CITY OF MIDDLETON, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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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

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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, 2024, 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, 2024, 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 Standard*s 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 28, 2025, 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.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
January 28, 2025

City of Middleton, Idaho
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Middleton Urban Renewal Agency
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 20,702,366	$ 16,269,327	$ 36,971,693	$ 703,421
Property Taxes Receivable, Net	123,184	-	123,184	364,545
Accounts Receivable, Net	37,891	441,998	479,889	-
Prepaid Items	-	-	-	2,754
Due from Other Governments	319,299	-	319,299	-
Interest Receivable	5,078	37,242	42,320	2,151
Noncurrent Assets:				
Restricted Cash	-	239,840	239,840	-
Capital Assets:				
Land and Construction in Progress	5,872,096	7,544,698	13,416,794	-
Buildings and Improvements, Net	9,932,752	16,176,116	26,108,868	-
Equipment, Net	831,730	1,028,029	1,859,759	-
Total Capital Assets	16,636,578	24,748,843	41,385,421	-
Total Assets	37,824,396	41,737,250	79,561,646	1,072,871
Deferred Outflows				
Pension Related Items	323,536	181,990	505,526	-
Total Deferred Outflows	323,536	181,990	505,526	-
Liabilities				
Current Liabilities:				
Accounts Payable	515,493	256,808	772,301	3,450
Due to Other Governments	1,481	-	1,481	-
Salaries and Benefits Payable	99,335	40,703	140,038	-
Customer Deposits	-	54,677	54,677	-
Accrued Interest Payable	-	1,068	1,068	6,503
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Bond Payable	480,000	82,605	562,605	26,745
Lease Payable	39,246	-	39,246	-
Compensated Absences	159,232	68,004	227,236	-
Portion Due or Payable After One Year:				
Bond Payable	1,091,643	1,942,394	3,034,037	263,240
Lease Payable	83,360	-	83,360	-
Net Pension Liability	1,359,477	764,706	2,124,183	-
Total Liabilities	3,829,267	3,210,965	7,040,232	299,938
Deferred Inflows				
Pension Related Items	24,677	13,880	38,557	-
Unavailable Property Tax Revenue	-	-	-	361,263
Total Deferred Inflows	24,677	13,880	38,557	361,263
Net Position				
Invested in Capital Assets, Net of Related Debt	15,064,935	22,723,844	37,788,779	-
Restricted for:				
Debt Reserve	-	159,181	159,181	-
Streets & Alleys	8,057,889	-	8,057,889	-
Other	4,910,166	-	4,910,166	-
Unrestricted (Deficit) Surplus	6,260,998	15,811,370	22,072,368	411,670
Total Net Position	$ 34,293,988	$ 38,694,395	$ 72,988,383	$ 411,670

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

City of Middleton, Idaho
Statement of Activities
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities:								
Administrative	$ 1,874,211	$ 4,894,992	$ 7,554	$ -	$ 3,028,335	$ -	$ 3,028,335	
Streets & Alleys	2,717,712	604,470	-	2,137,300	24,058	-	24,058	
Public Safety	2,336,019	-	-	-	(2,336,019)	-	(2,336,019)	
Culture and Recreation	663,042	10,262	-	-	(652,780)	-	(652,780)	
Total Governmental Activities	7,590,984	5,509,724	7,554	2,137,300	63,594	-	63,594	
Business-type Activities:								
Garbage	834,402.0	894,415.0	-	-	-	60,013	60,013	
Water	1,253,420.0	2,916,080.0	-	-	-	1,662,660	1,662,660	
Sewer	2,398,098.0	5,577,814.0	-	-	-	3,179,716	3,179,716	
Storm Drain	95,535.0	80,858.0	-	-	-	(14,677)	(14,677)	
Total Business-type Activities	4,581,455	9,469,167	-	-	-	4,887,712	4,887,712	
Total Primary Government	$ 12,172,439	$ 14,978,891	$ 7,554	$ 2,137,300	63,594	4,887,712	4,951,306	
Component Unit:								
Middleton Urban Renewal Agency	$ 49,743	$ -	$ -	$ -				$ (49,743)
General Revenues:								
Property Taxes					3,249,987	-	3,249,987	276,997
State Sources					2,344,372	-	2,344,372	-
Franchise Fees					141,375	-	141,375	-
Other					535,009	69,404	604,413	
Unrestricted Investment Earnings					177,647	173,983	351,630	10,298
Gain (Loss) on Sale of Assets					-	-	-	-
Transfer between Governmental Funds and Business Type Activities					372,676	(372,676)	-	-
Total General Revenues and Special Items					6,821,066	(129,289)	6,691,777	287,295
Change in Net Position					6,884,660	4,758,423	11,643,083	237,552
Net Position, Beginning of Year - Previously					27,252,793	31,884,761	59,137,554	174,118
Prior Period Adjustment					156,535	2,051,211	2,207,746	-
Net Position, Beginning of Year					27,409,328	33,935,972	61,345,300	174,118
Net Position, End of Year					$ 34,293,988	$ 38,694,395	$ 72,988,383	$ 411,670

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

City of Middleton, Idaho
Balance Sheet -
Governmental Funds
September 30, 2024

	General	Streets & Alleys	Impact Fees
Assets			
Cash and Cash Equivalents	$ 7,123,276	$ 8,322,488	$ 4,997,311
Receivables, Net:			
Property Tax	77,837	45,347	-
Accounts	7,792	30,099	-
Interest	5,078	-	-
Due from Other Governments	319,299	-	-
Total Assets	$ 7,533,282	$ 8,397,934	$ 4,997,311
Liabilities			
Accounts Payable	$ 140,114	$ 287,565	$ 85,664
Due to Other Governments	-	-	1,481
Salaries and Benefits Payable	83,008	9,289	-
Total Liabilities	223,122	296,854	87,145
Deferred Inflows			
Unavailable Revenue - Property Taxes	73,967	43,191	-
Fund Balances			
Nonspendable:			
Restricted	-	8,057,889	4,910,166
Unassigned	7,236,193	-	-
Total Fund Balances	7,236,193	8,057,889	4,910,166
Total Liabilities, Deferred Inflows and Fund Balances	$ 7,533,282	$ 8,397,934	$ 4,997,311

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

City of Middleton, Idaho
Balance Sheet -
Governmental Funds (continued)
September 30, 2024

	Non-major Library	Governmental Funds
Assets		
Cash and Cash Equivalents	$ 259,291	$ 20,702,366
Receivables, Net:		
Property Tax	-	123,184
Accounts	-	37,891
Interest	-	5,078
Due from Other Governments	-	319,299
Total Assets	$ 259,291	$ 21,187,818
Liabilities		
Accounts Payable	$ 2,150	$ 515,493
Due to Other Governments	-	1,481
Salaries and Benefits Payable	7,038	99,335
Total Liabilities	$ 9,188	$ 616,309
Deferred Inflows		
Unavailable Revenue - Property Taxes	-	117,158
Fund Balances		
Nonspendable:		
Restricted	250,103	13,218,158
Unassigned		7,236,193
Total Fund Balances	250,103	20,454,351
Total Liabilities, Deferred Inflows and Fund Balances	$ 259,291	$ 21,187,818

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, 2024

Total Fund Balances - Governmental Funds		$ 20,454,351
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	$ 5,872,096	
Buildings and Improvements, Net of $4,981,688 Accum. Depr.	9,932,752	
Equipment, Net of $1,727,164 Accumulated Depreciation	831,730	
		16,636,578
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.		117,158
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	$ (159,232)	
Note Payable	(1,571,643)	
Municipal Lease	(122,606)	
		(1,853,481)
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	$ (1,359,477)	
Pension Related Deferred Inflows	(24,677)	
Pension Related Deferred Outflows	323,536	
		(1,060,618)
Net Position of Governmental Activities		$ 34,293,988

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, 2024

	General	Streets & Alleys	Impact Fees
Revenues			
Property Taxes	$ 2,256,086	$ 955,493	$ -
Intergovernmental	875,153	1,469,219	-
Grants and Contributions	-	2,137,300	-
Charges for Services	2,831,522	604,470	2,204,845
Interest Earned	111,965	19,427	45,159
Other	524,671	8,764	-
Total Revenues	6,599,397	5,194,673	2,250,004
Expenditures			
Current:			
Administrative	1,290,841	-	-
Streets & Alleys	-	748,539	-
Public Safety	556,938	-	-
Police	1,553,361	-	-
Culture and Recreation	219,354	-	-
Capital Outlay	931,164	1,678,496	-
Total Expenditures	4,551,658	2,427,035	-
Excess (Deficiency) of Revenues Over Expenditures)	2,047,739	2,767,638	2,250,004
Other Financing Sources (Uses)			
Proceeds From Lease	166,854	-	-
Transfer In	837,529	220,092	-
Transfer Out	(281,390)	(156,794)	(513,864)
Total Other Financing Sources (Uses)	722,993	63,298	(513,864)
Net Change in Fund Balances	2,770,732	2,830,936	1,736,140
Fund Balances - Beginning	4,465,461	5,226,953	3,174,026
Fund Balances - Ending	$ 7,236,193	$ 8,057,889	$ 4,910,166

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, 2024

	Non-major Library	Governmental Funds
Revenues		
Property Taxes	$ -	$ 3,211,579
Intergovernmental	-	2,344,372
Grants and Contributions	7,554	2,144,854
Charges for Services	10,262	5,651,099
Interest Earned	1,096	177,647
Other	1,574	535,009
Total Revenues	20,486	14,064,560
Expenditures		
Current:		
Administrative	-	1,290,841
Streets & Alleys	-	748,539
Public Safety	-	556,938
Police	-	1,553,361
Culture and Recreation	259,355	478,709
Capital Outlay	-	2,609,660
Total Expenditures	259,355	7,238,048
Excess (Deficiency) of Revenues Over Expenditures)	(238,869)	6,826,512
Other Financing Sources (Uses)		
Proceeds From Lease	-	166,854
Transfer In	281,390	1,339,011
Transfer Out	(14,287)	(966,335)
Total Other Financing Sources (Uses)	267,103	539,530
Net Change in Fund Balances	28,234	7,366,042
Fund Balances - Beginning	221,869	13,088,309
Fund Balances - Ending	$ 250,103	$ 20,454,351

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, 2024

Total Net Change in Fund Balance - Governmental Funds		$ 7,366,042
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	$ 532,754	
Depreciation	(631,984)	
		(99,230)
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.		38,408
Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the statement of Net Position, the municipal lease obligation is reported as a liability.		(166,854)
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.		46,536
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.		(125,877)
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.		(174,365)
Change in Net Position of Governmental Activities		$ 6,884,660

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

City of Middleton, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2024

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 271,185	$ 7,133,655	$ 8,705,589	$ 158,898	$ 16,269,327
Accounts Receivable, Net	87,743	101,086	253,169	-	441,998
Interest Receivable	-	16,082	21,160	-	37,242
Total Current Assets	358,928	7,250,823	8,979,918	158,898	16,748,567
Noncurrent Assets:					
Restricted Cash	-	80,659	159,181	-	239,840
Capital Assets:					
Land and Construction in Progress	-	1,579,990	5,964,708	-	7,544,698
Buildings and Improvements, Net	-	5,045,764	11,130,352	-	16,176,116
Equipment, Net	-	359,672	668,357	-	1,028,029
Total Noncurrent Assets	-	7,066,085	17,922,598	-	24,988,683
Total Assets	358,928	14,316,908	26,902,516	158,898	41,737,250
Deferred Outflows					
Pension Related Items	-	90,995	90,995	-	181,990
Total Deferred Outflows	-	90,995	90,995	-	181,990
Liabilities					
Current Liabilities:					
Accounts Payable	72,363	81,464	99,097	3,884	256,808
Salaries and Benefits Payable	-	15,714	24,989	-	40,703
Customer Deposits	-	54,677	-	-	54,677
Compensated Absences	-	25,644	42,360	-	68,004
Accrued Interest Payable	-	-	1,068	-	1,068
Bonds, Notes, and Loans Payable	-	-	82,605	-	82,605
Total Current Liabilities	72,363	177,499	250,119	3,884	503,865
Noncurrent Liabilities:					
Bonds, Notes, and Loans Payable	-	-	1,942,394	-	1,942,394
Net Pension Liability	-	382,353	382,353	-	764,706
Total Noncurrent Liabilities	-	382,353	2,324,747	-	2,707,100
Total Liabilities	72,363	559,852	2,574,866	3,884	3,210,965
Deferred Inflows					
Pension Related Items	-	6,940	6,940	-	13,880
Total Deferred Inflows	-	6,940	6,940	-	13,880
Net Position					
Invested in Capital Assets, Net of Related Debt	-	6,985,426	15,738,418	-	22,723,844
Restricted - Debt Reserve	-	-	159,181	-	159,181
Unrestricted	286,565	6,855,685	8,514,106	155,014	15,811,370
Total Net Position	$ 286,565	$ 13,841,111	$ 24,411,705	$ 155,014	$ 38,694,395

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, 2024

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Operating Revenues					
Charges for Services	$ 894,415	$ 2,891,397	$ 5,577,814	$ 80,858	$ 9,444,484
Rent	-	24,683	-	-	24,683
Miscellaneous	25,279	43,010	1,115	-	69,404
Total Operating Revenues	919,694	2,959,090	5,578,929	80,858	9,538,571
Operating Expenses					
Salaries	-	351,521	521,290	-	872,811
Benefits	-	134,696	217,310	-	352,006
Supplies	677	2,099	4,987	-	7,763
Professional Services	832,682	111,631	337,411	95,535	1,377,259
Utilities	-	95,835	88,531	-	184,366
Miscellaneous	1,043	41,676	178,907	-	221,626
Repairs and Maintenance	-	202,543	334,989	-	537,532
Depreciation	-	313,419	656,817	-	970,236
Total Operating Expenses	834,402	1,253,420	2,340,242	95,535	4,523,599
Income (Loss) From Operations	85,292	1,705,670	3,238,687	(14,677)	5,014,972
Nonoperating Revenues (Expenses)					
Interest Earned	1,135	76,556	96,292	-	173,983
Interest Expense	-	-	(57,856)	-	(57,856)
Transfers Out	(13,554)	(179,561)	(179,561)	-	(372,676)
Total Nonoperating Revenues (Expenses)	(12,419)	(103,005)	(141,125)	-	(256,549)
Change in Net Position	72,873	1,602,665	3,097,562	(14,677)	4,758,423
Total Net Position - Beginning - Previous	213,692	12,238,446	19,262,932	169,691	31,884,761
Prior Period Adjustment	-	-	2,051,211	-	2,051,211
Total Net Position - Beginning	213,692	12,238,446	21,314,143	169,691	33,935,972
Total Net Position - Ending	$ 286,565	$ 13,841,111	$ 24,411,705	$ 155,014	$ 38,694,395

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, 2024

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Cash Flows From Operating Activities					
Receipts from Customers	$ 899,943	$ 2,946,497	$ 5,548,863	$ 80,858	$ 9,476,161
Payments to Suppliers	(827,205)	(428,498)	(1,056,892)	(97,482)	(2,410,077)
Payments to Employees	-	(421,462)	(651,911)	-	(1,073,373)
Net Cash Provided (Used) by Operating Activities	72,738	2,096,537	3,840,060	(16,624)	5,992,711
Cash Flows From Noncapital Financing Activities					
Net Cash Transfer In (Out)	(13,554)	(179,561)	(179,561)	-	(372,676)
Net Cash Provided (Used) by Noncapital Financing Activities	(13,554)	(179,561)	(179,561)	-	(372,676)
Cash Flows From Capital and Related Financing Activities					
Purchases and Construction of Capital Assets	-	(114,299)	(1,135,767)	-	(1,250,066)
Proceeds from Sale of Capital Assets	-	-	-	-	-
Principal Paid on Capital Debt	-	(4,576)	(84,970)	-	(89,546)
Interest Paid on Capital Debt	-	-	(57,898)	-	(57,898)
Net Cash Used by Capital and Related Financing Activities	-	(118,875)	(1,278,635)	-	(1,397,510)
Cash Flows From Investing Activities					
Interest and Dividends	1,135	64,891	80,943	-	146,969
Net Cash Provided (Used) by Investing Activities	1,135	64,891	80,943	-	146,969
Net Increase (Decrease) in Cash and Cash Equivalents	60,319	1,862,992	2,462,807	(16,624)	4,369,494
Cash and Cash Equivalents - Beginning	210,866	5,351,322	6,401,963	175,522	12,139,673
Cash and Cash Equivalents - Ending	$ 271,185	$ 7,214,314	$ 8,864,770	$ 158,898	$ 16,509,167
Displayed As:					
Cash	$ 271,185	$ 7,133,655	$ 8,705,589	$ 158,898	$ 16,269,327
Internal Balances	-	-	-	-	-
Restricted Cash	-	80,659	159,181	-	239,840
Internal Balances	-	-	-	-	-
	$ 271,185	$ 7,214,314	$ 8,864,770	$ 158,898	$ 16,509,167
Noncash Capital Activity:					
Transfer of Land	$ -	$ -	$ -	$ -	$ -

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, 2024

	Garbage	Water	Sewer	Non-major Storm Drain	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ 85,292	$ 1,705,670	$ 3,238,687	$ (14,677)	$ 5,014,972
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	313,419	656,817	-	970,236
(Increase) Decrease in Accounts Receivable	(19,751)	(15,322)	(30,066)	-	(65,139)
(Increase) Decrease in Deferred Outflows	-	69,953	69,953	-	139,906
Increase (Decrease) in Accounts Payable	7,197	25,286	(112,067)	(1,947)	(81,531)
Increase (Decrease) in Customer Deposits	-	2,729	-	-	2,729
Increase (Decrease) in Salaries and Benefits Payable	-	(179)	4,325	-	4,146
Increase (Decrease) in Compensated Absences	-	15,896	33,326	-	49,222
Increase (Decrease) in Net Pension Liability	-	(27,855)	(27,855)	-	(55,710)
Increase (Decrease) in Deferred Inflows	-	6,940	6,940	-	13,880
Net Cash Provided (Used) by Operating Activities	$ 72,738	$ 2,096,537	$ 3,840,060	$ (16,624)	$ 5,992,711

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

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.

- 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.

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.

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, 2024, 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.

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 Policy	Depreciation Method	Estimated Useful Life
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.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the City's deposits was $8,211,743 and the respective bank balances totaled $8,124,662. $7,124,662 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, 2024, $7,124,662 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.

The City's investments at September 30, 2024, are summarized below:

Investment Type	Fair Value	Maturity (In Years) Less Than 1
Money Market Funds	$ 19,020,115	$ 19,020,115
External Investment Pool	9,978,925	9,978,925
	$ 28,999,040	$ 28,999,040

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	$ 5,714,824	$ 2,417,010	$ 8,131,834
Restricted Cash and Investments	-	239,840	239,840
Investments categorized as deposits	14,987,542	13,852,317	28,839,859
	$ 20,702,366	$ 16,509,167	$ 37,211,533

The City has set aside restricted funds of $239,840, which includes $159,181 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 $319,299 .

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, 2024, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

5. PENSION PLAN

Plan Description

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

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

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, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City of Middleton, Idaho's contributions were $332,962 for the year ended September 30, 2024.

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

At September 30, 2024, 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, 2024, 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, 2024, the City of Middleton, Idaho's proportion was 0.0567865 percent.

For the year ended September 30, 2024, the City of Middleton recognized pension expense/ (revenue) of $602,799. At September 30, 2024, 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	$ 338,190	$ -
Changes in assumptions or other inputs	84,149	-
Net difference between projected and actual earnings on pension plan investments	-	38,557
City of Middleton, Idaho's contributions subsequent to the measurement date	83,187	-
Total	$ 505,526	$ 38,557

$83,187 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, 2024.

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, 2023, is 4.6 years and 4.6 for the measurement period June 30, 2024.

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
2025	$ 188,028
2026	396,059
2027	(68,300)
2028	(48,818)

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, 2024 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, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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.

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 (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 4,036,609	$ 2,124,183	$ 562,218

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:

	9/30/2023	Earned	Used	9/30/2024	Current
Governmental Activities	$ 33,355	$ 246,225	$ (120,348)	$ 159,232	$ 159,232
Business-type Activities	17,316	112,328	(61,640)	68,004	68,004
	$ 50,671	$ 358,553	$ (181,988)	$ 227,236	$ 227,236

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	9/30/2023	Adjustments	Additions	Disposals	9/30/2024
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	$ 2,834,206	$ 156,535	$ 98,618	$ -	$ 3,089,359
Construction in Progress	4,858,206	-	1,204,478	(3,279,947)	2,782,737
Total	7,692,412	156,535	1,303,096	(3,279,947)	5,872,096
Capital Assets Being Depreciated:					
Buildings and Improvements	11,006,987	258,606	3,648,847	-	14,914,440
Equipment	2,126,493	-	432,401	-	2,558,894
Total Historical Cost	13,133,480	258,606	4,081,248	-	17,473,334
Less: Accumulated Depreciation					
Buildings and Improvements	4,273,907	258,606	449,175	-	4,981,688
Equipment	1,544,355	-	182,809	-	1,727,164
Total Accumulated Depreciation	3,210,556	258,606	631,984	-	6,708,852
Net Depreciable Assets	7,496,516	-	3,449,264	-	10,764,482
Governmental Activities - Net	$ 9,222,177	$ 156,535	$ 4,752,360	$(3,279,947)	$ 16,636,578

	9/30/2023	Adjustments	Additions	Disposals	9/30/2024
Business-type Activities:					
Capital Assets Not Being Depreciated:					
Land and Easments	$ 3,941,867	$ -	$ -	$ -	$ 3,941,867
Construction in Progress	415,852	2,051,212	1,135,767	-	3,602,831
Total	3,699,867	2,051,212	1,135,767	-	7,544,698
Capital Assets Being Depreciated:					
Buildings and Improvements	27,027,484	112,377,282	-	-	139,404,766
Equipment	2,431,646	1,699,500	114,300	-	4,245,446
Total Historical Cost	20,729,519	114,076,782	114,300	-	143,650,212
Less: Accumulated Depreciation					
Buildings and Improvements	10,080,980	112,377,282	770,390	-	123,228,652
Equipment	1,318,072	1,699,500	199,845	-	3,217,417
Total Accumulated Depreciation	5,614,395	114,076,782	970,235	-	126,446,069
Net Depreciable Assets	15,115,124	-	(855,935)	-	17,204,143
Business-type Activities - Net	$ 17,688,031	$ 2,051,212	$ 279,832	$ -	$ 24,748,841

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

Governmental Activities:

Administrative	$ 76,805
Highway and Streets	132,048
Public Safety	333,183
Culture and Recreation	89,948
	$ 631,984

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, 2024, are as follows:

Description	Rate	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
USDA Loan 92-02	2.750%	$ 2,105,393	$ -	$ (80,394)	$ 2,024,999	$ 82,605

Debt service requirements on long-term debt at September 30, 2024, are as follows:

Year Ending	Bonds	
September 30,	Principal	Interest
2025	$ 82,605	$ 55,687
2026	84,876	53,416
2027	87,210	51,082
2028	89,609	48,683
2029	92,073	46,219
2030-2034	499,766	191,694
2035-2039	572,368	119,092
2040-2043	516,492	35,962
	$2,024,999	$ 601,835

There was $57,856 of interest expense for the year ended September 30, 2024. No interest was capitalized during the year.

Governmental Activities – Knife River Contract

The City entered into an agreement with Knife River to build a roundabout in the City. The lieu of making payments to Knife River, gravel is extracted from a City owned gravel pit, and the value of the gravel is applied to the cost of the roundabout. During the year ended September 30, 2024 $524,836 worth of gravel was applied to the amount owed and $546,156 of cost was added for construction done by Knife River.

Changes in the obligation for the year ended September 30, 2024, are as follows:

Description	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
Knife River Obligation	$ 1,550,323	$ 546,156	$ (524,836)	$ 1,571,643	$ 480,000

Future anticipated reductions to the obligation at September 30, 2024, are as follows:

	Anticipated Reduction
2025	$ 480,000
2026	480,000
2027	480,000
2028	131,643
	$ 1,571,643

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, 2024.

11. TRANSFERS

During the year ended September 30, 2024 the following transfers took place between funds:

$ 14,287	To the General Fund from the Library Fund to reimburse expenses.
156,794	To the General Fund from the Street Fund to reimburse expenses.
13,555	To the General Fund from the Garbage Fund to reimburse expenses.
179,561	To the General Fund from the Water Fund to reimburse expenses.
179,561	To the General Fund from the Sewer Fund to reimburse expenses.
293,771	To the General Fund from the Impact Fees Fund to reimburse expenses.
281,390	To the Street Fund from the General Fund to reimburse expenses.
220,092	To the Street Fund from the Impact Fees Fund to reimburse expenses.
$ 1,339,011	

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	$ 661,818
Less: accumulated amortization (included as depreciation on the accompanying financial statements) by function	
Public Safety	(413,604)
	$ 248,214

Changes in long-term obligations for the year ended September 30, 2024, are as follows:

Description	Maturity	Rate	9/30/2023	Increase	Decrease	9/30/2024	Current
Governmental Activities:							
Lease - Police Vehicles	2026	4.08%	-	166,854	(44,248)	122,606	39,246
Lease - Loader	2024	4.40%	2,288	-	(2,288)	-	-
			$ 2,288	$ 166,854	$ (46,536)	$ 122,606	$ 39,246
Business Type Activities							
Lease - Loader	2024	4.40%	$ 9,152	$ -	$ (9,152)	$ -	$ -

Future minimum payments on the lease are as follows:

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total Payment
2025	$ 39,246	$ 5,002	$ 44,248
	40,847	3,401	44,248
	42,513	1,735	44,248
	$ 122,606	$ 10,138	$ 132,744

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.

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, 2024, is as follows:

Governmental Activities:	Rate	Beginning	Increase	Decrease	Ending	Estimated Current
Note Payable - Middleton Village Project	4.110%	$ 289,985	$ -	$ -	$ 289,985	$ 26,745
		$ 289,985	$ -	$ -	$ 289,985	$ 26,745

15. RESTATEMENT

In prior years the fixed assets of the business-type activities were understated by , 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	$ 27,252,793
Increase in Net position due to Understatement of Fixed Assets	415,141
Decrease in Net position due to Understatement of Accumulated Depreciation	(258,606)
Net Position, Beginning - Restated	$ 27,409,328

	Business-Type Activites
Net Position, Beginning - As Previously Stated	$ 31,884,761
Increase in Net position due to Understatement of Fixed Assets	114,424,493
Decrease in Net position due to Understatement of Accumulated Depreciation	(112,377,282)
Net Position, Beginning - Restated	$ 33,931,972

REQUIRED SUPPLEMENTAL INFORMATION

City of Middleton, Idaho
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 2,006,779	$ 2,006,779	$ 2,256,086	$ 249,307
Intergovernmental	860,435	860,435	875,153	14,718
Grants and Contributions	-	-	-	-
Charges for Services	1,938,896	2,030,896	2,831,522	800,626
Interest Earned	10,050	10,050	111,965	101,915
Other	200,500	200,500	524,671	324,171
Total Revenues	5,016,660	5,108,660	6,599,397	1,490,737
Expenditures				
Current:				
Administrative	1,553,776	1,553,776	1,290,841	262,935
Public Safety	28,630	28,630	25,022	3,608
Building	485,735	577,735	531,916	45,819
Police	1,647,925	1,647,925	1,553,361	94,564
Parks	282,667	282,667	219,354	63,313
Capital Outlay	1,189,150	1,189,150	931,164	257,986
Operating Reserve	91,144	91,144	-	91,144
Total Expenditures	5,279,027	5,371,027	4,551,658	819,369
Excess (Deficiency of Revenues Over Expenditures)	(262,367)	(262,367)	2,047,739	671,368
Other Financing Sources (Uses)				
Proceeds From Lease	-	-	166,854	166,854
Transfers In	543,757	543,757	837,529	293,772
Transfers Out	(281,390)	(281,390)	(281,390)	-
Total Other Financing Sources (Uses)	262,367	262,367	722,993	460,626
Net Change in Fund Balances	-	-	2,770,732	2,770,732
Fund Balances - Beginning	-	-	4,465,461	4,465,461
Fund Balances - Ending	$ -	$ -	$ 7,236,193	$ 7,236,193

City of Middleton, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Streets & Alleys Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 892,416	$ 892,416	$ 955,493	$ 63,077
Intergovernmental	1,147,897	1,147,897	1,469,219	321,322
Grants and Contributions	2,165,000	2,165,000	2,137,300	(27,700)
Charges for Services	214,000	214,000	604,470	390,470
Interest Earned	2,000	2,000	19,427	17,427
Other	100,911	100,911	8,764	(92,147)
Total Revenues	4,522,224	4,522,224	5,194,673	672,449
Expenditures				
Current:				
Streets & Alleys	2,287,427	2,287,427	748,539	1,538,888
Capital Outlay	3,263,003	3,263,003	1,678,496	1,584,507
Total Expenditures	5,550,430	5,550,430	2,427,035	3,123,395
Excess (Deficiency of Revenues Over Expenditures)	(1,028,206)	(1,028,206)	2,767,638	3,795,844
Other Financing Sources (Uses)				
Transfers In	875,000	875,000	220,092	(654,908)
Transfers Out	(156,794)	(156,794)	(156,794)	-
Total Other Financing Sources (Uses)	718,206	718,206	63,298	(654,908)
Net Change in Fund Balances	(310,000)	(310,000)	2,830,936	3,140,936
Fund Balances - Beginning	310,000	310,000	5,226,953	4,916,953
Fund Balances - Ending	$ -	$ -	$ 8,057,889	$ 8,057,889

City of Middleton, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Impact Fees
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Charges for Services	$ 401,220	$ 401,220	$ 2,204,845	$ 1,803,625
Interest Earned	-	-	45,159	45,159
Total Revenues	401,220	401,220	2,250,004	1,848,784
Expenditures				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency of Revenues Over Expenditures)	401,220	401,220	2,250,004	1,848,784
Other Financing Sources (Uses)				
Transfers In	951,930	951,930	-	(951,930)
Transfers Out	(1,353,150)	(1,353,150)	(513,864)	839,286
Total Other Financing Sources (Uses)	(401,220)	(401,220)	(513,864)	(112,644)
Net Change in Fund Balances	-	-	1,736,140	1,736,140
Fund Balances - Beginning	-	-	3,174,026	3,174,026
Fund Balances - Ending	$ -	$ -	$ 4,910,166	$ 4,910,166

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
2024	0.0567865%	$ 2,124,183	$ 2,753,088	77.16%	85.54%
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, 2024

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
2024	$ 332,962	$ 332,962	-	$ 2,753,088	12.09%
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, 2024

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, 2024

	Budget	Actual	Variance
Taxes:			
Property Taxes	$ 2,006,779	$ 2,256,086	$ 249,307
Total Taxes	2,006,779	2,256,086	249,307
Intergovernmental:			
State Liquor Apportionment	110,000	154,597	44,597
State Revenue Sharing	750,435	720,556	(29,879)
Total Intergovernmental	860,435	875,153	14,718
Charges for Services:			
Beer, Wine, and Liquor Licenses	3,800	5,105	1,305
Building Permits	687,396	2,232,560	1,545,164
Business Permits	1,500	2,455	955
Franchise Fees	74,800	72,916	(1,884)
Rent	20,250	33,254	13,004
Fines and Fees	140,000	191,460	51,460
Park Impact Fees	904,250	203,734	(700,516)
Police Impact Fees	198,900	90,038	(108,862)
Total Licenses and Permits	2,030,896	2,831,522	800,626
Other:			
Reimbursements	160,500	165,992	5,492
Interest Earned	10,050	111,965	101,915
Sale of Assets	-	-	-
Miscellaneous Revenue	40,000	358,679	318,679
Total Other	210,550	636,636	426,086
Total Revenue	$ 5,108,660	$ 6,766,251	$ 1,490,737

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, 2024

	Budget	Actual	Variance
Administrative:			
Salaries	$ 542,788	$ 482,372	$ 60,416
Benefits	253,522	152,037	101,485
Supplies	7,000	7,364	(364)
Repairs and Maintenance	17,000	7,727	9,273
Professional Fees	594,359	521,871	72,488
Other Services and Charges	139,107	119,470	19,637
Capital Outlay	1,103,150	440,723	662,427
Total Administrative	2,656,926	1,731,564	925,362
Public Safety:			
Code Enforcement	13,630	10,522	3,108
Professional Fees	15,000	14,500	500
Total Public Safety	28,630	25,022	3,608
Building Inspection:			
Salaries	166,639	164,133	2,506
Benefits	50,955	42,641	8,314
Supplies	8,000	6,807	1,193
Repairs and Maintenance	41,480	19,626	21,854
Professional Fees	231,178	230,600	578
Other Services and Charges	79,483	68,109	11,374
Capital Outlay	15,000	13,451	1,549
Total Building Inspection	592,735	545,367	47,368

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, 2024

	Budget	Actual	Variance
Police:			
Salaries	$ 1,074,816	$ 1,017,663	$ 57,153
Benefits	342,111	305,075	37,036
Supplies	7,000	7,485	(485)
Repairs and Maintenance	26,000	48,530	(22,530)
Professional Fees	1,000	-	1,000
Other Services and Charges	160,998	130,360	30,638
Lease Payments	36,000	44,248	(8,248)
Capital Outlay	71,000	417,260	(346,260)
Total Police	1,718,925	1,970,621	(251,696)
Parks:			
Salaries	76,116	67,862	8,254
Benefits	31,530	30,317	1,213
Supplies	3,900	2,362	1,538
Repairs and Maintenance	78,219	56,590	21,629
Professional Fees	33,566	18,484	15,082
Other Services and Charges	59,336	43,739	15,597
Capital Outlay	-	59,730	(59,730)
Total Parks	282,667	279,084	3,583
Operating Reserve	91,144	-	91,144
Total Expenditures	$ 5,371,027	$ 4,551,658	$ 819,369

FEDERAL REPORTS

ZWYGART JOHN
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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, 2024, 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 28, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Middleton, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
January 28, 2025