832,905</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, 2021

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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, 2021

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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.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Garbage fund.* This fund accounts for the operations and collections of the City's sanitation services.

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, 2021

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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, 2021, there were no allowances in any of the funds.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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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, 2021

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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, 2021, the carrying amount of the City's deposits was \$7,418,502 and the respective bank balances totaled \$7,549,371 . \$6,668,502 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, 2021, \$6,668,502 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.



**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

2. CASH AND INVESTMENTS (continued)

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, 2021, are summarized below:

Investment Type	Fair Value	Maturity (In Years) Less Than 1
Money Market Funds	\$ 8,635,614	\$ 8,635,614
External Investment Pool	1,570,525	1,570,525
	\$ 10,206,139	\$ 10,206,139

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	\$ 3,657,248	\$ 3,681,345	\$ 7,338,593
Restricted Cash and Investments	-	225,424	225,424
Investments categorized as deposits	4,357,175	5,704,199	10,061,374
	\$ 8,014,423	\$ 9,610,968	\$ 17,625,391

The City has set aside restricted funds of \$225,424 , which includes \$144,765 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 \$255,631 .

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, 2021, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2021, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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

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

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.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 9.13% 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 \$229,688 the year ended September 30, 2021.

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

At September 30, 2021, 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, 2021, 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, 2021, the City of Middleton, Idaho's proportion was 0.0515476 percent.

For the year ended September 30, 2021, the City of Middleton recognized pension expense/ (revenue) of (\$26,795). At September 30, 2021, the City of Middleton, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 59,982	\$ 23,664
Changes in assumptions or other inputs	467,312	-
Net difference between projected and actual earnings on pension plan investments	-	1,278,707
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	29,198	-
City of Middleton, Idaho's contributions subsequent to the measurement date	60,244	-
<b>Total</b>	<b>\$ 616,736</b>	<b>\$ 1,302,371</b>

\$60,244 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, 2021.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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5. PENSION PLAN (continued)

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, 2021, the beginning of the measurement period ended June 30, 2020, is 4.7 years and 4.6 for the measurement period June 30, 2021.

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

<b>For the Year Ended</b>	
<b>September 30:</b>	<b>PERSI</b>
2022	\$ (92,884)
2023	(164,311)
2024	(143,589)
2025	(284,851)

*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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.3
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expense
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%

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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5. PENSION PLAN (continued)

- 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, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2021.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

<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%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment		5.15%	3.06%

*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:

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 1,415,208	\$ (40,712)	\$ (1,234,157)

*Pension plan fiduciary net position*

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

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

6. 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>9/30/2020</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2021</u>	<u>Current</u>
Governmental Activities	\$ 30,884	\$ 47,004	\$ (48,674)	\$ 29,214	\$ 29,214
Business-type Activities	16,338	34,743	(33,289)	17,792	17,792
	<u>\$ 47,222</u>	<u>\$ 81,747</u>	<u>\$ (81,963)</u>	<u>\$ 47,006</u>	<u>\$ 47,006</u>

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	<u>9/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2021</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,510,450	\$ 233,471	\$ -	\$ 1,743,921
Construction in Progress	<u>335,212</u>	<u>28,056</u>	<u>-</u>	<u>363,268</u>
Total	<u>1,725,661</u>	<u>261,527</u>	<u>-</u>	<u>2,107,189</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	10,336,226	697,153	-	11,033,379
Equipment	<u>1,866,129</u>	<u>22,000</u>	<u>-</u>	<u>1,888,129</u>
Total Historical Cost	<u>10,707,072</u>	<u>719,153</u>	<u>-</u>	<u>12,921,508</u>
Less: Accumulated Depreciation				
Buildings and Improvements	2,999,134	425,315	-	3,424,449
Equipment	<u>1,205,699</u>	<u>150,535</u>	<u>-</u>	<u>1,356,234</u>
Total Accumulated Depreciation	<u>3,210,556</u>	<u>575,850</u>	<u>-</u>	<u>4,780,683</u>
Net Depreciable Assets	<u>7,496,516</u>	<u>143,303</u>	<u>-</u>	<u>8,140,825</u>
Governmental Activities - Net	<u>\$ 9,222,177</u>	<u>\$ 404,830</u>	<u>\$ -</u>	<u>\$ 10,248,014</u>
	<u>9/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2021</u>
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Easments	\$ 3,699,867	\$ -	\$ (74,000)	\$ 3,625,867
Construction in Progress	<u>-</u>	<u>554,730</u>	<u>-</u>	<u>554,730</u>
Total	<u>3,699,867</u>	<u>554,730</u>	<u>(74,000)</u>	<u>4,180,597</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	20,513,207	108,253	-	20,621,460
Equipment	<u>1,891,316</u>	<u>74,940</u>	<u>-</u>	<u>1,966,256</u>
Total Historical Cost	<u>20,729,519</u>	<u>183,193</u>	<u>-</u>	<u>22,587,716</u>
Less: Accumulated Depreciation				
Buildings and Improvements	6,360,877	642,908	-	7,003,785
Equipment	<u>1,146,472</u>	<u>123,192</u>	<u>-</u>	<u>1,269,664</u>
Total Accumulated Depreciation	<u>5,614,395</u>	<u>766,100</u>	<u>-</u>	<u>8,273,449</u>
Net Depreciable Assets	<u>15,115,124</u>	<u>(582,907)</u>	<u>-</u>	<u>14,314,267</u>
Business-type Activities - Net	<u>\$ 17,688,031</u>	<u>\$ (28,177)</u>	<u>\$ (74,000)</u>	<u>\$ 18,494,864</u>



**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

7. CAPITAL ASSETS (continued)

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

Governmental Activities:

Administrative	\$	47,415
Highway and Streets		336,110
Public Safety		59,024
Culture and Recreation		<u>133,301</u>
	\$	<u><u>575,850</u></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.

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 \$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, 2021, are as follows:

Description	Rate	9/30/2020	Increase	Decrease	9/30/2021	Current Portion
USDA Loan 92-02	2.750%	<u>\$ 2,333,893</u>	<u>\$ -</u>	<u>\$ (74,110)</u>	<u>\$ 2,259,783</u>	<u>\$ 76,148</u>

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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8. LONG-TERM LIABILITIES (continued)

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Year Ending September 30,	Bonds	
	Principal	Interest
2022	\$ 76,148	\$ 62,144
2023	78,242	60,050
2024	80,394	57,898
2025	82,605	55,687
2026	84,876	53,416
2027-2031	460,703	230,757
2032-2036	527,631	163,829
2037-2041	604,281	87,179
2042-2043	264,904	10,967
	<u>\$ 2,259,783</u>	<u>\$ 781,928</u>

There was \$64,143 of interest expense for the year ended September 30, 2021. No interest was capitalized during the year.

9. TRANSFERS

During the year ended September 30, 2021 the following transfers took place between funds:

\$ 250,000	To the Library Fund from the General Fund to reimburse expenses.
860,814	To the Street Fund from the Impact Fees Fund to reimburse expenses.
109,957	To the General Fund from the Impact Fees Fund to reimburse expenses.
73,869	To the General Fund from the Street Fund to reimburse expenses.
40,782	To the General Fund from the Garbage Fund to reimburse expenses.
131,112	To the General Fund from the Water Fund to reimburse expenses.
131,112	To the General Fund from the Sewer Fund to reimburse expenses.
9,926	To the General Fund from the Library Fund to reimburse expenses.
74,000	To the Sewer Fund from the General Fund to reimburse for transfer of land.
74,000	To the General from the Sewer to transfer land to General Fund
<u>\$ 1,755,572</u>	

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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		\$ 494,964
Less: accumulated amortization (included as depreciation on the accompanying financial statements) by function		
Public Safety		<u>(292,548)</u>
		<u>\$ 202,416</u>

Changes in long-term obligations for the year ended September 30, 2021, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>9/30/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2021</u>	<u>Current</u>
<u>Governmental Activities:</u>							
Lease - Police Vehicles	2021	5.12%	\$ 49,374	\$ -	\$ (49,374)	\$ -	\$ -
Lease - Police Vehicles	2023	5.40%	174,299	-	(55,071)	119,228	58,046
Lease - Loader	2024	4.40%	15,045	-	(4,074)	10,971	4,249
			<u>\$ 238,718</u>	<u>\$ -</u>	<u>\$ (108,519)</u>	<u>\$ 130,199</u>	<u>\$ 62,295</u>
<u>Business Type Activities</u>							
Lease - Loader	2024	4.40%	<u>\$ 60,176</u>	<u>\$ -</u>	<u>\$ (16,292)</u>	<u>\$ 43,884</u>	<u>\$ 16,998</u>

Future minimum lease requirements as of September 30, 2021, are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>			<u>Business Type Activities</u>			
	<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2022		\$ 62,295	\$ 6,868	\$ 69,163	\$ 16,998	\$ 1,704	\$ 18,702
2022		65,616	3,548	69,164	17,735	967	18,702
2023		2,288	49	2,337	9,151	198	9,349
		<u>\$ 130,199</u>	<u>\$ 10,465</u>	<u>\$ 140,664</u>	<u>\$ 43,884</u>	<u>\$ 2,869</u>	<u>\$ 46,753</u>

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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11. RESTATEMENT

In the prior year the accounts payables in the Sewer Fund were understated. This caused the Net Position to be understated. Net Position were restated as follows:

	<u>Business- Type Activites</u>
Net Position, Beginning - As Previously Stated	\$ 20,874,979
Change in Net Position due to understatement of liabilities	<u>(58,000)</u>
Net Position, Beginning - Restated	<u><u>\$ 20,816,979</u></u>

12. 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 a payment at the start of the lease for \$400,000. The City recognizes \$40,000 of revenue every year over the expected life of the lease. As of September 30, 2021, the City reported \$360,000 of prepaid rent liability.

13. 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, 2021.

**City of Middleton, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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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, 2021, is as follows:

Governmental Activities:	Rate	Beginning	Increase	Decrease	Ending	Estimated Current
Note Payable - CJM LP	3.396%	\$ 52,686	\$ -	\$ (42,014)	\$ 10,672	\$ 842
Note Payable - Middleton Village Project	4.110%	289,985	-	-	289,985	9,258
		<u>\$ 342,671</u>	<u>\$ -</u>	<u>\$ (42,014)</u>	<u>\$ 300,657</u>	<u>\$ 10,100</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Middleton, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,324,656	\$ 1,324,656	\$ 1,256,260	\$ (68,396)
Intergovernmental	302,011	302,011	555,065	253,054
Charges for Services	1,136,598	1,690,498	1,998,844	308,346
Interest Earned	11,050	11,050	10,670	(380)
Other	20,000	20,000	194,731	174,731
Total Revenues	<u>2,794,315</u>	<u>3,348,215</u>	<u>4,015,570</u>	<u>667,355</u>
<b>Expenditures</b>				
Current:				
Administrative	880,453	1,237,853	1,084,769	153,084
Public Safety	29,107	42,107	24,563	17,544
Building	353,409	403,909	414,527	(10,618)
Police	1,059,604	1,059,604	1,076,567	(16,963)
Parks	158,133	163,133	158,612	4,521
Capital Outlay	386,750	514,750	477,919	36,831
Operating Reserve	63,659	63,659	-	63,659
Total Expenditures	<u>2,931,115</u>	<u>3,485,015</u>	<u>3,236,957</u>	<u>248,058</u>
<b>Excess (Deficiency of Revenues Over Expenditures)</b>	<u>(136,800)</u>	<u>(136,800)</u>	<u>778,613</u>	<u>419,297</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	386,800	386,800	570,757	183,957
Transfers Out	(250,000)	(250,000)	(324,000)	(74,000)
Total Other Financing Sources (Uses)	136,800	136,800	246,757	109,957
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>1,025,370</u>	<u>1,025,370</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>1,551,853</u>	<u>1,551,853</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,577,223</u>	<u>\$ 2,577,223</u>

**City of Middleton, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Streets & Alleys Fund  
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,245,125	\$ 1,245,125	\$ 1,312,894	\$ 67,769
Intergovernmental	612,307	612,307	997,809	385,502
Grants and Contributions	-	-	24,218	24,218
Charges for Services	36,553	36,553	90,674	54,121
Interest Earned	50	50	4,933	4,883
Other	4,000	4,000	2,100	(1,900)
Total Revenues	<u>1,898,035</u>	<u>1,898,035</u>	<u>2,432,628</u>	<u>534,593</u>
<b>Expenditures</b>				
Current:				
Streets & Alleys	968,171	968,171	835,870	132,301
Capital Outlay	1,892,280	1,892,280	1,211,598	680,682
Total Expenditures	<u>2,860,451</u>	<u>2,860,451</u>	<u>2,047,468</u>	<u>812,983</u>
<b>Excess (Deficiency of Revenues Over Expenditures)</b>				
	<u>(962,416)</u>	<u>(962,416)</u>	<u>385,160</u>	<u>1,347,576</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,036,285	1,036,285	860,814	(175,471)
Transfers Out	<u>(73,869)</u>	<u>(73,869)</u>	<u>(73,869)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>962,416</u>	<u>962,416</u>	<u>786,945</u>	<u>(175,471)</u>
Net Change in Fund Balances	-	-	1,172,105	1,172,105
Fund Balances - Beginning	-	-	1,391,266	1,391,266
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,563,371</u>	<u>\$ 2,563,371</u>



**City of Middleton, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Impact Fees  
 For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	<u>754,268</u>	<u>754,268</u>	<u>2,330,525</u>	<u>1,576,257</u>
Total Revenues	<u>754,268</u>	<u>754,268</u>	<u>2,330,525</u>	<u>1,576,257</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>-</u>	<u>-</u>	<u>(970,770)</u>	<u>(970,770)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(970,770)</u>	<u>(970,770)</u>
Net Change in Fund Balances	754,268	754,268	1,359,755	605,487
Fund Balances - Beginning	<u>(754,268)</u>	<u>(754,268)</u>	<u>637,373</u>	<u>1,391,641</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,997,128</u>	<u>\$ 1,997,128</u>

**City of Middleton, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2021

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1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the 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
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, 2021

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
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, 2021

\* 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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Taxes:</b>			
Property Taxes	\$ 1,324,656	\$ 1,256,260	\$ (68,396)
Total Taxes	<u>1,324,656</u>	<u>1,256,260</u>	<u>(68,396)</u>
<b>Intergovernmental:</b>			
State Liquor Apportionment	82,945	116,859	33,914
State Revenue Sharing	219,066	438,206	219,140
Total Intergovernmental	<u>302,011</u>	<u>555,065</u>	<u>253,054</u>
<b>Charges for Services:</b>			
Beer, Wine, and Liquor Licenses	2,500	2,645	145
Building Permits	1,129,666	1,654,522	524,856
Business Permits	1,000	4,760	3,760
Franchise Fees	42,500	51,051	8,551
Rent	13,100	20,490	7,390
Fines and Fees	231,000	265,377	34,377
Park Impact Fees	210,572	(1)	(210,573)
Police Impact Fees	60,160	-	(60,160)
Total Licenses and Permits	<u>1,690,498</u>	<u>1,998,844</u>	<u>308,346</u>
<b>Other:</b>			
Reimbursements	-	99,300	99,300
Interest Earned	11,050	10,670	(380)
Miscellaneous Revenue	20,000	95,431	75,431
Total Other	<u>31,050</u>	<u>205,401</u>	<u>174,351</u>
<b>Total Revenue</b>	<u><u>\$ 3,348,215</u></u>	<u><u>\$ 4,015,570</u></u>	<u><u>\$ 667,355</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, 2021

	Budget	Actual	Variance
<b>Administrative:</b>			
Salaries	\$ 426,589	\$ 441,674	\$ (15,085)
Benefits	218,586	146,461	72,125
Supplies	6,000	7,036	(1,036)
Repairs and Maintenance	10,500	7,650	2,850
Professional Fees	464,500	398,161	66,339
Other Services and Charges	111,678	83,787	27,891
Capital Outlay	50,000	125,451	(75,451)
Total Administrative	<u>1,287,853</u>	<u>1,210,220</u>	<u>77,633</u>
<b>Public Safety:</b>			
Code Enforcement	14,607	10,063	4,544
Professional Fees	27,500	14,500	13,000
Capital Outlay	30,000	-	30,000
Total Public Safety	<u>72,107</u>	<u>24,563</u>	<u>47,544</u>
<b>Building Inspection:</b>			
Salaries	74,006	77,511	(3,505)
Benefits	32,562	33,295	(733)
Supplies	4,500	5,350	(850)
Repairs and Maintenance	39,933	6,994	32,939
Professional Fees	165,546	203,143	(37,597)
Other Services and Charges	87,362	88,234	(872)
Capital Outlay	158,000	145,984	12,016
Total Building Inspection	<u>561,909</u>	<u>560,511</u>	<u>1,398</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Police:</b>			
Salaries	\$ 599,887	\$ 644,051	\$ (44,164)
Benefits	243,866	216,556	27,310
Supplies	5,500	4,868	632
Repairs and Maintenance	11,000	23,740	(12,740)
Professional Fees	4,000	-	4,000
Other Services and Charges	78,951	70,952	7,999
Lease Payments	116,400	116,400	-
Capital Outlay	48,000	25,027	22,973
<b>Total Police</b>	<u>1,107,604</u>	<u>1,101,594</u>	<u>6,010</u>
<b>Parks:</b>			
Salaries	44,717	50,020	(5,303)
Benefits	28,194	30,933	(2,739)
Supplies	4,950	3,708	1,242
Repairs and Maintenance	14,000	20,153	(6,153)
Professional Fees	29,167	17,398	11,769
Other Services and Charges	42,105	36,400	5,705
Capital Outlay	228,750	181,457	47,293
<b>Total Parks</b>	<u>391,883</u>	<u>340,069</u>	<u>51,814</u>
<b>Operating Reserve</b>	<u>63,659</u>	<u>-</u>	<u>63,659</u>
<b>Total Expenditures</b>	<u>\$ 3,485,015</u>	<u>\$ 3,236,957</u>	<u>\$ 248,058</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, 2021, 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 February 1, 2022.

**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.

*Zwysart John & Associates, CPAs, PLLC*

Nampa, Idaho

February 1, 2022