

**CITY OF STAR, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2022

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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, 2022, 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, 2022, 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 27 through 30 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, 2022

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 14,320,114
Receivables, Net:	
Property Taxes	23,939
Accounts	113,664
Interest	4,729
Other Receivables	25,920
Due From Other Governments	406,976
Prepaid Expenses	28,301
Capital Assets:	
Land and Construction in Progress	2,939,122
Building, Net	1,769,300
Furniture, Fixtures, and Equipment, Net	1,047,754
Improvements, Net	2,957,684
Total Capital Assets	8,713,860
Total Assets	23,637,503
<b>Deferred Outflows</b>	
Pension Related Items	407,144
Total Deferred Outflows	407,144
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	211,456
Land Use Bonds Payable	1,688,834
Long-Term Liabilities:	
Due in More than One Year:	
Net Pension Liability	752,957
Total Liabilities	2,653,247
<b>Deferred Inflows</b>	
Pension Related Items	3,361
Total Deferred Inflows	3,361
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	8,713,860
Unrestricted (Deficit) Surplus	12,674,179
Total Net Position	\$ 21,388,039

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

**City of Star, Idaho**  
Statement of Activities  
For the Year Ended September 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
Governmental Activities:					
General Administrative	\$ 7,861,710	\$ 5,974,644	\$ 1,254,496	\$ -	\$ (632,570)
Parks and Recreation	180,707	1,815,553	-	-	1,634,846
Police	1,518,780	-	-	-	(1,518,780)
Total Governmental Activities	<u>\$ 9,561,197</u>	<u>\$ 7,790,197</u>	<u>\$ 1,254,496</u>	<u>\$ -</u>	<u>(516,504)</u>
		General Revenues:			
					1,669,391
					2,198,812
					41,635
					49,978
					<u>3,959,816</u>
					<u>3,443,312</u>
					<u>17,944,727</u>
					<u>\$ 21,388,039</u>

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



**City of Star, Idaho**  
Balance Sheet -  
Governmental Funds  
September 30, 2022

	General	Park Impact Fees	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 11,667,433	\$ 2,652,681	\$ 14,320,114
Short Term Investments	-	-	-
Investment in Building	-	-	-
Receivables, Net:			
Property Taxes	23,939	-	23,939
Accounts	113,664	-	113,664
Interest	4,729	-	4,729
Other Receivables	25,920	-	25,920
Due From Other Governments	406,976	-	406,976
Prepaid Expenses	28,301	-	28,301
<b>Total Assets</b>	<b>\$ 12,270,962</b>	<b>\$ 2,652,681</b>	<b>\$ 14,923,643</b>
<b>Liabilities</b>			
Accounts Payable	\$ 211,456	\$ -	\$ 211,456
	1,688,834	-	1,688,834
<b>Total Liabilities</b>	<b>1,900,290</b>	<b>-</b>	<b>1,900,290</b>
<b>Deferred Inflows</b>			
Unearned Revenue - Property Taxes	21,968	-	21,968
<b>Total Deferred Inflows</b>	<b>21,968</b>	<b>-</b>	<b>21,968</b>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid Items	28,301	-	28,301
Unassigned	10,320,403	2,652,681	12,973,084
<b>Total Fund Balance</b>	<b>10,348,704</b>	<b>2,652,681</b>	<b>13,001,385</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 12,270,962</b>	<b>\$ 2,652,681</b>	<b>\$ 14,923,643</b>

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, 2022

Total Fund Balances - Governmental Funds \$ 13,001,385

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	\$ 2,939,122	
Buildings, Net of \$834,930 Accum. Depr.	1,769,300	
Furniture, Fixtures, and Equip., Net of \$352,734 Accum. Depr.	1,047,754	
Improvements, Net of \$1,213,182 Accum. Depr.	<u>2,957,684</u>	
		8,713,860

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. 21,968

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	\$ (752,957)	
Pension Related Deferred Inflows	(3,361)	
Pension Related Deferred Outflows	<u>407,144</u>	
		<u>(349,174)</u>

Net Position of Governmental Activities \$ 21,388,039

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, 2022

	General	Park Impact Fees	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 1,667,814	\$ -	\$ 1,667,814
Charges for Services	2,694,302	-	2,694,302
Fees	3,804,395	1,291,500	5,095,895
Intergovernmental	2,198,812	-	2,198,812
Grants and Contributions	1,254,496	-	1,254,496
Interest Income	49,978	-	49,978
Other	37,885	-	37,885
Leases	3,750	-	3,750
Total Revenues	<u>11,711,432</u>	<u>1,291,500</u>	<u>13,002,932</u>
<b>Expenditures</b>			
Current:			
General Administrative	7,110,840	-	7,110,840
Parks and Recreation	169,019	577,139	746,158
Police	1,520,970	-	1,520,970
Capital Outlay	1,761,790	-	1,761,790
Total Expenditures	<u>10,562,619</u>	<u>577,139</u>	<u>11,139,758</u>
Net Change in Fund Balances	<u>1,148,813</u>	<u>714,361</u>	<u>1,863,174</u>
Fund Balances - Beginning	9,199,891	1,938,320	11,138,211
Fund Balances - Ending	<u>\$ 10,348,704</u>	<u>\$ 2,652,681</u>	<u>\$ 13,001,385</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, 2022

Total Net Change in Fund Balances - Governmental Funds \$ 1,863,174

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	\$ 2,119,335	
Depreciation Expense	(316,810)	
Net	<u>1,802,525</u>	1,802,525

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. 1,577

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. (223,964)

Change in Net Position of Governmental Activities \$ 3,443,312

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, 2022

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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, 2022

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*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, 2022

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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.
- *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, 2022, there is no allowance for bad debt.

**City of Star, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2022

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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.

New Accounting Principle

The City adopted GASB 87, *Leases*, during the year. This has caused long-term leases to be included on the balance sheet as right-of-use assets and a corresponding lease liability. This has caused no change to the opening balances of the City.



**City of Star, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2022

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2. CASH AND INVESTMENTS

Deposits

As of September 30, 2022, the carrying amount of the City's deposits was \$11,602,306 and the respective bank balances totaled \$12,539,952. \$1,000,000 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, 2022, \$1,000,000 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 \$11,539,952 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 \$214 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, 2022

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The City's investments at September 30, 2022, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
External Investment Pool	\$ 2,741,334	\$ 2,741,334	\$ -
	\$ 2,741,334	\$ 2,741,334	\$ -

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

	Governmental Activities
Cash and cash equivalents	\$ 11,602,520
Investments categorized as deposits	2,741,334
	\$ 14,343,854

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$406,976.

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, 2022, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2022, 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, 2022

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

	<u>Balance</u> <u>9/30/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2022</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,609,411	\$ -	\$ -	\$ 1,609,411
Construction in Progress	<u>518,072</u>	<u>811,639</u>	<u>-</u>	<u>1,329,711</u>
Total Historical Cost	<u>2,127,483</u>	<u>811,639</u>	<u>-</u>	<u>2,939,122</u>
Capital Assets Being Depreciated:				
Buildings	2,604,230	-	-	2,604,230
Furniture, Fixtures, and Equip.	402,151	998,337	-	1,400,488
Improvements	<u>3,811,782</u>	<u>359,084</u>	<u>-</u>	<u>4,170,866</u>
Total Historical Cost	<u>6,818,163</u>	<u>1,357,421</u>	<u>-</u>	<u>8,175,584</u>
Less: Accumulated Depreciation				
Buildings	761,622	73,308	-	834,930
Furniture, Fixtures, and Equip.	279,211	73,523	-	352,734
Improvements	<u>1,043,203</u>	<u>169,979</u>	<u>-</u>	<u>1,213,182</u>
Total Acc. Depr.	<u>2,084,036</u>	<u>316,810</u>	<u>-</u>	<u>2,400,846</u>
Total Capital Assets Being Depreciated, Net	<u>4,734,127</u>	<u>1,040,611</u>	<u>-</u>	<u>5,774,738</u>
Governmental Activities Capital Assets – Net	<u>\$ 6,861,610</u>	<u>\$ 1,852,250</u>	<u>\$ -</u>	<u>\$ 8,713,860</u>

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

Governmental Activities:	
General Administrative	\$ 156,963
Parks	<u>159,847</u>
Total	<u>\$316,810</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, 2022

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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](http://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, 2022

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, 2022 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 \$97,127 for the year ended September 30, 2022.

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

At September 30, 2022, 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, 2022, 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, 2022, the City of Star, Idaho's proportion was 0.0191166 percent.

For the year ended 2022September 30, 2022, the City of Star, Idaho recognized pension expense/(revenue) of \$370,815. At September 30, 2022, the City of Star, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 82,798	\$ 3,361
Changes in assumptions or other inputs	122,755	-
Net difference between projected and actual earnings on pension plan investments	173,247	-
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	28,344	-
<b>Total</b>	<b>\$ 407,144</b>	<b>\$ 3,361</b>

\$28,344 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, 2022.

**City of Star, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2022

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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, 2022, the beginning of the measurement period ended June 30, 2021, is 4.6 and 4.6 for measurement period June 30, 2022.

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:

<b>For the Year Ended September 30:</b>	<b>PERSI</b>
2023	\$ 118,124
2024	97,466
2025	45,078
2026	143,115

*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, 2022 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, 2022

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*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, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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 2022.

<b>Asset Class</b>	<b>DB Plans</b>
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, 2022

*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:

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 1,328,895	\$ 752,957	\$ 281,566

*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](http://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).



**City of Star, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2022

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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 \$30,000 for the year ended September 30, 2022.

10. COUNCIL DESIGNATIONS

The City has set aside a scholarship fund of \$8,710 for local students.

11. OTHER COMMITMENTS

The City has credit cards with credit limits totaling \$20,000 of which, \$1,454 was in use as of September 30, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Star, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,602,086	\$ 1,602,086	\$ 1,667,814	\$ 65,728
Charges for Services	2,021,294	2,021,294	2,694,302	673,008
Fees	3,549,935	3,549,935	3,804,395	254,460
Intergovernmental	1,232,261	1,232,261	2,198,812	966,551
Grants and Contributions	1,237,696	1,237,696	1,254,496	16,800
Interest Income	13,000	13,000	49,978	36,978
Other	46,000	46,000	37,885	(8,115)
Leases	-	-	3,750	3,750
Total Revenues	<u>9,702,272</u>	<u>9,702,272</u>	<u>11,711,432</u>	<u>2,009,160</u>
<b>Expenditures</b>				
Current:				
General Administrative	6,505,528	6,505,528	7,110,840	(605,312)
Parks and Recreation	1,039,838	1,039,838	169,019	870,819
Police	1,459,654	1,518,780	1,520,970	(2,190)
Capital Outlay	3,208,002	3,163,126	1,761,790	1,401,336
Total Expenditures	<u>12,213,022</u>	<u>12,227,272</u>	<u>10,562,619</u>	<u>1,664,653</u>
<b>Other Financing Resources (Uses)</b>				
Transfers In	2,925,000	2,925,000	-	2,925,000
Transfers Out	414,250	400,000	-	400,000
Total Other Financing Resources (Uses)	<u>2,510,750</u>	<u>2,525,000</u>	<u>-</u>	<u>2,525,000</u>
Change in Fund Balances	-	-	1,148,813	6,198,813
Fund Balances - Beginning	-	-	9,199,891	9,199,891
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,348,704</u>	<u>\$ 15,398,704</u>

**City of Star, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Park Impact Fee Fund  
 For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees	\$ -	\$ -	\$ 1,291,500	\$ 1,291,500
Total Revenues	<u>-</u>	<u>-</u>	<u>1,291,500</u>	<u>1,291,500</u>
<b>Expenditures</b>				
Current:				
Parks and Recreation	-	-	577,139	(577,139)
Total Expenditures	<u>-</u>	<u>-</u>	<u>577,139</u>	<u>(577,139)</u>
Change in Fund Balances	-	-	714,361	714,361
Fund Balances - Beginning	-	-	1,938,320	1,938,320
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,652,681</u>	<u>\$ 2,652,681</u>

**City of Star, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2022

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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 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 Council meetings 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.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund.
- F. Expenditures may not legally exceed budgeted appropriations at the fund level. The City does not use the encumbrance method of accounting.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Park Impact Fee Fund expenditures exceeded the budgeted appropriations by \$577,139.

**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)
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, 2022

**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
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, 2022

\* 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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Taxes</b>			
Property Taxes	\$ 1,602,086	\$ 1,667,814	\$ 65,728
Total	<u>1,602,086</u>	<u>1,667,814</u>	<u>65,728</u>
<b>Charges for Services</b>			
Building Inspection	1,209,763	1,821,741	611,978
Electrical Inspection	156,852	257,132	100,280
Plumbing Inspection	156,852	237,981	81,129
Mechanical Inspection	156,852	286,948	130,096
Planning and Zoning	320,000	43,885	(276,115)
Rental Income	20,975	46,615	25,640
Total Charges for Services	<u>2,021,294</u>	<u>2,694,302</u>	<u>673,008</u>
<b>Fees</b>			
Licenses and Fees	12,063	119,941	107,878
Parks and Receptions Fees	97,145	202,203	105,058
Development Impact Fees	-	149,620	149,620
ACHD Processing Fee	1,716,500	2,070,563	354,063
Franchise Fees	244,727	231,937	(12,790)
Star Fire Impact Fees	454,500	708,281	253,781
Park Impact Fees	1,025,000	321,850	(703,150)
Total Fees	<u>3,549,935</u>	<u>3,804,395</u>	<u>254,460</u>
<b>Intergovernmental</b>			
State Revenue Sharing	1,007,190	1,351,824	344,634
State Liquor Fees	118,071	118,149	78
State Sales Tax	-	217	217
Court Fines	7,000	15,884	8,884
Highway	100,000	712,738	612,738
Total Intergovernmental	<u>1,232,261</u>	<u>2,198,812</u>	<u>966,551</u>
<b>Grants and Contributions</b>			
Grants	1,222,696	1,132,696	(90,000)
Donations	9,000	119,250	110,250
Scholarships	6,000	2,550	(3,450)
Total Grants and Contributions	<u>1,237,696</u>	<u>1,254,496</u>	<u>16,800</u>
<b>Other</b>			
Interest Income	13,000	49,978	36,978
Miscellaneous	46,000	37,885	(8,115)
Leases	-	3,750	3,750
Total Other	<u>59,000</u>	<u>91,613</u>	<u>32,613</u>
Total Revenue	<u>\$ 9,702,272</u>	<u>\$ 11,711,432</u>	<u>\$ 2,009,160</u>



**City of Star, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure -  
 Budget and Actual - General Fund  
 For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Administrative</b>			
Wages	\$ 798,744	\$ 911,494	\$ (112,750)
Council	57,600	58,800	(1,200)
Mayor	85,000	73,750	11,250
Taxes and Retirement	179,488	190,649	(11,161)
Insurance	37,254	31,985	5,269
Health Insurance	229,200	208,790	20,410
Bank Charges	600	1,099	(499)
Legal	146,400	110,114	36,286
Student Scholarships	25,000	17,325	7,675
Supplies	24,240	75,333	(51,093)
Resource Material	4,000	-	4,000
Postage	6,000	2,452	3,548
Public Relations	10,000	4,211	5,789
Professional Services	6,000	85,270	(79,270)
Advertising	9,750	15,479	(5,729)
Travel	3,000	5,015	(2,015)
Dues	40,043	65,119	(25,076)
Training	2,500	4,307	(1,807)
Telephone	16,000	15,948	52
Utilities	47,750	87,249	(39,499)
ACHD Impact Fee	1,716,500	2,055,800	(339,300)
Maintenance and Operations	1,585,011	1,142,064	442,947
Miscellaneous	54,257	153,561	(99,304)
Building Inspector	725,858	491,639	234,219
Electrical Inspector	94,111	168,456	(74,345)
Plumbing Inspector	94,111	163,484	(69,373)
Mechanical Inspector	94,111	195,633	(101,522)
Animal Control	-	16,800	(16,800)
Star Fire Impact Fees	394,500	759,014	(364,514)
Plans	18,500	-	18,500
	<u>6,505,528</u>	<u>7,110,840</u>	<u>(605,312)</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, 2022

	Budget	Actual	Variance
<b>Parks and Recreation</b>			
Maintenance and Operations Program	85,604	22,681	62,923
	954,234	146,338	807,896
	1,039,838	169,019	870,819
 <b>Police</b>	 \$ 1,518,780	 \$ 1,520,970	 \$ (2,190)
 <b>Capital Outlay</b>	 3,163,126	 1,761,790	 1,401,336
 Total Expenditures	 \$ 12,227,272	 \$ 10,562,619	 \$ 1,664,653

**FEDERAL REPORTS**

**City of Star, Idaho**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2022

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Flow Through Number</u>	<u>Expenditures</u>
<u>U.S. Department of Treasury</u>			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 2,265,392</u>
Total U.S. Department of Treasury			<u>2,265,392</u>
Total Federal Financial Assistance Expended			<u>\$ 2,265,392</u>

NOTE: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**City of Star, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2022

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1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Star, Idaho under programs of the Federal Government for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Star, Idaho, it is not intended to and does not present the financial position or changes in Net Position of the City of Star, Idaho.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The City of Star, Idaho has not elected to use the 10-percent de minimis indirect cost rate.



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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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, 2022, 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Star, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Zwygart John & Associates, CPAs PLLC*

Nampa, Idaho  
November 22, 2023



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance**

Honorable Mayor  
and City Council  
City of Star, Idaho

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Star, Idaho's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Star, Idaho's major federal programs for the year ended September 30, 2022. The City of Star, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Star, Idaho, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Star, Idaho and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Star, Idaho's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Star, Idaho's federal programs.



## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Star, Idaho's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Star, Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Star, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Star, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Star, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Zwysart John & Associates CPAS, PLLC*

Nampa, Idaho  
November 22, 2023

**City of Star, Idaho**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2022

**Section I - Summary of Auditor's Results**

The auditor's report expresses an unmodified opinion on the general purpose

Internal control over financial reporting:

- Material weakness(es) identified?  yes  none reported  
 Reportable Condition(s) identified that are not considered to be a material weakness?  yes  none reported  
 Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Significant deficiencies disclosed?  yes  none reported  
 Material weaknesses disclosed?  yes  none reported  
 Type of auditor's report issued on compliance for major programs: Unmodified  
 Material weakness(es) identified?  yes  none reported  
 Reportable Condition(s) identified that are not considered to be a material weakness?  yes  none reported  
 Any audit findings disclosed that are required to be reported in accordance with 2CFR SECTION 200.516(A)?  yes  no

The programs tested as major programs include

Federal Assistance Listing Numbers	Name of Federal Program
21.027	Coronavirus State and Local

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

- Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None

**Section III - Compliance Findings and Questioned Costs**

None

**Section IV - Prior Year Findings**

2021-001: Segregation of Duties

Conditions: While performing the audit it was noted the City Clerk recorded all cash transactions, reconciled the bank statements, and was a signer on the account.

Criteria: The City should have controls in place to segregate the duties of custody, recording, and issuing checks. If this is not possible, the City should put mitigating controls in place to reduce the risk by having transactions and bank statements reviewed and approved.

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 invoices, bank statements, and bank reconciliation are being reviewed, and signed, by a 2<sup>nd</sup> person, that does not input or reconcile transactions.

Current Status: Client has put controls in place to correct this issue.