STAR SEWER & WATER DISTRICT

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended November 30, 2024

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Independent Auditor's Report

Board of Directors
Star Sewer and Water District
Star, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Star Sewer and Water District (the District), as of and for the year ended November 30, 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fund information of Star Sewer and Water District, as of November 30, 2024,and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

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 Star Sewer and Water 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Star Sewer and Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Star Sewer and Water 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 Star Sewer and Water 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 schedule of District's proportionate share of the net pension liability, and schedule of District contributions on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 July 28, 2025, on our consideration of Star Sewer and Water 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 Star Sewer and Water District's internal control over financial reporting and compliance.

Zwygart John & Associates CPAs, PLLC

Nampa, Idaho
July 28, 2025

Star Sewer & Water District
Statement of Net Position -
Proprietary Funds
November 30, 2024

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 32,897,442
Interest Receivable	75,000
Customer Receivables, Net	689,460
Accounts Receivable	5,456,038
Taxes Receivable, Net	13,430
Prepaids	29,522
Total Current Assets	39,160,892
Noncurrent Assets:	
Capital Assets:	
Land and Construction in Progress	377,321
Buildings and Improvements, Net	633,646
Infrastructure, Net	46,307,720
Equipment and Vehicles, Net	1,622,666
Total Capital Assets	48,941,353
Total Assets	88,102,245
Deferred Outflows	
Pension	293,724
Liabilities	
Current Liabilities:	
Accounts Payable	752,233
Payroll Liabilities	17,348
Compensated Absences	39,520
Accrued Interest	90,737
Notes Payable - Current Portion	806,759
Total Current Liabilities	1,706,597
Long-Term Liabilities:	
Notes Payable	28,308,917
Net Pension Liability	1,088,432
Total Liabilities	31,103,946
Deferred Inflows	
Pension	19,757
Net Position	
Net Investment in Capital Assets	19,825,677
Unrestricted (Deficit) Surplus	37,446,589
Total Net Position	$ 57,272,266

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

Star Sewer & Water District
Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended November 30, 2024

Operating Revenues	
Charges for Services	$ 17,230,651
Grant Revenue	51,000
Lease Revenue	11,000
Miscellaneous	1,782,115
Total Operating Revenues	19,074,766
Operating Expenses	
Salaries and Benefits	2,569,997
Services and Supplies	2,609,937
Insurance Premiums	107,567
Repairs and Maintenance	612,476
Depreciation	1,974,175
Total Operating Expenses	7,874,152
Operating Income (Loss)	11,200,614
Nonoperating Revenues (Expenses)	
Property Taxes	1,039,481
Interest Income	564,060
Interest Expense	(518,529)
Gain (Loss) on Disposal of Assets	66,000
Total Nonoperating Revenue (Expenses)	1,151,012
Change in Net Position	12,351,626
Net Position - Beginning	44,920,640
Net Position - Ending	$ 57,272,266

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

Star Sewer & Water District
Statement of Cash Flows -
Proprietary Funds
For the Year Ended November 30, 2024

Cash Flows From Operating Activities	
Receipts from Customers	$ 15,288,997
Payments to Employees for Services	(2,342,212)
Payments to Suppliers for Goods or Services	(2,947,648)
Net Cash Provided (Used) by Operating Activities	9,999,137
Cash Flows From Noncapital Financing Activities	
Property Taxes	1,032,867
Net Cash Provided (Used) by Noncapital Financing Activities	1,032,867
Cash Flows From Capital and Related Financing Activities	
Purchases of Property and Equipment	(1,362,616)
Sale of Capital Assets	66,000
Principal Paid on Capital Debt	(804,057)
Interest Paid on Capital Debt	(482,353)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,583,026)
Cash Flows From Investing Activities	
Interest Received	525,842
Net Cash from Investing Activities	525,842
Net Increase (Decrease) in Cash and Cash Equivalents	8,974,820
Cash and Cash Equivalents, Beginning	23,922,622
Cash and Cash Equivalents, Ending	$ 32,897,442
Displayed As:	
Cash and Cash Equivalents	$ 32,897,442
Schedule of Noncash transactions:	
Interest Paid	$ 482,353

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

Star Sewer & Water District
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended November 30, 2024

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	$ 11,200,614
Adjustment to Reconcile Operating Income (Loss) to Net Income Provided (Used) by Operating Activities:	
Depreciation and Amortization	1,974,175
(Increase) Decrease in Accounts Receivable	(3,785,769)
(Increase) Decrease in Deferred Outflows - Pension	149,165
Increase (Decrease) in Accounts Payable	382,332
Increase (Decrease) in Accrued Payroll and Benefits	8,684
Increase (Decrease) in Compensated Absences	1,228
Increase (Decrease) in Net Pension Liability	48,951
Increase (Decrease) in Deferred Inflows - Pension	19,757
Net Cash Provided (Used) by Operating Activities	$ 9,999,137

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Star Sewer and Water District (the District) was created on April 24, 1967 and receives its authority under Chapter 32 of Title 42, Idaho Code. The District operates under a board of director's form of government. The District was created for the purpose of providing for water and sewage disposal by constructing and installing a public water and sewage system and to provide water and sewer service to the territory encompassed within the District.

The District receives some funding from local 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.

The accounting policies of the Star Sewer and Water District conform to generally accepted accounting principles as applicable to governments.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the District and providing services to the City of Star. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds presents a comparison between direct expenses and program revenues for each function of the District's proprietary activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the District related to the administration and support of the District's programs, such as personnel and accounting - are allocated to programs.

- 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.

The District has the following major enterprise fund:

- *Sewer and Water fund.* This fund accounts for the activities of the District's water and sewer supply system, pumping stations, sewage treatment plant, and collection systems. All projects for the District are combined into one fund.

Basis of Accounting

The proprietary 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.

Non-exchange 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.

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 available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets and Liabilities

Cash and Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk/Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

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.

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 proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$25,000	Straight-Line	15 - 30 Years
Infrastructure	$25,000	Straight-Line	8 – 50 Years
Intangible Assets	$5,000	Straight-Line	5 – 15 Years
Equipment and Vehicles	$5,000	Straight-Line	5 – 15Years

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

Accounts Receivable

Because liens can be placed on property for uncollected receivables, the allowance is believed to be zero.

Compensated Absences

The District uses the vesting method to compute compensated absences awarded to employees.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of November 30, 2024, the carrying amount of the District's deposits was $14,116,998 and the respective bank balances totaled $14,214,374. 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 November 30, 2024, All of the District's deposits were covered by 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 was not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk for deposits. The District also had $250 of petty cash on hand at the end of the year.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The 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. 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 November 30, 2024, are summarized below:

		Investment Maturities (in Years)	
Investment	Fair Value	Less Than 1	1-5
External Investment Pool	$ 18,780,194	$ 18,780,194	$ -

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

Cash and Cash Equivalents	$ 14,117,248
Investments categorized as deposits	18,780,194
	$ 32,897,442

3. PROPERTY TAXES

Star Sewer and Water District receives tax revenue from both Ada and Canyon 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 November 30, 2024, are considered a receivable by the District. Taxes not collected within 60 days after November 30, 2024, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

4. PENSION PLAN

Plan Description

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

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. 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, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. Star Sewer and Water District's contributions were $172,528 for the year ended November 30, 2024.

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

At November 30, 2024, Star Sewer and Water 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. Star Sewer and Water District's proportion of the net pension liability was based on Star Sewer and Water 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, Star Sewer and Water District's proportion was 0.02909743 percent.

For the year ended November 30, 2024, Star Sewer and Water District recognized pension expense/ (revenue) of $390,398. At November 30, 2024, Star Sewer and Water 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	$ 173,288	$ -
Changes in assumptions or other inputs	43,118	-
Net difference between projected and actual earnings on pension plan investments	-	19,757
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
The District's contributions subsequent to the measurement date	77,318	-
Total	$ 293,724	$ 19,757

$77,318 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending November 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024, the beginning of the measurement period ended June 30, 2023, is 4.6 years and 4.6 for the measurement period June 30, 2024.

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

For the Year Ended November 30:	PERSI
2025	$ 131,038
2026	202,941
2027	(34,997)
2028	(25,015)

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-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, increase 38%
- Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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 Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 2,068,359	$ 1,088,432	$ 288,081

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.

5. LONG-TERM OBLIGATIONS

The District has obtained a DEQ loan for improvements and upgrades to their wastewater treatment plant. Changes in long-term obligations for the year ended November 30, 2024, are as follows:

Description	Maturity	Rate	11/30/23	Increase	Decrease	11/30/24	Current Portion	Reserve
WW1805	2054	1.75%	$29,919,733	$ -	$ (804,057)	$29,115,676	$ 806,759	$128,641
			$29,919,733	$ -	$ (804,057)	$29,115,676	$ 806,759	$128,641

Debt Service requirements on long-term debt at November 30, 2024, for the WW1805 loan are as follows:

Year Ending November 30,	Principal	Interest	Total
2025	$ 806,759	$ 479,650	$ 1,286,409
2026	818,358	468,052	1,286,410
2027	832,055	454,354	1,286,409
2028	845,981	440,428	1,286,409
2029	860,141	426,269	1,286,410
2030 - 2034	4,521,531	1,910,515	6,432,046
2035 - 2039	4,912,805	1,519,241	6,432,046
2040 - 2044	5,337,938	1,094,108	6,432,046
2045 - 2049	5,799,861	632,186	6,432,047
2050 - 2054	4,380,247	146,417	4,526,664
	$ 29,115,676	$ 7,571,220	$ 36,686,896

$518,529 of interest was incurred and expensed during the year ended November 30, 2024.

6. 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:

11/30/2023	Increase	Decrease	11/30/2024	Current Portion
$ 38,292	$ 58,701	$ 57,473	$ 39,520	$ 39,520

7. 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.

8. CAPITAL ASSETS

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

	11/30/2023	Additions	Disposals	11/30/2024
Capital Assets Not Being Depreciated:				
Land	$ 377,321	$ -	$ -	$ 377,321
Construction in Progress	3,851,488	-	(3,851,488)	-
	4,228,809	-	(3,851,488)	377,321
Capital Assets Being Depreciated:				
Buildings and Improvements	787,217	49,230	-	836,447
Intangible Assets	18,278	-	-	18,278
Infrastucture	57,741,104	4,992,500	(440,600)	62,293,004
Equipment and Vehicles	2,651,625	172,374	(1,417)	2,822,582
Total Historical Cost	61,198,224	5,214,104	(442,017)	65,970,311
Less: Accumulated Depreciation				
Buildings and Improvements	178,186	24,615	-	202,801
Intangible Assets	18,278	-	-	18,278
Infrastucture	14,744,124	1,681,760	(440,600)	15,985,284
Equipment and Vehicles	933,533	267,800	(1,417)	1,199,916
Total Acc. Depr.	15,874,121	1,974,175	(442,017)	17,406,279
Net Depreciable Assets	45,324,103	3,239,929	-	48,564,032
Capital Assets - Net	$ 49,552,912	$ 3,239,929	$ (3,851,488)	$ 48,941,353

9. OTHER COMMITTMENTS

The District has credit cards available for use with limits totaling $17,200. As of November 30, 2024, $335 of the available credit was in use.

10. RELATED PARTY TRANSACTIONS

The District indirectly conducted business with Jack Kirtley, Chairman of the board, through businesses where he is partial owner. This includes purchases made from the Star Mercantile. For the 2024 fiscal year, the District paid Star Mercantile $9,991.

REQUIRED SUPPLEMENTARY INFORMATION

Star Sewer & Water District
Schedules of Required Supplemental 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 a percentage of the total pension liability
2024	0.0290974%	$ 1,088,432	$ 1,497,812	72.67%	85.54%
2023	0.0260478%	1,039,481	1,267,053	82.04%	83.83%
2022	0.0208713%	822,070	948,346	86.68%	83.09%
2021	0.0179697%	(14,192)	678,225	-2.09%	100.36%
2020	0.0172157%	399,771	636,611	62.80%	88.22%
2019	0.0169446%	193,418	594,451	32.54%	93.79%
2018	0.0145051%	213,953	518,531	41.26%	91.69%
2017	0.0137631%	216,332	433,405	49.91%	90.68%
2016	0.0135244%	274,160	408,888	67.05%	87.26%
2015	0.0132829%	174,914	383,596	45.60%	91.38%

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	Contributions deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 172,528	$ 172,528	$ -	1,497,812	11.52%
2023	146,948	146,948	-	1,267,053	11.60%
2022	113,237	113,237	-	948,346	11.94%
2021	80,984	80,984	-	678,225	11.94%
2020	76,016	76,016	-	636,611	11.94%
2019	68,897	68,897	-	594,451	11.59%
2018	58,701	58,701	-	518,531	11.32%
2017	49,067	49,067	-	433,405	11.32%
2016	46,290	46,290	-	408,888	11.32%
2015	43,427	43,427	-	383,596	11.32%

Data reported is measured as of November 30, 2024

FEDERAL REPORTS

ZWYGART JOHN
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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 Directors
Star Sewer and Water District
Star, 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 business-type activities and the fund information of Star Sewer and Water District, as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise Star Sewer and Water District's basic financial statements, and have issued our report thereon dated July 28, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Star Sewer and Water 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 Star Sewer and Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Star Sewer and Water 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 Star Sewer and Water 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
July 28, 2025