

CITY OF STAR, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2023

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
Government-wide Financial Statements	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12
Required Supplementary Information	
Budgetary (GAAP Basis) Comparison Schedule: General Fund	26
Budgetary (GAAP Basis) Comparison Schedule: Park Impact Fee Fund	27
Notes to Required Supplementary Information	28
Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City Contributions	29
Supplementary Information	
Supplemental Schedule of Revenues by Source – Budget and Actual – General Fund	31
Supplemental Schedule of Expenditures by Object of Expenditure – Budget and Actual – General Fund	32
Federal Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	35



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

Phone: 208-459-4649 ♦ FAX: 208-229-0404

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, 2023, 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, 2023, 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 **November 22, 2023** 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

November 22, 2023

City of Star, Idaho
Statement of Net Position
September 30, 2023

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 13,869,737
Receivables, Net:	
Property Taxes	27,604
Accounts	256,053
Interest	23,463
Other Receivables	69,269
Due From Other Governments	403,969
Prepaid Expenses	28,301
Capital Assets:	
Land and Construction in Progress	4,047,552
Building, Net	2,237,776
Furniture, Fixtures, and Equipment, Net	977,775
Improvements, Net	3,681,410
Total Capital Assets	<u>10,944,513</u>
Total Assets	<u>25,622,909</u>
Deferred Outflows	
Pension Related Items	<u>382,904</u>
Total Deferred Outflows	<u>382,904</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	1,687,550
Land Use Bonds Payable	<u>187,682</u>
Long-Term Liabilities:	
Due in More than One Year:	
Net Pension Liability	<u>965,112</u>
Total Liabilities	<u>2,840,344</u>
Deferred Inflows	
Pension Related Items	<u>-</u>
Total Deferred Inflows	<u>-</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	10,944,513
Restricted	
Park Impact Fees	2,173,592
Unrestricted (Deficit) Surplus	10,047,364
Total Net Position	<u>\$ 23,165,469</u>

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

City of Star, Idaho
Statement of Activities
For the Year Ended September 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Administrative	\$ 12,100,513	\$ 10,087,732	\$ 493,259	\$ -	\$ (1,519,522)
Parks and Recreation	1,858,042	1,751,033	-	-	(107,009)
Police	1,906,151	-	-	-	(1,906,151)
Total Governmental Activities	<u>\$ 15,864,706</u>	<u>\$ 11,838,765</u>	<u>\$ 493,259</u>	<u>\$ -</u>	<u>(3,532,682)</u>
General Revenues:					
Property Taxes					1,807,082
State Sources					2,803,285
Other					245,482
Unrestricted Investment Earnings					257,127
Total General Revenues and Special Items					<u>5,112,976</u>
Change in Net Position					<u>1,580,294</u>
Net Position, Beginning of Year, Previous					<u>21,388,039</u>
Prior Period Adjustment					<u>197,136</u>
Net Position, Beginning of Year, Restated					<u>21,585,175</u>
Net Position, End of Year					<u>\$ 23,165,469</u>

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

City of Star, Idaho
Balance Sheet -
Governmental Funds
September 30, 2023

	General	Park Impact Fees	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 11,696,145	\$ 2,173,592	\$ 13,869,737
Receivables, Net:			
Property Taxes	27,604	-	27,604
Accounts	256,053	-	256,053
Interest	23,463	-	23,463
Other Receivables	69,269	-	69,269
Due From Other Governments	403,969	-	403,969
Prepaid Expenses	28,301	-	28,301
Total Assets	<u>\$ 12,504,804</u>	<u>\$ 2,173,592</u>	<u>\$ 14,678,396</u>
Liabilities			
Accounts Payable	\$ 1,687,550	\$ -	\$ 1,687,550
Land Use Bond Payable	187,682	-	187,682
Total Liabilities	<u>1,875,232</u>	<u>-</u>	<u>1,875,232</u>
Deferred Inflows			
Unearned Revenue - Property Taxes	24,688	-	24,688
Total Deferred Inflows	<u>24,688</u>	<u>-</u>	<u>24,688</u>
Fund Balances			
Nonspendable:			
Prepaid Items	28,301	-	28,301
Restricted			
Park Impact Fees		2,173,592	2,173,592
Unassigned	10,576,583	-	10,576,583
Total Fund Balance	<u>10,604,884</u>	<u>2,173,592</u>	<u>12,778,476</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 12,504,804</u>	<u>\$ 2,173,592</u>	<u>\$ 14,678,396</u>

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, 2023

Total Fund Balances - Governmental Funds \$ 12,778,476

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	\$ 4,047,552	
Buildings, Net of \$913,942 Accum. Depr.	2,237,776	
Furniture, Fixtures, and Equip., Net of \$504,720 Accum. Depr.	977,775	
Improvements, Net of \$1,408,637 Accum. Depr.	<u>3,681,410</u>	
		10,944,513

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. 24,688

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	\$ (965,112)	
Pension Related Deferred Outflows	<u>382,904</u>	
		<u>(582,208)</u>

Net Position of Governmental Activities \$ 23,165,469

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, 2023

	General	Park Impact Fees	Total Governmental Funds
Revenues			
Property Taxes	\$ 1,804,362	\$ -	\$ 1,804,362
Charges for Services	4,423,082	-	4,423,082
Fees	6,124,183	1,291,500	7,415,683
Intergovernmental	2,803,285	-	2,803,285
Grants and Contributions	487,912	5,347	493,259
Interest Income	257,127	-	257,127
Other	238,066	1,716	239,782
Leases	5,700	-	5,700
Total Revenues	<u>16,143,717</u>	<u>1,298,563</u>	<u>17,442,280</u>
Expenditures			
Current:			
General Administrative	12,390,880	-	12,390,880
Parks and Recreation	1,245,536	1,783,801	3,029,337
Police	1,906,151	-	1,906,151
Capital Outlay	535,957	-	535,957
Total Expenditures	<u>16,078,524</u>	<u>1,783,801</u>	<u>17,862,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>65,193</u>	<u>(485,238)</u>	<u>(420,045)</u>
Other Financing Resources (Uses)			
Transfers In	-	6,149	6,149
Transfers Out	(6,149)	-	(6,149)
Total Other Financing Sources (Uses)	<u>(6,149)</u>	<u>6,149</u>	<u>-</u>
Net Change in Fund Balances	<u>59,044</u>	<u>(479,089)</u>	<u>(420,045)</u>
Fund Balances - Beginning, Previous Prior Period Adjustment	10,348,704 197,136	2,652,681 -	13,001,385 197,136
Fund Balances - Beginning, Restated	<u>10,545,840</u>	<u>2,652,681</u>	<u>13,198,521</u>
Fund Balances - Ending	<u>\$ 10,604,884</u>	<u>\$ 2,173,592</u>	<u>\$ 12,778,476</u>

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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	(420,045)
--	----	-----------

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	\$ 2,035,946	
Depreciation Expense	(426,453)	
Net		1,609,493

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.		2,720
---	--	-------

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.		388,126
--	--	---------

Change in Net Position of Governmental Activities	\$	1,580,294
---	----	-----------

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

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

Accounts Receivable

All receivables are shown net of an allowance for uncollectible accounts. As of September 30, 2023, 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 <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2023, the carrying amount of the City's deposits was \$8,981,584 and the respective bank balances totaled \$9,711,880. \$2,500,000 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, 2023, \$2,500,000 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 \$7,211,880 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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

The City's investments at September 30, 2023, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
External Investment Pool	\$ 2,850,680	\$ 2,850,680	\$ -
Certificate of Deposit	2,037,002	2,037,002	-
	<u>\$ 4,887,682</u>	<u>\$ 4,887,682</u>	<u>\$ -</u>

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

	Governmental Activities
Cash and cash equivalents	\$ 8,982,055
Investments categorized as deposits	<u>4,887,682</u>
	<u>\$ 13,869,737</u>

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$403,969.

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, 2023, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2023, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:

	Balance 9/30/2022	Additions	Disposals	Balance 9/30/2023
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,609,411	\$ -	\$ -	\$ 1,609,411
Construction in Progress	1,329,711	1,108,430	-	2,438,141
Total Historical Cost	<u>2,939,122</u>	<u>1,108,430</u>	<u>-</u>	<u>4,047,552</u>
Capital Assets Being Depreciated:				
Buildings	2,604,230	547,488	-	3,151,718
Furniture, Fixtures, and Equip.	1,400,488	82,007	-	1,482,495
Improvements	4,170,866	919,181	-	5,090,047
Total Historical Cost	<u>8,175,584</u>	<u>1,548,676</u>	<u>-</u>	<u>9,724,260</u>
Less: Accumulated Depreciation				
Buildings	834,930	79,012	-	913,942
Furniture, Fixtures, and Equip.	352,734	151,986	-	504,720
Improvements	1,213,182	195,455	-	1,408,637
Total Acc. Depr.	<u>2,400,846</u>	<u>426,453</u>	<u>-</u>	<u>2,827,299</u>
Total Capital Assets Being Depreciated, Net	<u>5,774,738</u>	<u>1,122,223</u>	<u>-</u>	<u>6,896,961</u>
Governmental Activities Capital Assets – Net	<u>\$ 8,713,860</u>	<u>\$ 2,230,653</u>	<u>\$ -</u>	<u>\$ 10,944,513</u>

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

Governmental Activities:	
General Administrative	\$ 233,135
Parks	<u>193,318</u>
Total	<u>\$426,453</u>

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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2023 it was 7.16% for general employees and 9.13% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City of Star, Idaho's contributions were \$125,754 for the year ended September 30, 2023.

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

At September 30, 2023, 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, 2023, 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, 2023, the City of Star, Idaho's proportion was 0.0241842 percent.

For the year ended 2023September 30, 2023, the City of Star, Idaho recognized pension expense/(revenue) of \$358,787. At September 30, 2023, 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	\$ 165,428	\$ -
Changes in assumptions or other inputs	95,566	-
Net difference between projected and actual earnings on pension plan investments	90,590	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City of Star, Idaho's contributions subsequent to the measurement date	31,320	-
Total	\$ 382,904	\$ -

\$31,320 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, 2023.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023, the beginning of the measurement period ended June 30, 2022, is 4.6 and 4.4 for measurement period June 30, 2023.

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
2024	\$ 156,351
2025	58,755
2026	182,779
2027	(14,981)

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, 2023 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%

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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 2023.

<u>Asset Class</u>	<u>DB Plans</u>
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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)	\$ 1,735,794	\$ 965,112	\$ 335,224

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.

City of Star, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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, 2023.

10. COUNCIL DESIGNATIONS

The City has set aside a scholarship fund of \$8,744 for local students.

11. OTHER COMMITMENTS

The City has credit cards with credit limits totaling \$20,000 of which, \$7,691 was in use as of September 30, 2023.

12. PRIOR PERIOD RESTATEMENT

In prior years the assets of the general fund were understated by \$197,136. This caused fund balance and net position to be restated as follows:

	<u>Governmental Funds</u>
Fund Balance, Beginning - As Previously Stated	\$ 1,300,185
Increase due to Understatement of Assets	197,136
Fund Balance, Beginning - Restated	<u>\$ 1,497,321</u>
	<u>Governmental Activities</u>
Net Position, Beginning - As Previously Stated	\$ 21,388,039
Increase due to Understatement of Assets	197,136
Net Position, Beginning - Restated	<u>\$ 21,585,175</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Star, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,730,572	\$ 1,730,572	\$ 1,804,362	\$ 73,790
Charges for Services	1,821,319	1,821,319	4,423,082	2,601,763
Fees	3,942,771	3,942,771	6,124,183	2,181,412
Intergovernmental	1,591,849	1,591,849	2,803,285	1,211,436
Grants and Contributions	325,000	325,000	487,912	162,912
Interest Income	20,000	20,000	257,127	237,127
Other	201,000	201,000	238,066	37,066
Leases	-	-	5,700	5,700
Total Revenues	<u>9,632,511</u>	<u>9,632,511</u>	<u>16,143,717</u>	<u>6,511,206</u>
Expenditures				
Current:				
General Administrative	7,014,636	7,014,636	12,390,880	(5,376,244)
Parks and Recreation	187,482	187,482	1,245,536	(1,058,054)
Police	1,520,970	1,520,970	1,906,151	(385,181)
Capital Outlay	1,432,058	1,432,058	535,957	896,101
Total Expenditures	<u>10,155,146</u>	<u>10,155,146</u>	<u>16,078,524</u>	<u>(5,923,378)</u>
Other Financing Resources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(6,149)	6,149
Total Other Financing Resources (Uses)	<u>-</u>	<u>-</u>	<u>(6,149)</u>	<u>6,149</u>
Change in Fund Balances	(522,635)	(522,635)	59,044	593,977
Fund Balances - Beginning	<u>4,763,608</u>	<u>4,763,608</u>	<u>10,545,840</u>	<u>5,782,232</u>
Fund Balances - Ending	<u>\$ 4,240,973</u>	<u>\$ 4,240,973</u>	<u>\$ 10,604,884</u>	<u>\$ 6,376,209</u>

City of Star, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Park Impact Fee Fund
 For the Year Ended September 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Fees	\$ -	\$ -	\$ 1,291,500	\$ 1,291,500
Total Revenues	-	-	1,298,563	1,298,563
Expenditures				
Current:				
Parks and Recreation	-	-	1,783,801	(1,783,801)
Total Expenditures	-	-	1,783,801	(1,783,801)
Other Financing Resources (Uses)				
Transfers In	-	-	6,149	(6,149)
Transfers Out	-	-	-	-
Total Other Financing Resources (Uses)	-	-	6,149	(6,149)
Change in Fund Balances	-	-	(479,089)	(491,387)
Fund Balances - Beginning	-	-	2,652,681	2,652,681
Fund Balances - Ending	\$ -	\$ -	\$ 2,173,592	\$ 2,161,294

City of Star, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2023

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 \$5,923,378.

The Park Impact Fees fund had expenditures that exceeded appropriations by \$1,783,801.

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)
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, 2023

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
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, 2023

* 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, 2023

	Budget	Actual	Variance
Taxes			
Property Taxes	\$ 1,730,572	\$ 1,804,362	\$ 73,790
Total	<u>1,730,572</u>	<u>1,804,362</u>	<u>73,790</u>
Charges for Services			
Building Inspection	1,211,763	3,537,529	2,325,766
Electrical Inspection	157,852	295,012	137,160
Plumbing Inspection	157,852	252,783	94,931
Mechanical Inspection	157,852	252,223	94,371
Planning and Zoning	120,000	44,847	(75,153)
Rental Income	16,000	40,688	24,688
Total Charges for Services	<u>1,821,319</u>	<u>4,423,082</u>	<u>2,601,763</u>
Fees			
Licenses and Fees	12,670	1,089,795	1,077,125
Parks and Recreations Fees	185,000	361,233	176,233
Development Impact Fees	252,500	149,235	(103,265)
ACHD Processing Fee	1,800,000	2,475,437	675,437
Franchise Fees	263,101	341,046	77,945
Star Fire Impact Fees	404,500	1,609,137	1,204,637
Park Impact Fees	1,025,000	98,300	(926,700)
Total Fees	<u>3,942,771</u>	<u>6,124,183</u>	<u>2,181,412</u>
Intergovernmental			
State Revenue Sharing	1,355,372	1,404,567	49,195
State Liquor Fees	129,477	96,704	(32,773)
Court Fines	7,000	20,104	13,104
Highway	100,000	1,281,910	1,181,910
Total Intergovernmental	<u>1,591,849</u>	<u>2,803,285</u>	<u>1,211,436</u>
Grants and Contributions			
Grants	245,000	423,441	178,441
Donations	74,000	60,065	(13,935)
Scholarships	6,000	4,406	(1,594)
Total Grants and Contributions	<u>325,000</u>	<u>487,912</u>	<u>162,912</u>
Other			
Interest Income	20,000	257,127	237,127
Miscellaneous	201,000	238,066	37,066
Leases	-	5,700	5,700
Total Other	<u>221,000</u>	<u>500,893</u>	<u>279,893</u>
Total Revenue	<u>\$ 9,632,511</u>	<u>\$ 16,143,717</u>	<u>\$ 6,511,206</u>

City of Star, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget and Actual - General Fund
For the Year Ended September 30, 2023

	Budget	Actual	Variance
General Administrative			
Wages	\$ 908,959	\$ 1,417,923	\$ (508,964)
Council	58,800	-	58,800
Mayor	73,750	-	73,750
Taxes and Retirement	250,787	239,371	11,416
Insurance	35,546	82,594	(47,048)
Health Insurance	208,790	220,771	(11,981)
Bank Charges	745	702	43
Grant	-	26,330	(26,330)
Legal	75,978	122,201	(46,223)
Student Scholarships	17,325	28,655	(11,330)
Supplies	79,298	79,289	9
Postage	2,252	7,038	(4,786)
Public Relations	4,211	2,440	1,771
Professional Services	85,170	83,952	1,218
Advertising	15,409	14,266	1,143
Travel	5,015	11,010	(5,995)
Dues	65,079	25,983	39,096
Training	4,307	13,905	(9,598)
Telephone	15,948	19,195	(3,247)
Utilities	87,189	97,810	(10,621)
ACHD Impact Fee	2,059,400	2,072,537	(13,137)
Maintenance and Operations	989,528	5,352,491	(4,362,963)
Miscellaneous	149,422	244,936	(95,514)
Building Inspector	502,197	1,010,772	(508,575)
Electrical Inspector	171,406	178,482	(7,076)
Plumbing Inspector	163,484	154,354	9,130
Mechanical Inspector	195,833	171,497	24,336
Animal Control	16,800	16,800	-
Star Fire Impact Fees	772,008	695,576	76,432
	<u>7,014,636</u>	<u>12,390,880</u>	<u>(5,376,244)</u>

City of Star, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget and Actual - General Fund (continued)
For the Year Ended September 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Parks and Recreation			
Maintenance and Operations	22,715	29,087	(6,372)
Program	<u>164,767</u>	<u>1,216,449</u>	<u>(1,051,682)</u>
	<u>187,482</u>	<u>1,245,536</u>	<u>(1,058,054)</u>
Police	<u>\$ 1,520,970</u>	<u>\$ 1,906,151</u>	<u>\$ (385,181)</u>
Capital Outlay	<u>1,432,058</u>	<u>535,957</u>	<u>896,101</u>
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u><u>\$ 10,155,146</u></u>	<u><u>\$ 16,078,524</u></u>	<u><u>\$ (5,923,378)</u></u>

DRAFT

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

Phone: 208-459-4649 ♦ FAX: 208-229-0404

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, 2023, 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 **November 22, 2023**.

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 2023-001 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 2023-002.

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.

Zwysart John & Associates, CPAs PLLC

Nampa, Idaho
November 22, 2023

City of Star, Idaho
Schedule of Findings
For the Year Ended September 30, 2023

Section II - Financial Statement Findings

2023-001: 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 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.

2023-001: Audits not being done timely

Criteria: By Idaho State Statute, 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 losing some State funding.

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

City of Star, Idaho
Management's Response
For the Year Ended September 30, 2023

2023-001: Bank Reconciliations

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

2023-002: 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.