

CALDWELL RURAL FIRE PROTECTION DISTRICT

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2025

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Independent Auditor's Report

Board of Commissioners
Caldwell Rural Fire Protection District
Notus, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Rural Fire Protection District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Rural Fire Protection District, as of September 30, 2025, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are required to be independent of the Caldwell Rural Fire Protection District 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 Caldwell Rural Fire Protection District's management is responsible for the preparation and fair presentation of the 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 Caldwell Rural Fire Protection District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Caldwell Rural Fire Protection District'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 Caldwell Rural Fire Protection District'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, on pages 20 and 21 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.

The District has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2026, on our consideration of the Caldwell Rural Fire Protection District'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 Caldwell Rural Fire Protection District's internal control over financial reporting and compliance.

Zwyzart John & Associates, CPAs, PLLC

Nampa, Idaho

May 8, 2026

Caldwell Rural Fire Protection District
Statement of Net Position
September 30, 2025

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 1,863,942
Receivables, Net:	
Property Taxes	78,254
Interest	14,795
Due From Other Governments	41,754
Certificates of Deposit	1,202,677
Capital Assets:	
Land	20,000
Buildings, Net	52,886
Improvements, Net	57,012
Equipment, Net	789,595
Total Capital Assets	919,493
Total Assets	4,120,915
 Liabilities	
Accounts Payable and Other Current Liabilities	2,675
Total Liabilities	2,675
 Deferred Inflows:	
Unavailable Revenue - Impact Fees	287,471
Total Deferred Inflows	287,471
 Net Position	
Invested in Capital Assets, Net of Related Debt	919,493
Unrestricted Surplus	2,911,276
Total Net Position	\$ 3,830,769

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

Caldwell Rural Fire Protection District
Statement of Activities
For the Year Ended September 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Public Safety	\$ 2,762,020	\$ 19,982	\$ -	\$ -	\$ (2,742,038)
Total Governmental Activities	<u>\$ 2,762,020</u>	<u>\$ 19,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,742,038)</u>

General Revenues:	
Property Taxes	2,625,004
Intergovernmental	206,795
Impact Fees	12,540
Other	7,579
Earnings on Investments	110,066
Disposal of Capital Assets	-
Total General Revenues and Special Items	<u>2,961,984</u>
Change in Net Position	<u>219,946</u>
Net Position, Beginning of Year (As Previously Stated)	3,633,108
Prior Period Adjustment	<u>(22,285)</u>
Net Position, Beginning of Year	<u>3,610,823</u>
Net Position, End of Year	<u>\$ 3,830,769</u>

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

Caldwell Rural Fire Protection District
Balance Sheet - Governmental Funds
September 30, 2025

	General	Non-Major Impact Fee	Total
Assets			
Cash and Cash Equivalents	\$ 1,561,755	\$ 302,187	\$ 1,863,942
Receivables, Net:			
Property Taxes	78,254	-	78,254
Interest	14,795	-	14,795
Due From Other Governments	41,754	-	41,754
Due To/From Other Funds	14,716	(14,716)	-
Certificates of Deposit	1,202,677	-	1,202,677
Total Assets	\$ 2,913,951	\$ 287,471	\$ 3,201,422
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 2,675	\$ -	\$ 2,675
Total Liabilities	2,675	-	2,675
Deferred Inflows:			
Unavailable Revenue - Property Taxes	70,491	-	70,491
Unavailable Revenue - Impact Fees		287,471	287,471
Total Deferred Inflows	70,491	287,471	357,962
Fund Balances:			
Restricted	-	-	-
Committed	1,471,369	-	1,471,369
Unrestricted	1,369,416	-	1,369,416
Total Fund Balances	2,840,785	-	2,840,785
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,913,951	\$ 287,471	\$ 3,201,422

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

Caldwell Rural Fire Protection District
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2025

Total Fund Balances - Governmental Funds \$ 2,840,785

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. Capital assets consist of the following:

Land	\$	20,000	
Buildings, Net of \$54,293 Accum. Depreciation		52,886	
Improvements, Net of \$77,706 Accum. Depreciation		57,012	
Equipment, Net of \$1,032,402 Accum. Depreciation		789,595	
Total Capital Assets			919,493

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

70,491

Total Net Position - Governmental Activities

\$ 3,830,769

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

Caldwell Rural Fire Protection District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

	General	Non-Major Impact Fee	Total
Revenues			
Property Taxes	\$ 2,614,545	\$ -	\$ 2,614,545
Intergovernmental	206,795	-	206,795
Impact fees	12,540	0	12,540
Charges for Services	19,982	-	19,982
Earnings on Investments	110,066	-	110,066
Miscellaneous	7,579	-	7,579
Total Revenues	<u>2,971,507</u>	<u>-</u>	<u>2,971,507</u>
Expenditures			
Current:			
Public Safety	2,659,810	-	2,659,810
Capital Outlay	337,726	-	337,726
Total Expenditures	<u>2,997,536</u>	<u>-</u>	<u>2,997,536</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,029)</u>	<u>-</u>	<u>(26,029)</u>
Other Financing Sources (Uses)			
Sale of Assets	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(26,029)</u>	<u>-</u>	<u>(26,029)</u>
Fund Balances - Beginning, previous	2,886,796	221,320	3,108,116
Prior Period Adjustment	(19,982)	(221,320)	(241,302)
Fund Balances - Beginning, restated	<u>2,866,814</u>	<u>-</u>	<u>2,866,814</u>
Fund Balances - Ending	<u>\$ 2,840,785</u>	<u>\$ -</u>	<u>\$ 3,082,087</u>

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

Caldwell Rural Fire Protection District
 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, 2025

Total Net Change in Fund Balance - Governmental Funds \$ (26,029)

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 or a remainder is written off when disposed. In the current period these amounts are:

Capital Outlay	\$ 326,986	
Depreciation Expense	<u>(91,470)</u>	
Total		235,516

Because some property taxes will not be collected for several months after the District'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.

10,459

Change in Net Position of Governmental Activities

\$ 219,946

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

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Caldwell Rural Fire Protection District (the District), which has responsibility and control over all fire and emergency response activities related to public safety within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding-source entities. However, the District is not included in any other government reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

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 District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District'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 are expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt), and 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.

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources and expenditures of the District. The District has no other funds.
- *Impact Fee fund.* This fund is used to account for impact fees collected on behalf of the District and the related expenditures.

Basis of Accounting

The government-wide 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 District 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 District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after the end of the year. 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 government 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 statements and in governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Balances, for example, in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Unassigned.* Balances available for any purpose.

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

The remaining fund balance classifications (restricted, 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 Board of Commissioners, the District's highest level of decision-making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the District 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 net position or fund balance 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 District'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 District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk. All cash on hand, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash and cash equivalents. See Note 2.

Property Tax Calendar

The District's property taxes are levied on or before the third Monday in September and billed to taxpayers in November. The taxes are due in two installments. One half of the real property taxes and all of the personal property taxes are due on December 20. The remainder is due the following June 20.

Real property taxes not paid constitute a lien on the property when entered on the real property assessment role as delinquent on the first day of January of the succeeding year.

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.

Caldwell Rural Fire Protection District

Notes to Financial Statements

For the Year Ended September 30, 2025

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 are shown below:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$500	Straight Line	10-40 Years
Improvements	\$500	Straight Line	10-40 Years
Equipment	\$500	Straight Line	5-20 Years

The District has no infrastructure to report.

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

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over sixty days past due.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2025, the carrying amount of the District's deposits was \$471,101 and the respective bank balances totaled \$473,019. The total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

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, 2025, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its exposure to custodial credit risk.

Interest Rate Risk

The District 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 District voluntarily participates in the State of Idaho Investment Pool, which has not been rated. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the Pool is with the State Treasurer and Idaho Code defines allowable investments. The fair value of the District’s investment in the Pool is the same as the value of the Pool shares. The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District 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 District’s investments at September 30, 2025, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
External Investment Pool	\$ 1,392,841	\$ 1,392,841	\$ -
Certificates of Deposit	1,202,677	1,202,677	-
	\$ 2,595,518	\$ 2,595,518	\$ -

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

	Governmental Activities
Cash and cash equivalents	\$ 471,101
Investments categorized as deposits	1,392,841
	\$ 1,863,942
Certificates of Deposit	\$ 1,202,677

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

3. RISK MANAGEMENT

The District 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, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

4. PROPERTY TAXES

The District 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 District by the County as of September 30, 2025, are considered a receivable by the District.

The District follows the Governmental Accounting Standards Board's rule in the recording of its property tax as a receivable. Taxes not collected within sixty days after September 30, 2025, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of sales tax funds of \$41,754.

6. JOINT POWERS AGREEMENT

The District has signed a Joint Powers Agreement with the City of Caldwell. This agreement is renewed annually. The City provides the District with fire and emergency medical services within the District. In return for this service, the District pays the City of Caldwell an annual fee. The District paid the City a total of \$2,440,060 during the year.

7. INTERFUND BALANCES AND ACTIVITY

The summary of balances due from other funds reported in fund financial statements as of September 30, 2025, are as follows:

\$ 14,716 Due to the general fund from the impact fee fund for reimbursement of expenditures

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2025, was as follows:

	<u>Balance</u> <u>9/30/2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2025</u>
<u>Governmental Activities:</u>				
Nondepreciable Capital Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Depreciable Capital Assets:				
Buildings	107,179	-	-	107,179
Improvements	106,402	28,316	-	134,718
Equipment	<u>1,304,310</u>	<u>517,687</u>	-	<u>1,821,997</u>
	<u>1,517,891</u>	<u>546,003</u>	-	<u>2,063,894</u>
Less: Accumulated Depreciation				
Buildings	51,963	2,330	-	54,293
Improvements	73,364	4,342	-	77,706
Equipment	<u>947,604</u>	<u>84,798</u>	-	<u>1,032,402</u>
Total Accumulated Depreciation	<u>1,072,931</u>	<u>91,470</u>	-	<u>1,164,401</u>
Net Depreciable Assets	<u>444,960</u>	<u>454,533</u>	-	<u>899,493</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 464,960</u>	<u>\$ 454,533</u>	<u>\$ -</u>	<u>\$ 919,493</u>

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

Governmental Activities:	
Public Safety	<u>\$ 91,470</u>

Caldwell Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2025

9. PRIOR PERIOD RESTATEMENT

In prior periods there were certain assets and deferred inflows that were misstated. This caused the Fund Balance and the Net Position to be misstated. There were certain capital assets that were understated by \$219,017 causing the Net Position to be understated by the same amount. There was revenue received on a contract that should have been deferred in prior years, for \$19,982. This caused Fund Balance and Net Position to be overstated by the same amount. There was also impact fee revenue that was overstated by \$221,320 causing deferred inflows to be understated.

Due to these items the Fund Balance and Net Position were restated as follows:

	<u>Fund Activities</u>
Fund Balance, Beginning - As Previously Stated	\$ 3,108,115
Decrease due to overstated revenue	(19,982)
Decrease due to deferred impact fee revenue	(221,320)
Fund Balance, Beginning - Restated	\$ 2,866,813

	<u>Governmental Activities</u>
Net Position, Beginning - As Previously Stated	\$ 3,633,108
Decrease due to overstated revenue	(19,982)
Decrease due to deferred impact fee revenue	(221,320)
Increase due to unrecorded PP fixed asset	219,017
Net Position, Beginning - Restated	\$ 3,610,823

REQUIRED SUPPLEMENTARY INFORMATION

Caldwell Rural Fire Protection District
 Budgetary Comparison Schedule (GAAP Basis)
 General Fund
 For the Year Ended September 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final		
Revenues					
Property Taxes	\$ 2,628,827	\$ -	\$ 2,628,827	\$ 2,614,545	\$ (14,282)
Intergovernmental	174,975	-	174,975	206,795	31,820
Impact Fees	-	-	-	12,540	12,540
Charges for Services	19,982	-	19,982	19,982	-
Earnings on Investments	-	-	-	110,066	110,066
Other	-	-	-	7,579	7,579
Total Revenues	<u>2,823,784</u>	<u>-</u>	<u>2,823,784</u>	<u>2,971,507</u>	<u>147,723</u>
Expenditures					
Current:					
City of Caldwell	2,600,385	-	2,600,385	2,440,060	160,325
Commissioners	7,090	-	7,090	4,600	2,490
Secretary/Treasurer	135,309	-	135,309	91,625	43,684
Taxes	-	-	-	45,508	(45,508)
Professional Services	104,420	-	104,420	24,074	80,346
Insurance	10,000	-	10,000	8,763	1,237
Supplies	10,234	-	10,234	1,649	8,585
Committed for FY 2026	2,451,039	-	2,451,039		
Repairs & Maintenance	10,703	-	10,703	7,519	3,184
Miscellaneous	52,502	-	52,502	36,012	16,490
Capital Outlay	358,367	-	358,367	337,726	20,641
Total Expenditures	<u>5,740,049</u>	<u>-</u>	<u>5,740,049</u>	<u>2,997,536</u>	<u>291,474</u>
Net Change in Fund Balances	<u>(2,916,265)</u>	<u>-</u>	<u>(2,916,265)</u>	<u>(26,029)</u>	<u>439,197</u>
Fund Balances - Beginning, p	2,916,265	-	2,916,265	2,886,796	(29,469)
Prior Period Adjustment	-	-	-	(19,982)	(19,982)
Fund Balance - Beginning	<u>2,916,265</u>	<u>-</u>	<u>2,916,265</u>	<u>2,866,814</u>	<u>(49,451)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,840,785</u>	<u>\$ 389,746</u>

Caldwell Rural Fire Protection District
Notes to Required Supplementary Information
For the Year Ended September 30, 2025

1. **BUDGETS AND BUDGETARY ACCOUNTING**

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

- A. Prior to September 1, the Board of Commissioners prepares a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally passed.
- D. The Board of Commissioners, by following the same budgetary procedures used to adopt the original budget, may amend it to a greater amount, if additional revenue will accrue to the District as a result of increases in state or federal grants or allocations, or as a result of an increase in revenues from any source other than ad valorem tax revenues.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund.
- F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Budgeted amounts are as originally adopted.
- H. Expenditures may not legally exceed budgeted appropriations at the fund level. The District does not use the encumbrance method of accounting.

2. **ACTUAL BUDGET RESULTS**

BUDGETARY REVENUES

Variance – final budget to actual:

The District have not budgeted for interest income. This caused a variance in Earnings on Investments of \$110,066.

Caldwell Rural Fire Protection District
Notes to Required Supplementary Information
For the Year Ended September 30, 2025

BUDGETARY EXPENDITURES

Variance – final budget to actual:

The District started the Notus Station project later during the year than expected. This caused a variance of \$160,325 for City of Caldwell expenditures.

FEDERAL REPORTS



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

Board of Commissioners
Caldwell Rural Fire Protection District
Notus, 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 and the fund information of the Caldwell Rural Fire Protection District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Caldwell Rural Fire Protection District's basic financial statements and have issued our report thereon dated May 8, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Caldwell Rural Fire Protection District'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 Caldwell Rural Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Caldwell Rural Fire Protection District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caldwell Rural Fire Protection District's financial statements are free of 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*.

Response to Findings

Caldwell Rural Fire District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Zwysart John & Associates, CPAs, PLLC

Nampa, Idaho
May 8, 2026

Caldwell Rural Fire
Schedule of Findings and Response
For the Year Ended September 30, 2025

Finding 2024-001

Material Weakness in Internal Control Over Financial Reporting—Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual that reconciles the bank accounts is also a signer on the bank accounts.

Context: We observed inadequate segregation of duties by reviewing an organizational chart, observing the bank reconciliation and review process, and through interviews of personnel and management.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the cash reconciliation activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Recommendation: Management and the council should consider a formal evaluation of their risks associated with this lack of duties segregation over cash reconciliation. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with a lack of segregation of duties, such as providing increased council oversight and an independent reconciliation of accounts. For example, the entity might consider soliciting the assistance of independent labor to perform certain functions including daily balancing and monthly reconciliations.

Management's Response: Management will work to put controls in place to make sure that the bank reconciliations are being done by someone who is not a signer on the accounts.