HARRIS
CPAs P.C.

Financial Statements

City of Osburn, Idaho

Includes Supplementary Information

Year Ended September 30, 2024



Helping you succeed, financially and beyond.

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Osburn
Osburn, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Osburn, Idaho (The City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City, as of April 14, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or

in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 City'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'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 and the schedules of employers' proportionate share of net pension liability and employer contributions as listed in the table of contents 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 Managements' Discussion and Analysis (MD&A), 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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025 on our consideration of City of Osburn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Osburn's internal control over financial reporting and compliance.

Harris CPAs P.C.

Meridian, Idaho
April 14, 2025

BASIC FINANCIAL STATEMENTS

CITY OF OSBURN, IDAHO
STATEMENT OF NET POSTION
September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets			
Cash	$ 869,426	$ 286,768	$ 1,156,194
Receivables			
Accounts		20,848	20,848
Property tax	422,514		422,514
Due from other governments	90,066		90,066
Total Current Assets	1,382,006	307,616	1,689,622
Noncurrent Assets			
Capital assets, net of accumulated depreciation	1,035,298	26,693	1,061,991
Total Assets	2,417,304	334,309	2,751,613
Deferred Outflows of Resources			
Pension obligations	65,826	4,518	70,344
Total Assets and Deferred Outflows of Resources	$ 2,483,130	$ 338,827	$ 2,821,957

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF NET POSTION (Continued)
September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND DEFERRED INFLOWS			
Current Liabilities			
Accounts payable	$ 20,889	$	$ 20,889
Accrued expenses	18,605	1,783	20,388
Advanced revenue	16,283		16,283
Total Current Liabilities	55,777	1,783	57,560
Noncurrent Liabilities			
Accrued compensated absences	30,216	2,260	32,476
Net pension liability	249,155	10,421	259,576
Total Noncurrent Liabilities	279,371	12,681	292,052
Total Liabilities	335,148	14,464	349,612
Deferred Inflows			
Unavailable tax revenue	399,412		399,412
Pensions	5,727	240	5,967
Total Deferred Inflows	405,139	240	405,379
NET POSITION			
Investment in capital assets	1,035,298	26,693	1,061,991
Restricted	924,273		924,273
Unrestricted	(216,728)	297,430	80,702
Total Net Position	1,742,843	324,123	2,066,966
Total Liabilities, Deferred Inflows and Net Position	$ 2,483,130	$ 338,827	$ 2,821,957

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
					Primary Government		
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General government	$ 317,447	$ 50,267	$	$	$ (267,180)	$	$ (267,180)
Public safety	301,675	3,306			(298,369)		(298,369)
Highways and streets	268,914				(268,914)		(268,914)
Culture and recreation	95,971			410,410	314,439		314,439
Total Governmental Activities	984,007	53,573		410,410	(520,024)		(520,024)
Business-Type Activities							
Sewer	38,420	46,268		46,024		53,872	53,872
Cemetery	4,861	3,875				(986)	(986)
Total Business-Type Activities	43,281	50,143		46,024		52,886	52,886
Total Primary Government	1,027,288	103,716		456,434	(520,024)	52,886	(467,138)
		General Revenues and Transfers					
		Property taxes			391,255	8,208	399,463
		Intergovernmental			393,572		393,572
		Earnings on investments			23,130	8,406	31,536
		Miscellaneous			53,162		53,162
		Total General Revenues			861,119	16,614	877,733
		Change in Net Position			341,095	69,500	410,595
		Net Position					
		Beginning of Year			1,401,748	254,623	1,656,371
		End of Year			$ 1,742,843	$ 324,123	$ 2,066,966

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
BALANCE SHEET-GOVERNMENTAL FUNDS
September 30, 2024

	MAJOR FUNDS			NON-MAJOR FUND	
ASSETS	**General**	**Street**	**Law Enforcement**	**Library**	**Total Governmental Funds**
Cash	$	$ 775,616	$ 93,810	$	$ 869,426
Receivables					
Property taxes	104,361	75,207	196,475	46,471	422,514
Due from other governments	16,971	48,471	16,418	8,206	90,066
Due from other funds		106,701			106,701
Total Assets	$ 121,332	$ 1,005,995	$ 306,703	$ 54,677	$ 1,488,707
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	$ 14,547	$ 6,273	$ 69	$	$ 20,889
Accrued expenses	10,721	594	5,705	1,585	18,605
Due to other funds	62,664			44,037	106,701
Advanced revenue	16,283				16,283
Total Liabilities	104,215	6,867	5,774	45,622	162,478
Deferred Inflows of Resources					
Unavailable revenue - property taxes	103,872	74,855	195,554	46,253	420,534
Total Deferred Inflows of Resources	103,872	74,855	195,554	46,253	420,534
Fund Balances					
Restricted		924,273			924,273
Assigned			105,375		105,375
Unassigned	(86,755)			(37,198)	(123,953)
Total Fund Balances	(86,755)	924,273	105,375	(37,198)	905,695
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 121,332	$ 1,005,995	$ 306,703	$ 54,677	$ 1,488,707

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
RECONCILATION OF THE -GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balance - total governmental funds		$ 905,695
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Buildings	845,646	
Vehicles and equipment	598,516	
Furniture and fixtures	428,329	
Construction in progress	0	
Accumulated depreciation	(837,193)	
Total capital assets, net of accumulated depreciation		1,035,298
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay the current period's expenditures, and therefore are reported as advanced revenue in the funds.		
Property taxes		21,122
Deferred outflows of resources are not available to pay for current period expenditures, and certain deferred inflows of resources are not due and payable in the current period, and therefore, are not reported in the funds.		
Pension related deferred outflows	65,826	
Pension related deferred inflows	(5,727)	
		60,099
Long-term liabilities, applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Compensated absences payable	(30,216)	
Net pension liability	(249,155)	
Total long term liabilities		(279,371)
Deferred inflows of resources not reported in the funds.		
Total net position of governmental activities		$ 1,742,843

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	MAJOR FUNDS			NON-MAJOR FUND	
	General	Street	Law Enforcement	Library	Total Governmental Funds
REVENUES					
Property taxes	$ 107,584	$ 68,794	$ 179,162	$ 41,915	$ 397,455
Licenses, permits, and fees	16,050		2,725		18,775
Intergovernmental	41,905	260,082	65,734	25,851	393,572
Fines and forfeitures			3,288	18	3,306
Earnings on investments	10,518	4,204	4,204	4,204	23,130
Franchise fees	31,492				31,492
Grants	326,405	83,805		200	410,410
Miscellaneous	3,344	32,059	15,727	2,032	53,162
Total Revenues	537,298	448,944	270,840	74,220	1,331,302
EXPENDITURES					
Current					
General government	232,065				232,065
Public safety			290,560		290,560
Highways and streets		265,958			265,958
Culture and recreation				93,717	93,717
Capital outlay	353,405	111,700	72,695		537,800
Total Expenditures	585,470	377,658	363,255	93,717	1,420,100
Net Change in Fund Balance	(48,172)	71,286	(92,415)	(19,497)	(88,798)
Fund Balances, Beginning of Year (Restated)	(38,583)	852,987	197,790	(17,701)	994,493
Fund Balances, End of Year	$ (86,755)	$ 924,273	$ 105,375	$ (37,198)	$ 905,695

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds		$ (88,798)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that will not be collected for several months after the City's fiscal year end do not provide current financial resources and are deferred in the governmental funds.		
Difference between revenue earned on property taxes on modified accrual basis versus revenue on an accrual basis		(6,200)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	537,800	
Depreciation expense	(73,209)	
Excess of capital outlay over depreciation expense		464,591
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of financial resource availability.		
Net pension expense		(22,200)
Increase in compensated absences		(6,298)
Change in Net Position of Governmental Activities		$ 341,095

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
September 30, 2024

ASSETS AND DEFERRED OUTFLOWS	Major Fund Sewer Fund	Non-Major Fund Cemetery Fund	Total
Current Assets			
Cash and cash equivalents	$ 264,516	$ 22,252	$ 286,768
Receivables			
Accounts	20,848		20,848
Total Current Assets	285,364	22,252	307,616
Non-current Assets			
Capital Assets			
Equipment	202,250	23,742	225,992
Less accumulated depreciation	(195,954)	(3,345)	(199,299)
Total capital assets, net of accumulated depreciation	6,296	20,397	26,693
Total Assets	291,660	42,649	334,309
Deferred outflows			
Pension related items	4,518		4,518
Total Assets and Deferred Outflows	$ 296,178	$ 42,649	$ 338,827

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF NET POSITION-PROPRIETARY FUNDS (CONTINUED)
September 30, 2024

	Major Fund Sewer Fund	Non-Major Fund Cemetery Fund	Total
LIABILITIES AND DEFERRED INFLOWS			
Current Liabilities			
Accrued expenses	$ 1,783	$	$ 1,783
Total Current Liabilities	1,783	0	1,783
Non-current Liabilities			
Accrued compensated balances	2,260		2,260
Net pension liability	10,421		10,421
Total Noncurrent Liabilities	12,681		12,681
Total Liabilities	14,464	0	14,464
Deferred Inflows			
Pension related items	240		240
NET POSITION			
Investment in capital assets	6,296	20,397	26,693
Unrestricted	275,178	22,252	297,430
Total Net Position	281,474	42,649	324,123
Total Liabilities, Deferred Inflows and Net Position	$ 296,178	$ 42,649	$ 338,827

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Major Fund Sewer Fund	Non-Major Fund Cemetery Fund	Total
Operating Revenues			
Charges for services	$ 46,268	$ 3,875	$ 50,143
Property taxes	8,208		8,208
Total Operating Revenues	54,476	3,875	58,351
Operating Expenses			
Salaries	16,121		16,121
Fringe benefits	2,800		2,800
Administration	1,300		1,300
Repairs and maintenance	4,205	3,690	7,895
Supplies	5,104	238	5,342
Miscellaneous expense	2,156		2,156
Insurance	2,538	616	3,154
Depreciation	4,196	317	4,513
Total Operating Expenses	38,420	4,861	43,281
Operating Income (Loss)	16,056	(986)	15,070
Non-operating Revenues			
Interest revenues	4,203	4,203	8,406
Other income	46,024		46,024
Total Non-operating Revenues	50,227	4,203	54,430
Change in Net Position	66,283	3,217	69,500
Net Position, Beginning of Year	215,191	39,432	254,623
Net Position, End of Year	$ 281,474	$ 42,649	$ 324,123

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Major Fund Sewer Fund	Non-Major Fund Cemetery Fund	Total
Cash Flow From Operating Activities			
Cash received from customers	$ 49,450	$ 3,875	$ 53,325
Cash payments to suppliers for goods	(15,303)	(4,544)	(19,847)
Cash payments to employees for services	(18,686)		(18,686)
Net Cash Provided By (Used in) Operating Activities	15,461	(669)	14,792
Cash Flows From Noncapital Financing Activities			
Other reimbursement	46,024		46,024
Net Cash Provided By (Used in) Noncapital Financing Activities	46,024		46,024
Cash Flows From Investing Activities			
Interest on investments	4,203	4,203	8,406
Net Increase (Decrease) in Cash and Cash Equivalents	65,688	3,534	69,222
Cash and Cash Equivalents, Beginning of Year	198,828	18,718	217,546
Cash and Cash Equivalents, End of Year	$ 264,516	$ 22,252	$ 286,768

See accompanying notes to basic financial statements

CITY OF OSBURN, IDAHO
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (Continued)
For the Year Ended September 30, 2024

Reconciliation of Operating Income (Loss) To			
Net Cash Provide by (Used in) Operating Activities			
Operating Income (Loss)	$ 16,056	$ (986)	$ 15,070
Adjustments to Reconcile Operating Income			
(Loss) to Net Cash Provided by (Used in)			
Operating Activities			
Depreciation and Amortization	4,196	317	4,513
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(5,026)		(5,026)
(Increase) decrease in deferred outflow	501		501
Increase (decrease) deferred inflow	152		152
Increase (decrease) in items related to			
net pension liability	(2,283)		(2,283)
Increase (decrease) in accrued expenses	1,205		1,205
Increase (decrease) in compensated absences	660		660
Net Cash Provided By (Used in)			
Operating Activities	$ 15,461	$ (669)	$ 14,792

See accompanying notes to basic financial statements

Note A – Summary of Significant Accounting Policies

General Statement

The City of Osburn, Idaho (the City) operates under a mayor-council form of government and provides the following services: public safety (police), highways and streets, sewer, culture and recreation, public improvements, planning and zoning, and general administrative services.

The City is governed by an elected Mayor and City Council. The City provides a wide range of municipal services that include police, and other services. Sewer and cemetery are provided by the City and are accounted for as enterprise funds.

Financial Reporting Entity

The accompanying financial statements present the activities of the City. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading. Based on the criteria for determining the reporting entity, the City is considered to be a primary government and has no component units.

Basis of Presentation

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the governmental entity. For most part, the effect of interfund activity has been removed from these statements. *Governmental activities* (government funds) which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities* (proprietary funds) which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include (1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note A – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

The *General Fund* 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.

The *Street Fund* accounts for property tax revenue and restricted highway user revenue, which is restricted to maintenance and construction of city streets by state law.

The *Law Enforcement Fund* accounts for revenues received to maintain the police department and provide public safety services.

The *Library Fund* accounts for revenues received to maintain the City's library.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

The *Sewer Fund* is used to account for the revenues and costs necessary to operate the City's sewer system.

The *Cemetery Fund* is used to account for the revenues and costs necessary to operate and maintain the City's cemetery.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel and contractual services, supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Note A – Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.. All other revenue items are considered to be measurable and available only when cash is received by the government.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the end of the fiscal year, have been recorded as deferred inflows. Receivables that will not be collected within the available period have also been reported as deferred inflows on the government fund financial statements.

Budgetary Control

Annual budgets are adopted on a basis consistent with state code and generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

Note A – Summary of Significant Accounting Policies (Continued)

Budgetary Control (Continued)

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

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

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

3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Council by following the same budgetary procedures used to adopt the original budget may amend it to a greater amount if additional revenue will accrue to the City as a result of increases in state or federal grants or allocations, as a result of an increase in revenues from any source other than ad valorem tax revenues or as a result of an increase in enterprise funds to finance the operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds and capital project funds.
6. Budgets for the general and special revenue funds are adopted on a basis that differs with generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles require that the total cost of equipment purchased through leases for the current year be recorded as expenditure. The City budgets for the payment on these leases only and not the total cost of the equipment.
7. Expenditures may not legally exceed budgeted appropriations at the fund level.
8. Budgeted amounts are as originally adopted or as amended by the City Council.
9. The City does not use the encumbrance method of accounting.

Cash

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value.

Note A – Summary of Significant Accounting Policies (Continued)

Receivables and Payables

In government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consistent of all revenues at year-end but not received. Accounts payable and accrued expense are recorded when incurred in the government -wide financial statements and proprietary fund financial statements and when due and payable in the governmental fund financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Because the City is a Phase 3 government (governments with total annual revenues of less than $10 million), the City is encouraged but not required to report major infrastructure assets retroactively. The City has not yet made a determination as to whether or not to record infrastructure assets retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	30-75
Vehicles and equipment	3-5
Furniture and fixtures	3-5
Crematoria wall	75
Sewer lines and equipment	6-50

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Note A – Summary of Significant Accounting Policies (Continued)

Compensated Absences

Governmental funds do not report a liability for these amounts unless payment will be made early in the following year. The City's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Advanced Revenues

COVID Relief Fund advanced to the City are recognized as a liability until the applicable eligibility requirements are met, including the incurrence of eligible expenditures

Net Position Classifications

Government-Wide Statements: Net position is displayed in three components as follows:

Investment in Capital Assets – Consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. There was no long-term debt associated with capital assets as of September 30, 2024.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy is to apply restricted resources first and then unrestricted resources as they are needed.

Fund statements: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Note A – Summary of Significant Accounting Policies (Continued)

Use of Restricted/Unrestricted Net Position (Continued)

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Restricted fund balance totals $924,273 as of September 30, 2024 and relates to the City's street fund which is restricted by state statues for maintenance and construction of the City's streets.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only City Council, Finance Director or the Council's finance committee may assign amounts for specific purposes. Assigned amounts total $105,375 as of September 30, 2024 in the City's law enforcement fund.

Unassigned — all other spendable amounts.

Fund Balance Flow assumptions

In order to calculate the amounts to report as restricted assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Use of Estimates

The City uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Property Tax Calendar

The City's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the City. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

Under Idaho Code Section 50-235, the City cannot levy taxes over nine-tenths percent (.9%) of the total City adjusted market value for real property located within the City. Taxes are due in two installments on December 20 and June 20 following the levy date. Property taxes levied for 2024 are recorded as receivables if uncollected and a deferred inflow amount is recorded, in the fund financial statements, to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

Note A – Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows or resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2024, the City has two items that quality for reporting in these categories: deferred outflows and inflows or resources related to the net pension liability and deferred inflows of resources related to unavailable property taxes.

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.

Note B – Cash

At September 30, 2024, the City's cash consisted of the following:

	Bank Balance	Carrying Amount
Cash -Bank Deposits	$ 1,171,670	$ 1,156,194

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2024, $706,470 of the City's bank balance was uninsured and uncollateralized.

Note C – Accounts Receivable and Due From Other Governments

The City's accounts receivable recorded in the Sewer fund represent assessments to customers for sewer line maintenance and sewer certification amounts received from Shoshone County. Due from other governments consist of taxes received for the State of Idaho and franchise fees received from local sources. The composition of amounts due from other governments as of September 30, 2024 is as follows:

	Governmental Funds Due From Other Goverments				Proprietary Fund Accounts Receivable
	General	Street	Law Enforcement	Library	Sewer
State of Idaho					
Revenue sharing	$	$ 21,491	$ 9,378	$ 8,206	$
Liquor apportionment		7,040	7,040		
Highway user revenue		19,940			
Shoshone County					
Revenue sharing	12,500				9,564
Sewer certifications					
Local sources					
Sewer lines assessments					11,284
Franchise fees	4,471				
Totals	$ 16,971	$ 48,471	$ 16,418	$ 8,206	$ 20,848

Note D –Capital Assets

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

	October 1, 2023	Additions	Deletions	September 30, 2024
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in progress	$ 39,947	$ 35,000	$ (74,947)	$
Total capital assets, not being depreciated	39,947	35,000	(74,947)	
Capital Assets Being Depreciated				
Buildings and improvements	415,541	430,105		845,646
Furniture and fixtures	353,382	74,947		428,329
Vehicles and equipment	525,821	72,695		598,516
Total Depreciable Assets	1,294,744	577,747		1,872,491
Less Accumulated Depreciation				
Buildings and improvements	176,690	18,867		195,557
Furniture and fixtures	122,894	33,567		156,461
Vehicles and equipment	464,400	20,775		485,175
Total Accumulated Depreciation	763,984	73,209		837,193
Governmental Activities Capital Assets-Net	$ 570,707	$ 539,538	$ (74,947)	$ 1,035,298

Depreciation expense was charged to functions/programs as follows:	
General govement	$ 21,964
Public saferty	9,236
Highways and streets	11,540
Culture and recreation	30,469
Total depreciation	$ 73,209

Note D – Capital Assets (Continued)

	October 1, 2023	Additions	Deletions	September 30, 2024
Business-type Activities				
Capital Assets Being Depreciated				
Crematoria wall	$ 23,742	$	$	$ 23,742
Sewer lines and equipment	202,250			202,250
Total Depreciable Assets	225,992			225,992
Less Accumulated Depreciation				
Cemetary	3,028	317		3,345
Sewer lines and equipment	191,758	4,196		195,954
Total Accumulated Depreciation	194,786	4,513		199,299
Business-type Activities Capital Assets-Net	$ 31,206	$ (4,513)	$	$ 26,693

Depreciation expense was charged to functions/programs as follows:	
Sewer	$ 4,196
Cemetery	317
Total depreciation	$ 4,513

Note E –Internal Balances

Internal balances owed to the Steet fund comprise of negative cash recorded in the General fund and Library fund which is expected to be settled within one year. The composition of interfund balances as of September 30, 2024 is as follows:

Due From Other Funds	Due To Other Funds	Amount
Street	General Fund	$ 62,664
Street	Library	44,037
		$ 106,701

Note F –Compensated Absences

The following is a summary of the City's long-term compensated absences activity for the year ended September 30, 2024:

	Balance at October 1,2023	Additions	Reductions	Balance at September 30,2024
Govermental activities				
Compensasted absences	$ 23,918	$ 24,513	$ (18,215)	$ 30,216

	Balance at October 1,2023	Additions	Reductions	Balance at September 30,2024
Buisness -type activities				
Compensasted absences	$ 1,600	$ 2,390	$ (1,730)	$ 2,260

Compensated absences are liquidated in the employees' respective fund or department upon termination.

Note G – Pension Plan

Plan Description

The City 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.

Note G – Pension Plan (Continued)

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 and earnings from investments. 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) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of September 30, 2024 it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. City of Osburn's contributions were $38,467 for the year ended September 30, 2024.

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

At September 30, 2024, The City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.0072040 percent. For the year ended September 30, 2024, The City recognized net pension expense of $20,570.

Note G – Pension Plan (Continued)

At September 30, 2024 The City 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	$ 41,327	$
Changes in assumptions or other inputs	10,283	
Net difference between projected and actual earnings on pension plan investments		4,712
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	8,161	1,255
City's contributions subsequent to the measurement date	10,573	
Total	$ 70,344	$ 5,967

$10,573 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, 2025. 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, 2024 is 4.4 and 4.4 for the measurement period June 30, 2024.

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

Year Ending 30-Sep	Amount
2025	$ 14,470
2026	50,321
2027	(5,981)
2028	(5,006)

Note G – Pension Plan (Continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.05%
Salary inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries -Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries -Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

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

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

Note G – Pension Plan (Continued)

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.

Asset Class	DB Plans	Sick Leave
Fixed Income	30%	50.00%
US/Global Equity	55%	39.30%
International Equity	15%	10.70%
Cash	0%	0%
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Note G – Pension Plan (Continued)

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liabilty	$ 493,275	$ 259,576	$ 68,703

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.

Payables to the pension plan

At September 30, 2024, the City reported no payables to the defined benefit pension plan for legally required employee contributions.

Note H – Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note I – Deficit Fund Balances

The City has deficit fund balances in the following funds as of September 30, 2024 below due to unexpected accrual expenditures in fiscal year ending September 30, 2024. The deficits are expected to be recovered through the normal course of operations in the succeeding fiscal year.

General	$ (86,755)
Library	(37,198)
	$ (123,953)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OSBURN, IDAHO
GENERAL FUND
SATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	$ 110,900	$ 107,584	$ (3,316)
Licenses, permits, and fees	8,150	16,050	7,900
Intergovermental revenues	50,507	41,905	(8,602)
Interest	100	10,518	10,418
Franchise fees	21,000	31,492	10,492
Grants	334,690	326,405	(8,285)
Other revenues	5,000	3,344	(1,656)
Total Revenue	530,347	537,298	6,951
Expenditures			
General government			
Salaries	108,897	85,282	23,615
Benefits and taxes	54,210	58,120	(3,910)
Building inspector fees	15,000	14,444	556
Professional fees	25,000	18,619	6,381
Maintenance	23,000	30,566	(7,566)
Insurance	7,517	3,677	3,840
Printing and publication	2,000	1,644	356
Travel	7,300	3,697	3,603
Office expense	2,500	2,288	212
Other expense	3,000	7,713	(4,713)
Planning & comprehensive	13,500	2,014	11,486
Flood control	4,300	2,875	1,425
Other government expense	25,500	0	25,500
Insurance deductibe	100		100
Elections	300		300
Contingency	1,000	1,126	(126)
Total general government	293,124	232,065	61,059

CITY OF OSBURN, IDAHO
GENERAL FUND
SATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Continued)
For the Year Ended September 30, 2024

Expenditures (Continued)	**Budget Original and Final**	**Actual**	**Variance**
Capital outlay			
Building improvement	340,690	353,405	(12,715)
Total capital outlay	340,690	353,405	(12,715)
Total Expenditures	633,814	585,470	48,344
Excess (Deficiency) of Revenues Over Expenditures	(103,467)	(48,172)	55,295
Fund balance-beginning	103,467	(38,583)	(142,050)
Fund balance-ending	$	$ (86,755)	$ (86,755)

CITY OF OSBURN, IDAHO
STREET FUND
SATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	$ 77,658	$ 68,794	$ (8,864)
Intergovernmental revenues	112,312	260,082	147,770
Interest	3,556	4,204	648
Grants		83,805	83,805
Other revenues	500	32,059	31,559
Total Revenue	194,026	448,944	254,918
Expenditures			
Highways and Streets			
Salaries	53,344	50,220	3,124
Benefits and taxes	16,283	15,662	621
City shop utilities	11,500	11,073	427
Construction and maintenance	5,500	5,155	345
Street equipment maintenance	21,010	9,404	11,606
City shop maintenace	5,000	3,149	1,851
Liability insurance	8,529	4,900	3,629
Travel and training-PWD	100	0	100
Other expense	1,000	514	486
Street lighting	36,000	35,655	345
Parks and recreation	7,500	4,414	3,086
Street improvements	107,071	117,225	(10,154)
Sanding expense	5,000	924	4,076
Heavy equipment maintenance	6,000	4,813	1,187
Capital improvement reserves	20,000	2,850	17,150
Total Highways and Streets	303,837	265,958	37,879
Capital outlay			
ADA Curb Gramp Grant		111,700	(111,700)
Total capital outlay		111,700	(111,700)
Total Expenditures	303,837	377,658	(73,821)
Excess (Deficiency) of Revenues Over Expenditures	(109,811)	71,286	181,097
Fund balance-beginning	109,811	852,987	743,176
Fund balance-ending	$	$ 924,273	$ 924,273

CITY OF OSBURN, IDAHO
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	$ 217,059	$ 179,162	$ (37,897)
Licenses, permits, and fees	5,400	2,725	(2,675)
Intergovernmental revenues	39,311	65,734	26,423
Interest	100	4,204	4,104
Fines and forfeitures	3,600	3,288	(312)
Grants	74,500		(74,500)
Other revenues	100	15,727	15,627
Total Revenue	340,070	270,840	(69,230)
Expenditures			
Public Safety			
Salaries	156,068	144,242	11,826
Benefits and taxes	80,461	81,380	(919)
Clothing allowance	1,250	1,068	182
Legal & attorney fees	20,000	18,750	1,250
Animal Control	500	1,890	(1,390)
Equipment maintenance	1,400	698	702
Patrol car maintenace	11,400	5,530	5,870
Liability insurance	9,500	5,163	4,337
Communications/Telephone	4,000	5,057	(1,057)
Travel and training-officers	4,000	1,423	2,577
Supplies	1,300	600	700
Office expense	3,000	1,461	1,539
Police garage maintenace	3,000	2,755	245
Grant expense	74,500	5,022	69,478
Equipment	5,500	3,462	2,038
Shop with a cop expenditure		12,059	(12,059)
Total Law Enforcement Fund	375,879	290,560	85,319
Capital outlay			
Patrol car purchase	65,000	72,695	(7,695)
Total capital outlay	65,000	72,695	(7,695)
Total Expenditures	440,879	363,255	77,624
Excess (Deficiency) of Revenues Over Expenditures	(100,809)	(92,415)	8,394
Fund balance-beginning	100,809	197,790	96,981
Fund balance-ending	$	$ 105,375	$ 105,375

CITY OF OSBURN, IDAHO
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABLITY (ASSET) AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.0087365%	0.0087762%	0.0073292%	0.0073989%	0.0069499%	0.0072155%	0.0074352%	0.0072227%	0.0072040%	0.0069393%
Employer's proportionate share of the net pension liability	$ 115,045	$ 177,907	$ 115,202	$ 109,135	$ 79,331	$ 167,553	$ (5,872)	$ 284,486	$ 287,487	$ 259,576
Employer's covered payroll	$ 232,468	$ 237,728	$ 239,910	$ 229,910	$ 239,029	$ 258,823	$ 277,732	$ 281,480	$ 302,380	$ 314,568
Employer's proportionate share of net pension liability as a percentage of its covered payroll	49.49%	74.84%	48.02%	47.47%	33.19%	64.74%	-2.11%	101.07%	95.07%	82.52%
Plan fiduciary net position as a percentage of total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	91.69%	88.22%	100.36%	83.83%	85.54%

Data reported is measured as of June 30, 2024 (measurement date)

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$ 27,620	$ 27,257	$ 27,637	$ 26,446	$ 27,708	$ 31,340	$ 33,515	$ 34,069	$ 36,792	$ 38,467
Contributions in relation to statutorily required contribution	$ 27,620	$ 27,257	$ 27,637	$ 26,446	$ 27,708	$ 31,340	$ 33,515	$ 34,069	$ 36,792	$ 38,467
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	$ 232,468	$ 237,728	$ 239,910	$ 229,910	$ 239,029	$ 258,823	$ 277,732	$ 281,480	$ 316,994	$ 312,294
Contributions as a percentage of covered payroll	11.88%	11.47%	11.43%	11.50%	11.59%	12.11%	12.07%	12.10%	11.61%	12.32%

Data reported is measured as of September 30, 2024 (The City's fiscal year end)

FEDERAL REPORTS

INDEPENDENT AUDITORS' 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*

To the City Council
City of Osburn, Idaho
Osburn, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General in the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Osburn, Idaho (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 and response as items 2024-002 and 2024-003.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Harris CPAs P.C.

Meridian, Idaho
April 14, 2025

CITY OF OSBURN, IDAHO
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2024

Finding 2024-001 Year-end closing process (Material Weakness)

Criteria: Good internal control processes require City management to review and reconcile general ledger accounts as part of the year-end closing process.

Condition: As a result of audit procedures performed, there were several accounts that were found to be misstated and needed to be adjusted, specifically for the following financial statement areas:

- Receivables, due from other governments and unavailable revenues related to state revenue sharing revenues, taxes, liquor apportionment, and franchise fees.
- Corrections to cash to remove inaccurate deposits in transit and outstanding checks that were the result of accounting errors and should have been voided.
- Accounts payable adjustment and other accrued liabilities for payroll.
- Advanced revenues

Effect: Multiple audit adjustments were required to correct accounts during the course of the audit.

Cause: Turnover of the City Treasurer, limited segregation of duties, and lack of internal review increased the risk the financial statement accounts could be materially misstated.

Recommendation: Management and City Council should implement internal controls to ensure a formal review process is performed and that the financial statement accounts are assessed for accuracy prior to beginning of the audit. We also recommend creating written policies to address internal controls over financial transactions to ensure segregation of duties to the extent possible.

Views of the Responsible Officials and Planned Corrective Action: Only having two persons in the office leaves little room for complete segregation of duties. We understand the significance of segregation of duties in preventing potential risks. We are working on identifying opportunities for further segregation, and necessary adjustments will be made accordingly. In January we will have new liaisons appointed – at this time it is a priority for the City to get them engaged, we will institute additional layers of review to enhance the effectiveness of oversight and ensure the accuracy and completeness of financial reporting.

Finding 2024-002 Sewer Billing Rate Additional Unit (Noncompliance)

Criteria: On September 13, 2011 the City passed Resolution NO. 2011.03 which determined sewer monthly rates and connection fees which included an additional unit fee of $1.60 per additional unit.

Condition: As a result of audit procedures and follow up by the Community Planner, we determined the non-residential accounts with more than one unit were not set up in the billing software with the most recent rates as set by Resolution No. 2011-03.

Effect: The City is under billing customers for the additional unit fees since the beginning of fiscal year 2012 at an estimated rate of $238 per quarter.

Cause: When rates were amended on September 13, 2011 the rates were not adjusted in the billing with respect to the additional unit calculation.

Recommendation: Management and the City Council should review the current rate structure in the billing system in comparison with the approved resolution and either correct the rate in the billing system or amend the resolution to adjust the approved rates. Approved rates changes should be entered into the billing system and reviewed timely to ensure the customer billings are correct.

Views of the Responsible Officials and Planned Corrective Action: Management concurs with the finding as stated. Management will correct the rates in the billing system going forward.

Finding 2024-003 Vacation Leave Policies (Noncompliance)

Criteria: Per the City's vacation leave polices section IV, C, 1, "any excess of vacation hours over five (5) days, not used during the year in which it is accrued will be compensated by check at the conclusion of the employee's anniversary date."

Condition: We noted leave balances were accumulating throughout the fiscal year and that there were no anniversary payouts made of excess vacation hours during the fiscal year ending September 30, 2024.

Effect: City employees were not being compensated timely for the excess leave balances which could lead to higher potential payouts in the event the employee is terminated.

Cause: Turnover at the City Treasurer position resulted in excess leave balances not being paid out. City management was recently made aware of the policy.

Recommendation: City management should review payroll monthly to ensure excess vacation is paid out upon the employee's anniversary date.

Views of the Responsible Officials and Planned Corrective Action: Management concurs with the finding as stated.