CITY OF STAR, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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Independent Auditor's Report

Honorable Mayor
and City Council
City of Star, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Star, Idaho (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and each major fund of the City of Star, Idaho, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Star 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 the City of Star's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Star, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Star, Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the City's proportionate share of Net Pension Liability, and the schedule of City contributions on pages 26 through 29 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Star, Idaho's basic financial statements. The supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2025 on our consideration of the City of Star, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Star, Idaho's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
September 2, 2025

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

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 15,646,745
Receivables, Net:	
Property Taxes	38,161
Accounts	270,478
Interest	42,327
Other Receivables	87,324
Due From Other Governments	409,667
Prepaid Expenses	106,737
Capital Assets:	
Land and Construction in Progress	5,511,540
Building, Net	3,042,730
Furniture, Fixtures, and Equipment, Net	940,331
Improvements, Net	6,220,121
Total Capital Assets	15,714,722
Total Assets	32,316,161
Deferred Outflows	
Pension Related Items	245,575
Total Deferred Outflows	245,575
Liabilities	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	50,003
Land Use Bonds Payable	267,593
Long-Term Liabilities:	
Due in More than One Year:	
Net Pension Liability	1,015,542
Total Liabilities	1,333,138
Deferred Inflows	
Pension Related Items	18,434
Total Deferred Inflows	18,434
Net Position	
Invested in Capital Assets, Net of Related Debt	15,714,722
Unrestricted (Deficit) Surplus	15,495,442
Total Net Position	$ 31,210,164

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

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

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position - Governmental Activities
Primary Government:					
Governmental Activities:					
General Administrative	$ 12,532,635	$ 16,483,709	$ 466,598	$ -	$ 4,417,672
Parks and Recreation	1,258,906	2,542,639	-	-	1,283,733
Police	2,885,042	-	-	-	(2,885,042)
Total Governmental Activities	$ 16,676,583	$ 19,026,348	$ 466,598	$ -	2,816,363
General Revenues:					
Property Taxes					1,942,017
State Sources					2,213,910
Other					452,242
Unrestricted Investment Earnings					506,369
Total General Revenues and Special Items					5,114,538
Change in Net Position					7,930,901
Net Position, Beginning of Year					23,279,263
Net Position, End of Year					$ 31,210,164

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

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

	General	Park Impact Fees	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 15,646,745	$ -	$ 15,646,745
Receivables, Net:			
Property Taxes	38,161	-	38,161
Accounts	270,478	-	270,478
Interest	42,327	-	42,327
Other Receivables	87,324	-	87,324
Due From Other Governments	409,667	-	409,667
Prepaid Expenses	106,737	-	106,737
Total Assets	$ 16,601,439	$ -	$ 16,601,439
Liabilities			
Accounts Payable	$ 50,003	$ -	$ 50,003
Land Use Bond Payable	267,593	-	267,593
Total Liabilities	317,596	-	317,596
Deferred Inflows			
Unearned Revenue - Property Taxes	34,169	-	34,169
Total Deferred Inflows	34,169	-	34,169
Fund Balances			
Nonspendable:			
Prepaid Items	106,737	-	106,737
Unassigned	16,142,937	-	16,142,937
Total Fund Balance	16,249,674	-	16,249,674
Total Liabilities, Deferred Inflows, and Fund Balances	$ 16,601,439	$ -	$ 16,601,439

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

City of Star, Idaho
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 16,249,674
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:		
Land and Construction in Progress	$ 5,511,540	
Buildings, Net of $1,000,937 Accum. Depr.	3,042,730	
Furniture, Fixtures, and Equip., Net of $659,343 Accum. Depr.	940,331	
Improvements, Net of $1,656,837 Accum. Depr.	6,220,121	
		15,714,722
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.		34,169
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (1,015,542)	
Pension Related Deferred Outflows	245,575	
		(788,401)
Net Position of Governmental Activities		$ 31,210,164

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

City of Star, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Government Funds
For the Year Ended September 30, 2024

	General	Park Impact Fees	Total Governmental Funds
Revenues			
Property Taxes	$ 1,932,536	$ -	$ 1,932,536
Charges for Services	6,300,935	-	6,300,935
Fees	10,527,813	2,197,600	12,725,413
Intergovernmental	2,213,910	-	2,213,910
Grants and Contributions	454,691	11,907	466,598
Interest Income	506,369	-	506,369
Other	447,821	371	448,192
Leases	4,050	-	4,050
Total Revenues	22,388,125	2,209,878	24,598,003
Expenditures			
Current:			
General Administrative	11,787,371	-	11,787,371
Parks and Recreation	1,605,455	-	1,605,455
Police	2,885,042	-	2,885,042
Capital Outlay	4,962,731	-	4,962,731
Total Expenditures	21,240,599	-	21,240,599
Excess (Deficiency) of Revenues Over Expenditures	1,147,526	2,209,878	3,357,404
Other Financing Resources (Uses)			
Transfers In	4,383,470	-	4,383,470
Transfers Out	-	(4,383,470)	(4,383,470)
Total Other Financing Sources (Uses)	4,383,470	(4,383,470)	-
Net Change in Fund Balances	5,530,996	(2,173,592)	3,357,404
Fund Balances - Beginning	10,718,678	2,173,592	12,892,270
Fund Balances - Ending	$ 16,249,674	$ -	$ 16,249,674

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

City of Star, Idaho
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2024

Total Net Change in Fund Balances - Governmental Funds		$ 3,357,404
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	$ 5,248,359	
Depreciation Expense	(489,818)	
Net		4,758,541
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		9,481
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.		(194,525)
Change in Net Position of Governmental Activities		$ 7,930,901

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of City of Star, Idaho (the City). The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. 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 City's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City, 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 non-exchange transactions

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt) - are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds would be aggregated and reported as nonmajor funds. However, the City only has two funds which are both major funds.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Park Impact Fee fund.* This fund accounts for impact fees collected for the city's parks.

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.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Property Tax Calendar

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The City uses the following fund balance categories in the governmental fund financial statements:

- *Nonspendable*. Balances of funds unavailable to be spent.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Assigned.* Funds assigned by management for specific purposes.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classifications (restricted, and committed) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets/fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Clerk. For presentation in the financial statements, investments in cash, external investment pool, and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. See Note 2.

Accounts Receivable

All receivables are shown net of an allowance for uncollectible accounts. As of September 30, 2024, there is no allowance for bad debt.

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 are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$1,000	Straight-Line	5 – 40 Years
Furniture, Fixtures, and Equip.	$1,000	Straight-Line	5 – 15 Years

The City has elected not to report major general infrastructure assets retroactively. Also, the City does not report roads and highways. The infrastructure is maintained and owned by Ada County Highway District (ACHD), a taxing entity. The City has no control over ACHD. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

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 September 30, 2024, the carrying amount of the City's deposits was $10,506,931 and the respective bank balances totaled $11,455,701. $1,250,566 of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, $1,250,566 of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and $10,205,135 were exposed to custodial credit risk. The City does not have a formal policy limiting its exposure to custodial credit risk. The City also had $471 of cash on hand at the end of the year.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool which is not 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 City's investment in the pool is the same as the value of the pool shares. The City follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

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

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1 - 5
External Investment Pool	$ 3,006,070	$ 3,006,070	$ -
Certificate of Deposit	2,133,273	2,133,273	-
	$ 5,139,343	$ 5,139,343	$ -

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

	Governmental Activities
Cash and cash equivalents	$ 10,507,402
Investments categorized as deposits	5,139,343
	$ 15,646,745

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of $409,667.

4. EMPLOYEE BENEFITS

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. However, vacation leave does not accumulate beyond year-end. Employees must use it or lose it.

5. PROPERTY TAXES

The City receives tax revenue from Ada County and Canyon County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2024, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

6. CAPITAL ASSETS

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

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 1,609,411	$ -	$ -	$ 1,609,411
Construction in Progress	2,438,141	3,902,129	(2,438,141)	3,902,129
Total Historical Cost	4,047,552	3,902,129	(2,438,141)	5,511,540
Capital Assets Being Depreciated:				
Buildings	3,151,718	891,949	-	4,043,667
Furniture, Fixtures, and Equip.	1,482,495	117,179	-	1,599,674
Improvements	5,090,047	2,789,911	-	7,879,958
Total Historical Cost	9,724,260	3,799,039	-	13,523,299
Less: Accumulated Depreciation				
Buildings	913,942	86,995	-	1,000,937
Furniture, Fixtures, and Equip.	504,720	154,623	-	659,343
Improvements	1,408,637	248,200	-	1,656,837
Total Acc. Depr.	2,827,299	489,818	-	3,317,117
Total Capital Assets Being Depreciated, Net	6,896,961	3,309,221	-	10,206,182
Governmental Activities Capital Assets – Net	$ 10,944,513	$ 7,211,350	$ (2,438,141)	$ 15,717,722

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

Governmental Activities:	
General Administrative	$ 237,743
Parks	252,075
Total	$ 489,818

7. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) workers' 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. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. 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. The City of Star, Idaho's contributions were $161,088 for the year ended September 30, 2024.

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

At September 30, 2024, the City of Star, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City of Star, Idaho's proportion of the net pension liability was based on the City of Star, Idaho's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City of Star, Idaho's proportion was 0.0271489 percent.

For the year ended September 30, 2024, the City of Star, Idaho recognized pension expense/(revenue) of $367,280. At September 30, 2024, the City of Star, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 161,683	$ -
Changes in assumptions or other inputs	40,231	-
Net difference between projected and actual earnings on pension plan investments	-	18,434
City of Star, Idaho's contributions subsequent to the measurement date	43,661	-
Total	$ 245,575	$ 18,434

$43,661 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

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

For the Year Ended September 30:	PERSI
2025	$ 93,784
2026	189,351
2027	(32,653)
2028	(23,341)

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	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.

Asset Class	DB Plans
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 (asset) 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 (asset). 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 (asset) calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability (asset) 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)	$ 1,929,847	$ 1,015,542	$ 268,789

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.

9. DEFERRED COMPENSATION PLAN (457)

Permanent employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Employees are eligible for the 457 plan after six months of employment at which time the City will contribute $375 per month per full time employee and part-time employees $188. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until withdrawal at a later date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The City has no liability for losses under the plan but it does have the obligation of due care in selecting the third-party administrator. The deferred compensation plan is administered by The Hartford, an unrelated organization. City of Star, Idaho’s employer contributions paid were $18,000 for the year ended September 30, 2024.

10. COUNCIL DESIGNATIONS

The City has set aside a scholarship fund of $8,810 for local students.

11. OTHER COMMITMENTS

The City has credit cards with credit limits totaling $50,000 of which, $10,458 was in use as of September 30, 2024.

12. TRANSFERS

Transfers between funds were as follows:

$ 4,383,470	Transfer from the Impact Fee fund to the General Fund
$ 4,383,470	

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 1,869,337	$ 1,869,337	$ 1,932,536	$ 63,199
Charges for Services	1,595,331	1,595,331	6,300,935	4,705,604
Fees	4,799,964	4,799,964	10,527,813	5,727,849
Intergovernmental	1,797,729	1,797,729	2,213,910	416,181
Grants and Contributions	634,028	634,028	454,691	(179,337)
Interest Income	100,000	100,000	506,369	406,369
Other	321,000	321,000	447,821	126,821
Leases	-	-	4,050	4,050
Total Revenues	11,117,389	11,117,389	22,388,125	11,270,736
Expenditures				
Current:				
General Administrative	7,564,635	7,564,635	11,787,371	(4,222,736)
Parks and Recreation	862,150	862,150	1,605,455	(743,305)
Police	2,838,829	2,838,829	2,885,042	(46,213)
Capital Outlay	1,444,300	1,444,300	4,962,731	(3,518,431)
Total Expenditures	12,709,914	12,709,914	21,240,599	(8,530,685)
Excess (Deficiency) of Revenues Over Expenditures	(1,592,525)	(1,592,525)	1,147,526	2,740,051
Other Financing Resources (Uses)				
Transfers In	2,325,000	2,325,000	4,383,470	(2,058,470)
Transfers Out	(732,475)	(732,475)	-	(732,475)
Total Other Financing Resources (Uses)	1,592,525	1,592,525	4,383,470	(2,790,945)
Change in Fund Balances	-	-	5,530,996	(50,894)
Fund Balances - Beginning	-	-	10,718,678	10,718,678
Fund Balances - Ending	$ -	$ -	$ 16,249,674	$ 10,667,784

City of Star, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Park Impact Fee Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Fees	$ 1,025,000	$ 1,025,000	$ 2,197,600	$ 1,172,600
Grants and Contributions	-	-	11,907	11,907
Other	-	-	371	371
Total Revenues	1,025,000	1,025,000	2,209,878	1,184,878
Expenditures				
Current:				
Parks and Recreation	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	1,025,000	1,025,000	2,209,878	1,184,878
Other Financing Resources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(1,025,000)	(1,025,000)	(4,383,470)	3,358,470
Total Other Financing Resources (Uses)	(1,025,000)	(1,025,000)	(4,383,470)	3,358,470
Change in Fund Balances	-	-	(2,173,592)	4,543,348
Fund Balances - Beginning	-	-	2,173,592	2,173,592
Fund Balances - Ending	$ -	$ -	$ -	$ 6,716,940

1. BUDGETS AND BUDGETARY ACCOUNTING

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

A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at the City Hall to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.

E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The General fund had expenditures that exceeded appropriations by $8,530,685.

City of Star, Idaho
Schedules of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the City of Star's Share of Net Pension Liability (Asset)

Year	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered-employee payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.0271489%	$ 1,015,542	$ 1,419,443	71.55%	85.54%
2023	0.0241842%	965,112	1,067,866	90.38%	83.83%
2022	0.0191166%	752,957	813,464	92.56%	83.09%
2021	0.0067886%	(5,362)	431,125	-1.24%	100.36%

Data reported is measured as of June 30, 2024

Schedule of the City of Star's Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	City's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 161,088	$ 161,088	-	$ 1,419,443	11.35%
2023	125,754	125,754	-	1,067,866	11.78%
2022	97,127	97,127	-	813,464	11.94%
2021	51,476	51,476	-	431,125	11.94%

Data reported is measured as of September 30, 2024

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Star, Idaho will present information for those years for which information is available.

SUPPLEMENTAL INFORMATION

City of Star, Idaho
Supplemental Schedule of Revenues by Source -
Budget and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Taxes			
Property Taxes	$ 1,869,337	$ 1,932,536	$ 63,199
Total	1,869,337	1,932,536	63,199
Charges for Services			
Building Inspection	1,086,275	5,146,398	4,060,123
Electrical Inspection	158,518	381,522	223,004
Plumbing Inspection	158,519	347,541	189,022
Mechanical Inspection	176,019	328,396	152,377
Planning and Zoning	-	43,565	43,565
Rental Income	16,000	53,513	37,513
Total Charges for Services	1,595,331	6,300,935	4,705,604
Fees			
Licenses and Fees	1,465,465	2,082,243	616,778
Parks and Recreations Fees	221,500	345,039	123,539
Development Impact Fees	252,500	265,880	13,380
ACHD Processing Fee	1,571,850	3,577,058	2,005,208
Franchise Fees	284,149	423,856	139,707
Mitigation Fees	1,004,500	3,833,737	2,829,237
Total Fees	4,799,964	10,527,813	5,727,849
Intergovernmental			
State Revenue Sharing	1,567,849	1,425,324	(142,525)
State Liquor Fees	122,880	123,512	632
Court Fines	7,000	31,063	24,063
Highway	100,000	634,011	534,011
Total Intergovernmental	1,797,729	2,213,910	416,181
Grants and Contributions			
Grants	560,028	364,583	(195,445)
Donations	64,000	76,224	12,224
Scholarships	10,000	13,884	3,884
Total Grants and Contributions	634,028	454,691	(179,337)
Other			
Interest Income	100,000	506,369	406,369
Miscellaneous	321,000	447,821	126,821
Leases	-	4,050	4,050
Total Other	421,000	958,240	537,240
Total Revenue	$ 11,117,389	$ 22,388,125	$ 11,270,736

City of Star, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
General Administrative			
Wages	$ 1,618,741	$ 1,992,125	$ (373,384)
Taxes and Retirement	244,944	311,648	(66,704)
Insurance	24,723	51,037	(26,314)
Health Insurance	356,400	327,730	28,670
Bank Charges	500	6,284	(5,784)
Grant	280,000	10,958	269,042
Legal	67,312	33,957	33,355
Student Scholarships	30,000	23,713	6,287
Supplies	54,770	90,066	(35,296)
Postage	13,000	9,098	3,902
Public Relations	15,000	22,726	(7,726)
Professional Services	56,000	100,229	(44,229)
Advertising	15,000	13,741	1,259
Travel	10,000	10,084	(84)
Dues	45,463	32,015	13,448
Training	17,500	15,368	2,132
Telephone	-	47,038	(47,038)
Utilities	88,000	149,026	(61,026)
ACHD Impact Fee	1,571,850	3,302,738	(1,730,888)
Maintenance and Operations	1,388,728	1,680,241	(291,513)
Miscellaneous	409,778	237,130	172,648
Building Inspector	480,368	479,483	885
Electrical Inspector	94,111	234,952	(140,841)
Plumbing Inspector	94,111	215,376	(121,265)
Mechanical Inspector	111,611	208,625	(97,014)
Animal Control	82,225	82,225	-
Star Fire Impact Fees	394,500	2,099,758	(1,705,258)
	7,564,635	11,787,371	(4,222,736)

City of Star, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget and Actual - General Fund (continued)
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Parks and Recreation			
Maintenance and Operations	35,900	25,448	10,452
Program	826,250	1,580,007	(753,757)
	862,150	1,605,455	(743,305)
Police	$ 2,838,829	$ 2,885,042	$ (46,213)
Capital Outlay	1,444,300	4,962,731	(3,518,431)
Contingency	-	-	-
Total Expenditures	$ 12,709,914	$ 21,240,599	$ (8,530,685)

FEDERAL REPORTS

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

Honorable Mayor and
City Council
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 governmental activities and the fund information of the City of Star, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Star, Idaho's basic financial statements, and have issued our report thereon dated September 2, 2025.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the following Schedule of as item 2024-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Stites, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying Schedule of Findings as item 2024-002.

City of Star, Idaho's Response to Findings

The City of Star, Idaho's response to the findings identified in our audit is described in the accompanying Management's Response. The City of Star, Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
September 2, 2025

City of Star, Idaho
Schedule of Findings
For the Year Ended September 30, 2024

Section II - Financial Statement Findings

2024-001: Bank Reconciliations

Conditions: While performing the audit it was noted that the City Treasurer had not completed accurate bank reconciliations for the year under audit.

Criteria: The City should have controls in place to make sure that all bank accounts are reconciled monthly.

Cause: Due to a staffing issues during the period under audit, bank statements were not being reconciled on a timely basis.

Effect: This increases the risk of a misstatement to go unnoticed or fail to be corrected in a timely manner, whether due to error or fraud.

Recommendations: The City should put procedures in place to make sure that all bank accounts are reconciled in the accounting software monthly.

2024-002: Audits not being done timely

Criteria: By Idaho State Statue, audits must be completed within 9 months after year end.

Conditions: The audit was not completed within 9 months of the month end.

Cause: Due to bank reconciliations not being done timely the City got behind on completing audits.

Effect: This puts the City out of compliance with State Statutes. This put the City at risk of loosing some State funding.

Recommendations: Management should make sure that audits are being completed within 9 months after year end.

2024-001: Bank Reconciliations

Management has hired a new treasurer and put procedures in place to make sure that all bank accounts are reconciled monthly.

2024-002: Audits not being done timely

Management has a new city treasurer and city clerk to make sure that audits are done on a timely basis.

If there are any questions on management's response to findings, please contact the City at (208) 286-7247.