MIDDLETON RURAL FIRE DISTRICT

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended December 31, 2024

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Independent Auditor's Report

Board of Commissioners
Middleton Rural Fire District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middleton Rural Fire District (the District), as of and for the year ended December 31, 2024, 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 accompanying financial statements 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 Middleton Rural Fire District, as of December 31, 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 (GAAS) 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 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 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 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 GAAS 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 GAAS 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 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 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, the schedule of the District's proportionate share of the net pension liability, and the schedule of District's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the management's discussion and analysis that 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 August 13, 2025 on our consideration of the Middleton Rural Fire 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 solely 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 the effectiveness of 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 Middleton Rural Fire District's internal control over financial reporting and compliance.

Zwygart John and Associates CPAs, PLLC

Nampa, Idaho
August 13, 2025

Middleton Rural Fire District
Statement of Net Position
December 31, 2024

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 5,510,483
Receivables:	
Property Taxes, Net	2,430,075
Due from Other Governments	94,702
Interest	13,798
Prepaid Items	10,608
Capital Assets:	
Land	92,361
Construction in Progress	61,704
Buildings, Net	478,819
Equipment, Net	198,661
Vehicles, Net	1,157,258
Total Capital Assets	1,988,803
Total Assets	10,048,469
Deferred Outflows	
Pension Related Items	294,740
Total Deferred Outflows	294,740
Liabilities	
Accounts Payable	16,392
Payroll and Taxes Payable	61,635
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	95,927
Due in More Than One Year:	
Compensated Absences	95,926
Net Pension Liability	1,042,019
Total Liabilities	1,311,899
Deferred Inflows	
Unavailable Revenue - Property Taxes	2,785,728
Deferred Revenue - Impact Fees	1,114,561
Pension Related Items	18,914
Total Deferred Inflows	3,919,203
Net Position	
Invested in Capital Assets, Net of Related Debt	1,988,803
Restricted for:	
Debt Service	165,566
Unrestricted	2,957,738
Total Net Position	$ 5,112,107

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

Middleton Rural Fire District
Statement of Activities
For the Year Ended December 31, 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 Governmental Activities
Primary Government:					
Governmental Activities:					
Public Safety and Protection	$ 2,824,027	$ 66,896	$ 184,091	$ -	$ (2,573,040)
Total Governmental Activities	$ 2,824,027	$ 66,896	$ 184,091	$ -	(2,573,040)
General Revenues and Special Items:					
Property Taxes					2,702,544
Sales Taxes					127,586
Personal Property Replacement Taxes					13,786
Impact Fees					400,000
Other					74
Investment Earnings					126,217
Total General Revenues and Special Items					3,370,207
Change in Net Assets					797,167
Net Position, Beginning of Year					5,452,467
Prior Period Adjustment					(1,137,527)
Net Position, Beginning of Year					4,314,940
Net Position, End of Year					$ 5,112,107

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

Middleton Rural Fire District
Balance Sheet - Governmental Funds
December 31, 2024

	General	Impact Fee	Non Major Fund Debt Service	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 3,653,112	$ 1,692,591	$ 164,780	$ 5,510,483
Receivables:				
Property Taxes, Net	2,430,075	-	-	2,430,075
Due from Other Governments	31,363	63,339	-	94,702
Interest	13,012	-	786	13,798
Prepaid Items	10,608	-	-	10,608
Internal Balances	641,369	-	-	641,369
Total Assets	$ 6,779,539	$ 1,755,930	$ 165,566	$ 8,701,035
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts Payable	$ 16,392	$ -	$ -	$ 16,392
Payroll and Taxes Payable	61,635	-	-	61,635
Internal Balances	-	641,369	-	641,369
Total Liabilities	78,027	641,369	-	719,396
Deferred Inflows				
Deferred Revenue - Impact Fees	-	1,114,561	-	1,114,561
Unavailable Revenue - Property Taxes	2,828,778	-	-	2,828,778
Total Deferred Inflows	2,828,778	1,114,561	-	3,943,339
Fund Balances:				
Nonspendable	10,608	-	-	10,608
Restricted	-	-	165,566	165,566
Committed - Capital Purchases	2,089,003			2,089,003
Unassigned	1,773,123	-	-	1,773,123
Total Fund Balances	3,872,734	-	165,566	4,038,300
Total Liabilities, Deferred Inflows, and Fund Balances	$ 6,779,539	$ 1,755,930	$ 165,566	$ 8,701,035

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

Middleton Rural Fire District
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
December 31, 2024

Total Fund Balances - Governmental Funds		$ 4,038,300
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. The cost of assets consist of:		
Land	$ 92,361	
Construction in Progress	61,704	
Buildings, Net of $639,727 Accumulated Depreciation	478,819	
Equipment, Net of $268,210 Accumulated Depreciation	198,661	
Vehicles, Net of $1,065,695 Accumulated Depreciation	1,157,258	
		1,988,803
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.		43,050
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Compensated Absences		(191,853)
The District participates in the Public Employee 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	$ (1,042,019)	
Pension Related Deferred Outflows	294,740	
		(766,193)
Net Position of Governmental Activities		$ 5,112,107

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

Middleton Rural Fire District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2024

	General	Impact Fee	Non Major Fund Debt Service	Total Governmental Funds
Revenues				
Property Taxes	$ 2,700,277	$ -	$ -	$ 2,700,277
Sales Taxes	127,586	-	-	127,586
Personal Property Replacement Taxes	13,786	-	-	13,786
Charges for Services	66,896	-	-	66,896
Earnings on Investments	116,021	-	10,196	126,217
Grant Income	184,091	-	-	184,091
Impact Fees	-	400,000	-	400,000
Miscellaneous	74	-	-	74
Total Revenues	3,208,731	400,000	10,196	3,618,927
Expenditures				
Current:				
Payroll, Benefits, and Taxes	1,978,958	-	-	1,978,958
Operation and Maintenance	146,058	-	-	146,058
Insurance	29,220	-	-	29,220
Training	6,452	-	-	6,452
Repair and Maintenance	158,620	-	-	158,620
Utilities	20,839	-	-	20,839
Capital Outlay	296,746	400,000	-	696,746
Total Expenditures	2,636,893	400,000	-	3,036,893
Excess (Deficiency) of Revenues Over Expenditures	571,838	-	10,196	582,034
Other Financing Sources (Uses)				
Transfers In	106,386	-	-	106,386
Transfers Out	-	-	(106,386)	(106,386)
Total Other Financing Sources (Uses)	106,386	-	(106,386)	-
Net Change in Fund Balances	678,224	-	(96,190)	582,034
Fund Balances - Beginning, Previous	3,194,510	1,137,527	261,756	4,593,793
Prior Period Adjustment	-	(1,137,527)	-	(1,137,527)
Fund Balances - Beginning	3,194,510	-	261,756	3,456,266
Fund Balances - Ending	$ 3,872,734	$ -	$ 165,566	$ 4,038,300

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

Middleton Rural Fire 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 December 31, 2024

Total Net Change in Fund Balance - Governmental Funds		$ 582,034
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	$ 691,583	
Depreciation Expense	(290,241)	
Net		401,342
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.		2,267
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include changes in:		
Compensated Absences	$ (7,726)	
		(7,726)
The District participates in the Public Employee 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.		(180,750)
Change in Net Position of Governmental Activities		$ 797,167

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 Middleton Rural Fire District (the District), which has responsibility and control over all 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, except for fiduciary activities. 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.

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, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds, as applicable.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Impact Fee fund.* This fund is used to account for impact fees collected within the District and related use of the impact fees.

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 are 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 governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting and 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 District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Balances in prepaid expenditures, i.e. items that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions. Debt service and impact fees are restricted as required by state statute.
- *Committed.* Balances that can be used only for the specific purposes determined by a formal action of the government's highest level of decision -making authority, the District Commissioners. The District Commissioners need to formally adopt a Resolution in order to establish, modify, or rescind a fund balance commitment.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (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 and unrestricted net position/fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the District'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's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. All short-term surpluses are maintained in cash, state investment pools, and certificates of deposit. See Note 2.

Receivables

All trade and property tax receivables are shown net of any allowance for uncollectible accounts.

Property Tax Calendar

The District levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July 1. 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$5,000	Straight Line	10-40 Years
Equipment	$5,000	Straight Line	5-10 Years
Vehicles	$5,000	Straight Line	5-7 Years
Furniture	$5,000	Straight Line	10 Years

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

The District has no infrastructure to report.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 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.

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.

2. CASH AND INVESTMENTS

Deposits

As of December 31, 2024, the carrying amount of the District's deposits was $483,505 and the respective bank balances totaled $483,530. The entire 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 December 31, 2024, 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 for deposits.

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 custodial credit risk for investments.

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. The State Treasurer oversees the Pool and Idaho Code defines allowable investments. The fair value of the District's investments in the Pool is the same as the value of the Pool shares.

It is the District's policy to limit investments to the safest types of securities and to diversify the District's investment portfolio so that potential losses on securities will be minimized. 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 December 31, 2024, are summarized below:

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1 - 5
External Investment Pool	$5,026,978	$ 5,026,978	$ -
	$5,026,978	$ 5,026,978	$ -

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

	Governmental Activities
Cash and cash equivalents	$ 483,505
Investments categorized as deposits	5,026,978
	$ 5,510,483

3. PROPERTY TAXES

The Middleton Rural Fire District receives tax revenue from Canyon County and Gem County. The Counties are responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the Counties as of December 31, 2024, are considered as receivable by the District. Taxes not collected within 60 days after December 31, 2024, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular District employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Accumulated vacation is estimated as follows:

	12/31/2023	Increase	Decrease	12/31/2024	Current Portion
Governmental Activities	$ 184,127	$ 137,745	$ (130,019)	$ 191,853	$ 95,927

5. 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, 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, and professional liabilities.

6. OTHER COMMITMENTS

The District has credit cards available for use with a total credit limit of $13,500. $3,044 of the available credit was in use as of December 31, 2024.

7. INTERFUND BALANCES AND ACTIVITY

The summary of balances due from other funds reported in fund financial statements as of December 31, 2024, are as follows:

$ 641,369	Due to the General Fund from the Impact Fees Fund for capital expenditures.

8. JOINT POWERS AGREEMENT

In 2019 The District entered into a Joint Powers Agreement (JPA) with the Star Fire Protection District. As part of the JPA, the District will obtain administrative services from the Star Fire Protection District. The District paid for services rendered $404,136 during the year ending December 31, 2024, which includes amounts paid as part of the JPA and for maintenance of District assets.

9. TRANSFERS

The Debt Service fund transferred $106,386 to the General fund to reimburse for capital outlay.

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Additions	Disposals	Balance 12/31/2024
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$ 92,361	$ -	$ -	$ 92,361
Construction in Progress	243,563	13,837	(195,696)	61,704
Total Nondepreciated Assets	335,924	13,837	(195,696)	154,065
Depreciable Capital Assets:				
Buildings and Improvements	1,142,250	-	(23,704)	1,118,546
Equipment	344,186	202,500	(79,815)	466,871
Vehicles	1,575,926	677,027	(30,000)	2,222,953
Total Historical Cost	3,062,362	879,527	(133,519)	3,808,370
Less: Accumulated Depreciation				
Buildings and Improvements	627,369	29,977	(17,619)	639,727
Equipment	301,923	46,102	(79,815)	268,210
Vehicles	881,533	214,162	(30,000)	1,065,695
Total Accumulated Depreciation	1,810,825	290,241	(127,434)	1,973,632
Net Depreciable Capital Assets	1,251,537	589,286	(6,085)	1,834,738
Governmental Activities Capital Assets – Net	$ 1,587,461	$ 603,123	$ (6,085)	$ 1,988,803

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

Governmental Activities:	
Public Safety and Protection	$ 290,241

11. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units include state sales tax of $ 31,363 from the State of Idaho and impact fees of $ 63,339 from the City of Middleton, for a total of $ 94,702

12. PENSION PLAN

Plan Description

The Middleton Rural Fire District contributes to the Base Plan which is a cost-sharing multiple-employer defined-benefit pension plan administered by the 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 by 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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2023, it was 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 District's contributions were $162,450 for the year ended December 31, 2024.

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

At December 31, 2024, the District 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 District's proportion of the net pension liability was based on the District'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 District's proportion was 0.0278567 percent.

For the year ended December 31, 2024, the District recognized pension expense (revenue) of $343,199. At December 31, 2024, the District 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	$ 165,899	$ -
Changes in assumptions or other inputs	41,280	-
Net difference between projected and actual earnings on pension plan investments	-	18,914
The Middleton Rural Fire District's contributions subsequent to the measurement date	87,561	-
Total	$ 294,740	$ 18,914

$87,561 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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, 2024, the beginning of the measurement period ended June 30, 2024, is 4.6 and 4.6 for the measurement period ended 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 December 31:	PERSI
2025	$ 138,991
2026	194,287
2027	(33,504)
2028	(23,948)

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 expense
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%.
Teachers – Males Pub-2010 Teacher Tables, increased 12%.
Teachers – Females Pub-2010 Teacher Tables, increased 21%.
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 – Female 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. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	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 District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the District'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%)
The District's proportionate share of the net pension liability (asset)	$ 1,980,161	$ 1,042,019	$ 275,796

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.

12. RESTATEMENT

In prior years the deferred revenue of impact fees was understated by $1,137,527 causing the Fund Balance and Net Position to be overstated by the same. Fund Balance and Net Position were restated as follows:

	Governmental Funds
Fund Balance, Beginning, As Previously Stated	$ 4,623,544
Decrease in Fund Balance Due to Understated Deferred Revenue	(1,137,527)
Fund Balance, Beginning, Restated	$ 3,486,017

	Government Wide
Net Position, Beginning, As Previously Stated	$ 5,482,218
Decrease in Net Position cause by Deferred Revenue understatement	(1,137,527)
Net Position, Beginning, Restated	$ 4,344,691

REQUIRED SUPPLEMENTARY INFORMATION

Middleton Rural Fire District
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 2,713,399	$ 2,713,399	$ 2,841,649	$ 128,250
Charges for Services	10,000	10,000	66,896	56,896
Earnings on Investments	5,000	5,000	116,021	111,021
Grant Income	10,000	10,000	184,091	174,091
Miscellaneous	-	-	74	74
Total Revenues	2,738,399	2,738,399	3,208,731	470,332
Expenditures				
Current:				
Payroll, Benefits, and Taxes	2,208,473	2,208,473	1,978,958	229,515
Operation and Maintenance	151,500	151,500	146,058	5,442
Insurance	36,000	36,000	29,220	6,780
Training	27,500	27,500	6,452	21,048
Repair and Maintenance	144,500	144,500	158,620	(14,120)
Utilities	11,300	11,300	20,839	(9,539)
Capital Outlay	312,000	312,000	296,746	15,254
Total Expenditures	2,891,273	2,891,273	2,636,893	254,380
Excess (Deficiency) of Revenues Over Expenditures	(152,874)	(152,874)	571,838	724,712
Other Financing Sources (Uses)				
Transfers In	-	-	106,386	106,386
Total Other Financing Sources (Uses)	-	-	106,386	106,386
Net Change in Fund Balances	(152,874)	(152,874)	678,224	215,952
Fund Balances - Beginning	152,874	152,874	3,194,510	3,041,636
Fund Balances - Ending	$ -	$ -	$ 3,872,734	$ 3,257,588

Middleton Rural Fire District
Budgetary (GAAP Basis) Comparison Schedule
Impact Fees Fund
For the Year Ended December 31, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Impact Fee Revenue	$ 400,000	$ 400,000	$ 400,000	$ -
Total Revenues	400,000	400,000	400,000	-
Expenditures				
Current:				
Capital Outlay	400,000	400,000	400,000	-
Total Expenditures	400,000	400,000	400,000	-
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning, Previous	-	-	1,137,527	-
Prior Period Adjustment	-	-	(1,137,527)	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	$ -	$ -	$ -	$ -

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 the following January 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 January 1, the budget is legally passed.

D. The District is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The District, however, must follow the same budgetary procedures as they followed when the original budget was approved.

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 during the fiscal year ended December 31, 2024.

H. Expenditures may not legally exceed budgeted appropriations at the fund level. The District does not use the encumbrance method of accounting.

Middleton Rural Fire District
Schedules of Required Supplementary Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years*

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

Year	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered-employee payroll	District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as percentage of the total pension liability
2024	0.0278567%	$ 1,042,019	$ 1,179,757	88.32%	85.54%
2023	0.0279013%	1,113,448	1,177,466	94.56%	83.83%
2022	0.0280395%	1,104,406	1,118,912	98.70%	83.09%
2021	0.0247024%	(19,509)	971,749	-2.01%	100.36%
2020	0.0231602%	537,810	853,459	63.02%	88.22%
2019	0.0224063%	255,762	809,983	31.58%	93.79%
2018	0.0044557%	65,722	476,210	13.80%	91.69%

Data reported is measured as of June 30, 2024.

Schedule of District Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 162,450	$ 162,450	$ -	$ 1,179,757	13.77%
2023	149,385	149,385	-	1,177,466	12.69%
2022	137,233	137,233	-	1,118,912	12.26%
2021	119,164	119,164	-	971,749	12.26%
2020	104,641	104,641	-	853,459	12.26%
2019	96,450	96,450	-	809,983	11.91%
2018	55,450	55,450	-	476,210	11.64%

Data reported is measured as of December 31, 2024.

* GASB Statement No. 68 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, Middleton Rural Fire Protection District will present information for those years for which information is available.

FEDERAL REPORTS

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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*

Board of Commissioners
Middleton Rural Fire District
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 and each major fund of the Middleton Rural Fire District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Middleton Rural Fire District's basic financial statements, and have issued our report thereon dated August 13, 2025.

Internal Control Over Financial Reporting

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

Zwygart John and Associates CPAs, PLLC

Nampa, Idaho
August 13, 2025