CITY OF MONTPELIER

Financial Statements

For the Year Ended September 30, 2024

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Montpelier
Montpelier, Idaho

Opinion

I have audited the accompanying financial statements of the City of Montpelier, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City, as of September 30, 2024, 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 Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

I have determined that there are no key audit matters to communicate in my report.

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, 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 the 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

My 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 my opinion. 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 if 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgement 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'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 my judgement, 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.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the management's discussion and analysis 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated February 18, 2025 on my consideration of the City's internal control over financial reporting and on my 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 my 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's internal control and compliance.

MATTHEW REGEN, CPA, PC



Logan, Utah
February 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Montpelier (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section

FINANCIAL HIGHLIGHTS

- The total net position (government and business-type activities) of the City increased during fiscal year 2024 by $843,024 to a total of $10,597,756. The governmental net position increased by $610,708 and the business-type net position increased by $232,316.

- The total net position (government and business-type activities) of the City consist of $3,355,929 in capital assets, net of related debt, $122,498 in restricted net position, and $7,119,329 in unrestricted net position.

- The total long-term liabilities of the City decreased by $58,727 during the fiscal year 2024.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, there will also be a need to consider other non-financial factors.

- *The statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and

intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, parks and recreation, and public works. The business-type activities of the City include the water and wastewater collection utilities. The government-wide financial statements can be found on pages 12 and 13 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The City has several non-major funds.

- **Proprietary funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Montpelier uses enterprise funds to account for its Water Utility and Wastewater Collection Utility. As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.

- **Fiduciary funds -** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City currently has no fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $10,597,756.

By far, the largest portion of the City's net position (12 percent) reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules present summarized information from the Statement of Net Position and the Statement of Activities:

STATEMENT OF NET POSITION

	Governmental Activities			Business-type Activities		
	2024	2023	2022	2024	2023	2022
Current and other assets	$ 2,887,876	2,425,152	2,092,264	4,886,053	4,564,585	4,243,088
Capital assets	1,815,833	1,521,525	1,420,959	3,552,985	3,699,126	3,844,073
Total assets	4,703,709	3,946,677	3,513,223	8,439,038	8,263,711	8,087,161
Deferred outflows–Pensions	130,025	294,167	380,529	-	-	-
Current liabilities	26,196	38,672	22,477	41,186	39,448	38,730
Noncurrent liabilities	594,745	741,234	706,931	2,012,889	2,071,616	2,128,771
Total liabilities	620,941	779,906	729,408	2,054,075	2,111,064	2,167,501
Deferred inflows	-	-	3,156	-	-	-
Invested in capital assets, net of debt	1,815,833	1,521,525	1,420,959	1,540,096	1,627,510	1,715,301
Restricted	122,498	122,498	122,498	-	-	-
Unrestricted	2,274,462	1,816,915	1,617,731	4,844,867	4,525,137	4,204,359
Total net position	$ 4,212,793	3,460,938	3,161,188	6,384,963	6,152,647	5,919,660

CHANGES IN NET POSITION

	Governmental Activities			Business-type Activities		
	2024	2023	2022	2024	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 106,206	141,751	266,841	1,239,514	1,154,653	1,169,695
Operating grants	1,276,857	704,541	877,251	-	-	-
Capital grants	-	-	-	-	-	-
General revenues:						
Property taxes	843,359	849,292	799,602	-	-	-
Other taxes	361,375	108,596	86,429	-	-	-
Other revenues	274,722	182,506	(89,924)	-	-	-
Total revenues	2,862,519	1,986,686	1,9,40,199	1,239,514	1,154,653	1,169,695
Expenses:						
General government	298,723	355,943	406,112	-	-	-
Public safety	554,558	712,754	560,705	-	-	-
Streets and roads	196,337	282,270	251,727	-	-	-
Parks and recreation	1,202,193	426,784	600,114	-	-	-
Interest on LTD	-	-	-	-	-	-
Water utility	-	-	-	490,052	434,180	451,665
Sewer utility	-	-	-	517,146	487,486	427,431
Total expenses	2,251,811	1,777,751	1,818,658	1,007,198	921,666	879,096
Change in net position	610,708	208,935	121,541	232,316	232,987	290,599
Transfer out	-	-	-	-	-	90,000
Net position – beginning, restated	3,460,938	3,161,188	3,039,647	6,152,647	5,919,660	5,539,061
Net position – ending	$ 4,212,793	3,460,938	3,161,188	6,384,963	6,152,647	5,919,660

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The financial reporting focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $2,817,649, an increase of $489,017 in comparison with the prior year. Of this total amount $2,653,142 constitutes unassigned fund balance, which is available to meet the future financial needs of the City. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or assigned for future capital expenditures.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 42 percent of total general fund revenues. The two largest elements of taxes are sales taxes and property taxes. Combined, they represent 94 percent of total tax revenues and 39 percent of total general fund revenues.

The City maintains enterprise funds to account for the business-type activities of the City, namely the water and wastewater collection utilities. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current fiscal year the General Fund budget for revenue was $2,280,830. The actual revenue was $2,733,899. This resulted in a favorable variance of $453,069 for revenue. The General Fund budget for expenditures was $2,506,415. The actual expenditures were $2,278,274. This resulted in a favorable variance of $228,141 for expenditures. Overall, the City had a favorable variance for the excess of revenues over expenditures of $681,210.

CAPITAL ASSETS

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $5,368,818 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads and infrastructure (streets, sidewalks, curb and gutter, etc.). The increase in the City's investment in capital assets for the current fiscal year was $417,596 and depreciation expense was $269,429.

Major capital assets purchased during the fiscal year included the following:

- Equipment
- Vehicles
- Radio Tower
- Generator

Additional information on the City's capital assets can be found in the footnotes to this financial report.

LONG-TERM DEBT

Long-term debt – At September 30, 2024, the City had total debt outstanding of $2,012,889 which is a note payable for sewer revenue bond. Additional information on the outstanding debt obligations of the City can be found in the footnotes to this financial report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Montpelier City 534 Washington Street, Montpelier, ID 83254.

BASIC FINANCIAL STATEMENTS

CITY OF MONTPELIER
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
Assets	Governmental Activities	Business-type Activities	Total
Pooled cash and cash equivalents	$ 2,716,138	4,789,827	7,505,965
Receivables, net	171,738	96,226	267,964
Fixed assets, net	1,815,833	3,552,985	5,368,818
Total assets	4,703,709	8,439,038	13,142,747
Deferred Outflows of Resources			
Deferred outflows - Pensions	130,025	-	130,025
Liabilities			
Liabilities:			
Accounts payable and accrued expenses	26,196	41,186	67,382
Bonds payable:			
Due within one year	-	60,342	60,342
Due within more than one year	-	1,952,547	1,952,547
Net pension liability	594,745	-	594,745
Total liabilities	620,941	2,054,075	2,675,016
Deferred Inflows of Resources			
Deferred inflows - Pensions	-	-	-
Total deferred inflows	-	-	-
Net Position			
Investments in capital assets, net of related debt	1,815,833	1,540,096	3,355,929
Restricted:	122,498	-	122,498
Unrestricted	2,274,462	4,844,867	7,119,329
Total net position	$ 4,212,793	6,384,963	10,597,756

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

CITY OF MONTPELIER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:							
Governmental:							
General government	$ 1,419,203	78,822	930,374	-	(410,007)	-	(410,007)
Parks and recreation	81,713	14,650	-	-	(67,063)	-	(67,063)
Streets and public improvements	196,337	-	346,483	-	150,146	-	150,146
Public safety	554,558	12,734	-	-	(541,824)	-	(541,824)
Total governmental activities	2,251,811	106,206	1,276,857	-	(868,748)	-	(868,748)
Business-type activities:							
Water fund	517,146	567,321	-	-	-	50,175	50,175
Sewer fund	490,052	672,193	-	-	-	182,141	182,141
Total business-type activities	1,007,198	1,239,514	-	-	-	232,316	232,316
Total primary government	$ 3,259,009	1,345,720	1,276,857	-	(868,748)	232,316	(636,432)
General revenues:							
Taxes:							
Property tax					843,359	-	843,359
Sales and use tax					284,038	-	284,038
Other taxes					77,337	-	77,337
Inventory allocations					17,231	-	17,231
Total taxes					1,221,965	-	1,221,965
Interest income					257,491	-	257,491
Total general revenues					1,479,456	-	1,479,456
Change in net position					610,708	232,316	843,024
Net position - beginning					3,602,085	6,152,647	9,754,732
Net position - ending					$ 4,212,793	6,384,963	10,597,756

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

CITY OF MONTPELIER
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

Assets		General Fund	Other Governmental Funds	Total Governmental Funds
Pooled cash and cash equivalents	$	2,540,917	175,221	2,716,138
Receivables, net		168,102	3,636	171,738
Other assets		-	-	-
Total assets		2,709,019	178,857	2,887,876
Liabilities, Deferred Inflows of Resources & Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities		23,179	3,017	26,196
Bonds payable:				
Due within one year		-	-	-
Due within more than one year		-	-	-
Deferred inflows of resources		40,784	3,247	44,031
Total liabilities & deferred inflows		63,963	6,264	70,227
Fund balance:				
Restricted for:				
Capital outlay		164,507	-	164,507
Unassigned		2,480,549	172,593	2,653,142
Total fund balance		2,645,056	172,593	2,817,649
Total liabilities, deferred inflows of resources and fund balance	$	2,709,019	178,857	2,887,876

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

CITY OF MONTPELIER
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total fund balance for governmental funds		$ 2,817,649
Net position is different because:		
The net pension liability, deferred outflows and inflows of resources related to pensions are not reported in the funds.		
Deferred outflows of resources - pensions	$ 130,025	
Deferred inflows of resources - pensions	-	
Unavailable property taxes	44,031	
Net pension liability	(594,745)	(420,689)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Property, plant, and equipment	$ 4,805,955	
Accumulated depreciation	(2,990,122)	1,815,833
Net position of governmental activities		$ 4,212,793

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

CITY OF MONTPELIER
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$	858,933	61,763	920,696
Intergovernmental		1,265,636	11,221	1,276,857
Charges for services		313,664	39,635	353,299
Miscellaneous revenues		272,480	16,001	288,481
Licenses and permits		23,186	-	23,186
Fines and forfeitures		-	-	-
Total revenues		2,733,899	128,620	2,862,519
Expenditures:				
General government		1,409,223	95,228	1,504,451
Streets and public improvements		299,010	-	299,010
Parks and recreation		70,599	-	70,599
Public safety		499,442	-	499,442
Total expenditures		2,278,274	95,228	2,373,502
Excess (deficiency) of revenues over expenditures		455,625	33,392	489,017
Other financing sources:				
Transfers in (out)		-	-	-
Total other financing uses		-	-	-
Excess (deficiency) of revenues and other financing uses over expenditures and other financing uses		455,625	33,392	489,017
Fund balance - beginning of year		2,189,431	139,201	2,328,632
Fund balance - end of year	$	2,645,056	172,593	2,817,649

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

CITY OF MONTPELIER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balance - Total governmental funds		$ 489,017
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $417,596 exceeded depreciaiton expens of $123,288 in the current year.		294,308
The net effect of transactions involving net pension liability and deferred outflows and inflows of resources related to pensions, are not recorded in the governmental funds, but are reported in the Statement of Activities.		
Deferred outflows - pensions	$ -	
Deferred inflows - pensions	-	
Change in pension expense	(172,617)	(172,617)
Change in net position of governmental activities		$ 610,708

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

CITY OF MONTPELIER
STATEMENT OF NET POSITION -
PROPRIETARY FUND
SEPTEMBER 30, 2024

Assets		Water Fund	Sewer Fund	Total Business-Type Activities
Pooled cash and cash equivalents	$	1,427,610	3,362,217	4,789,827
Receivables, net		43,379	52,847	96,226
Fixed assets, net		1,376,092	2,176,893	3,552,985
Total assets		2,847,081	5,591,957	8,439,038
Liabilities				
Accounts payable and accrued liabilities		3,957	37,229	41,186
Non-current liabilities:				
Due within one year		-	115,696	115,696
Due in more than one year		-	1,897,193	1,897,193
Net pension liability		-	-	-
Total liabilities		3,957	2,050,118	2,054,075
Net Position				
Investments in capital assets, net of related debt		1,376,092	164,004	1,540,096
Restricted:				
Bond reserve/Grant restrictions		-	-	-
Unrestricted		1,467,032	3,377,835	4,844,867
Total net position	$	2,843,124	3,541,839	6,384,963

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

CITY OF MONTPELIER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Water Fund	Sewer Fund	Total Business-Type Activities
Operating revenues:			
Services	$ 567,321	672,193	1,239,514
Total operating revenues	567,321	672,193	1,239,514
Operating expenses:			
Wages and benefits	300,893	244,838	545,731
Depreciation	57,855	88,286	146,141
Current expenses	158,398	100,815	259,213
Total operating expense	517,146	433,939	951,085
Operating income	50,175	238,254	288,429
Non-operating income (expense):			
Interest expense	-	(56,113)	(56,113)
Total non-operating income (expense)	-	(56,113)	(56,113)
Change in net position	50,175	182,141	232,316
Net position - beginning of year	2,792,949	3,359,698	6,152,647
Net position - end of year	$ 2,843,124	3,541,839	6,384,963

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

CITY OF MONTPELIER
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Water Fund	Sewer Fund	Total Business-Type Activities
Cash flows from operating activities:				
Receipts from customers and users	$	567,408	672,988	1,240,396
Payments to employees		(300,893)	(244,838)	(545,731)
Payments to suppliers		(162,488)	(94,129)	(256,617)
Net cash provided by operating activities		104,027	334,021	438,048
Cash flows from non-capital financing activities		-	-	-
Cash flows from capital and related financing activities:				
Purchase of capital assets		-	-	-
Impact fee income		-	-	-
Principal payments on bonds and long-term debt		-	(58,727)	(58,727)
Interest payments on bonds		-	(56,971)	(56,971)
Net cash used in capital and related financing activities		-	(115,698)	(115,698)
Cash flows from investing activities:				
Interest on investments		-	-	-
Net cash provided by investing activities		-	-	-
Net decrease in cash and cash equivalents		104,027	218,323	322,350
Cash and cash equivalents at beginning of year		1,323,583	3,143,894	4,467,477
Cash and cash equivalents at end of year	$	1,427,610	3,362,217	4,789,827
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	50,175	238,254	288,429
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		57,855	88,286	146,141
Change in assets and liabilities:				
Increase in accounts receivable		87	795	882
Increase (decrease) in accounts payable		(4,090)	6,686	2,596
Total adjustments		53,852	95,767	149,619
Net cash provided by operating activities	$	104,027	334,021	438,048

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Montpelier (the City) was chartered under the laws of the state of Idaho. The City operates by ordinance under the Mayor-Council form of government and provides such services as are authorized by its charter including public safety (police and fire), highway and streets, recreation, public improvements, planning and zoning, and general administration. In addition, the City owns and operates water and sewer utilities.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to December 1, 1989, which do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB pronouncements issued after November 30, 1989 in the preparation of these financial statements. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

Government-wide and Fund 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 nonfiduciary activities of the City and its component units. The interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. The City applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, 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. All other revenue items are considered to be available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Other Governmental Fund is used to account for financial resources for the Business Improvement District with regard to the recreation, street lights, and cemetery funds by the city.

The City reports the following major proprietary funds:

- The Water Utility accounts for the activities of the City's water production, treatment, and distribution operations.
- The Sewer Utility accounts for the activities of the City's sewer treatment operations.

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an 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 fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible fixed assets used is charged as an expense against the City's operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	25 to 50 years
Water system and equipment	7 to 50 years
Machinery and equipment	3 to 20 years
Infrastructure	15 to 40 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

Long-term Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of bonds and notes payable.

Long-term debt for the governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest are reported as expenditures. The accounting for proprietary fund long-term debt is the same as in the fund statements as in the government-wide statements.

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications: Government-wide Financial Statements

Equity in the government-wide financial statements is classified as net position and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
- Restricted net position – Consists of net position with constraints placed on the usage whether by 1) external groups such as creditors, grantors or laws and regulations of other governments; 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Equity Classifications: Fund Financial Statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
b. Restricted fund balances – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.
c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council, likewise, formally changes the use.
d. Assigned fund balance – Fund balances are reported as assigned when the City Council or management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.

Note 1 – Summary of Significant Accounting Policies (continued)

e. Unassigned fund balance – Fund balances in the General Fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless City Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Bear Lake County levies, collects, and distributes all property tax revenue as required by State law. Idaho statutes establish the process by which taxes are levied and collected. Final certification of these levies by the State of Idaho Tax Commission is not completed until after September 30. Property taxes are billed to the tax payers in November and are due in two installments. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year. The County bills and collects all property taxes and remits to the City its share on a monthly basis.

As of January 1, real property taxes assessed but uncollected for previous calendar year and earlier are delinquent property taxes. It is expected that all delinquencies and accrued interest will be collected within a three year period, after which time, the County Treasurer may force the sale of property to collect the delinquent taxes.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of 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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, the term "cash and cash equivalents" includes all demand deposit accounts, savings accounts, or other short-term, highly-liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) including additions to and 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 1 – Summary of Significant Accounting Policies (continued)

Subsequent Events

The City has evaluated all subsequent events through February 18, 2025, the date the financial statements were available to be issued.

Note 2 – Deposits and Investments

The City follows the requirements for deposits and investments for local government as governed by Idaho Code.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk. The uninsured and uncollateralized portion of the City's bank balances was $2,330,603 on September 30, 2024.

Investments

State law defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may only be conducted through qualified depositories, certified dealers or directly with the issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standards & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in money market mutual fund.

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no policy for managing its exposure to fair value loss arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Act as previously discussed. See the quality ratings on the investment schedules above.

Note 2 – Deposits and Investments (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk in regard to the custody of the City's investments.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of government's investment in a single issuer. The City has no policy for reducing this risk of loss.

Note 3 – Legal Compliance – Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements. Prior to September 30, the City holds hearings on a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

During the fiscal year, the Council of the City may amend the annual appropriated budget by unanimous resolution, in case of an emergency, through the courts, or by the budget hearing process. The appropriated budget can only be increased by an amount equal to unanticipated revenues. In no even can property taxes be increased. Management at department level does not have authority to amend the budget.

Note 4 – Receivables

The City has property and sales taxes, accounts receivable and receivables due from other governments as of September 30, 2024 as follows:

Governmental Funds:	
Taxes:	
Property taxes	$ 45,312
Total taxes receivable	45,312
Due from other governments:	
State of Idaho	123,3821
County	2,748
Other	296
Total due from other governments	126,426
Total receivables – Governmental Funds	$ 171,639
Water Fund:	
Accounts:	
Services and fees, net of allowance for bad debt	$ 43,379
Total receivables – Water Fund	$ 43,379
Sewer Fund:	
Accounts:	
Services and fees, net of allowance for bad debt	$ 52,847
Total receivables – Sewer Fund	$ 52,847

Note 5 – Taxes Receivables

The City has taxes receivable accounts of September 30, 2024 as follows:

Year	Beginning Balance	Roll Charge	Collections	Adjs	Ending Balance
2020	$ 6,450		6,123		$ 327
2021	13,138		7,078		6,060
2022	38,260		21,796	5,549	10,915
2023	-	827,753	799,602	1,422	26,729
	$ 57,848	827,753	834,599	6,971	$ 44,031
			September 2023 collections receivable from County		1,282
			Total taxes receivable		$ 45,313

Deferred taxes at September 30, 2024 were $44,030.

Property tax revenues are recognized when received. Taxes receivable consist of amounts levied and collected by the County but not remitted to the City as of September 30, 2024.

Total property taxes levied for 2023 were $827,753 on a taxable market value of $237,083,272.

Note 6 – Capital Assets

Capital asset changes occurring for the year ended September 30, 2024, are as follows:

	October 1, 2023	Additions	Deletions	September 30, 2024
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 301,781	-	-	301,781
Total capital assets not being depreciated	301,781	-	-	301,781
Capital assets being depreciated:				
General Fund	3,342,327	417,596	-	3,759,923
BID Fund	630,354	-	-	630,354
Other funds	113,897	-	-	113,897
Total capital assets being depreciated	4,086,578	417,596	-	4,504,174
Accumulated depreciation for:				
General Fund	(2,342,115)	(100,755)	-	(2,442,870)
BID Fund	(418,477)	(21,012)	-	(439,489)
Other funds	(106,242)	(1,521)	-	(107,793)
Total accumulated depreciation	(2,866,834)	(123,288)	-	(2,990,122)
Total capital assets being depreciated, net	1,219,744	294,308	-	1,514,052
Total governmental activities Capital assets, net	$ 1,521,525	294,308	-	1,815,833

Note 6 – Capital Assets (continued)

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

General government	$ 23,387
Public safety	46,367
Streets and public improvements	23,475
Parks and recreation	30,059
Total depreciation expense	$ 123,288

	October 1, 2023	Additions	Deletions	September 30, 2024
Business-type Activities:				
Capital assets not being depreciated:				
Land and water rights	$ -	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Sewer and improvements	3,262,943	-	-	3,262,943
Water and improvements	3,170,229	-	-	3,170,229
Total capital assets being depreciated	6,433,172	-	-	6,433,172
Accumulated depreciation for:				
Buildings	(997,763)	(88,286)	-	(1,086,049)
Systems and equipment	(1,736,282)	(57,855)	-	(1,794,137)
Total accumulated depreciation	(2.734,045)	(146,141)	-	(2,880,186)
Total capital assets being depreciated, net	3,699,127	(146,141)	-	3,552,986
Total business-type activities capital assets, net	$ 3,699,127	(146,141)	-	3,552,986

Note 7 – Long-term Debt

Long-term liability transactions for the fiscal year ended September 30, 2024, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Bond anticipation note	2,071,616	-	(58,727)	2,012,889	115,696
Total business-type long-term liabilities	$ 2,071,616	-	(58,727)	2,012,889	115,696

Business-type Activities

Long-term debt for business-type activities consists of the following:

Bonds payable	
$2,342,500 USDA Rural Development bond, issued March 20, 2018, payable in annual installments of $115,696, including interest ranging from 1.00% to 4.50%, through March 2048.	2,012,889
Total	$ 2,012,889

The following is a summary of the annual payments to maturity:

Year Ending September 30,	Principal	Interest	Totals
2025	60,342	55,354	115,696
2026	62,001	53,695	115,696
2027	63,706	51,990	115,696
2028	65,458	50,238	115,696
2029	67,258	48,438	115,696
Thereafter	1,694,124	503,484	2,197,608
Totals	$ 2,012,889	763,199	2,776,088

Note 8 - Retirement Plans

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.

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 member's 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.

Note 8 - Retirement Plans (continued)

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 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% for general employees and 13.26% for police and firefighters. The City's contributions were $88,802 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, 2023, 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 .000158995.

Note 8 - Retirement Plans (continued)

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $172,617. 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
Difference between expected and actual experience	$ 94,689	$ -
Change in assumptions or other inputs	$ 23,561	$ -
Net difference between projected and actual earnings on pension plan investments	$ (10,796)	$ -
Changes in employer's proportion and differences between employer's contributions and the employer's proportionate contributions.		
Contributions subsequent to the measurement date	$ 22,571	$ -
Total	$ 130,025	$ -

$22,571 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

Note 8 - Retirement Plans (continued)

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:

2025	29,354
2026	110,892
2027	(19,123)
2028	(13,669)

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 expenses
Cost-of-living adjustments	1%

Note 8 - Retirement Plans (continued)

Contributing Members, Service Retirement Members, and Beneficiaries

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

An experience study was performed for the period of 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 dated July 1, 2024.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets

Note 8 - Retirement Plans (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Globa l Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100.00%	100.00%

Discount Rate

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Employer's-proportionate share of the net pension liability calculated using the discount rate of 6.35%, 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%) or 1 percentage point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	**Discount Rate (6.35%)**	**1% Increase (7.35%)**
Employer's proportionate share of the net pension liability (asset)	1,130,199	594,744	157,414

Note 8 - Retirement Plans (continued)

Penson 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 PERS!. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2024, the Commission reported payables to the defined pension plan of $3,780 for legally required employer contributions and $3,765 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Idaho Counties Risk Management Program (the Program), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Program was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. There have been no claim settlements that exceeded the City's insurance coverage for the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTPELIER
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property tax	$ 808,839	808,839	781,596	(27,243)
Sales tax	272,821	272,821	281,352	8,531
Franchise and other taxes	70,750	70,750	77,337	6,587
Licenses and permits	16,832	16,832	23,186	6,354
Intergovernmental	1,079,712	1,079,712	984,284	(95,428)
Charges for services	21,550	21,550	313,664	292,114
Miscellaneous revenues	10,326	10,326	272,480	262,154
Total revenues	2,280,830	2,280,830	2,733,899	453,069
Expenditures:				
General government	1,415,838	1,415,838	1,403,138	12,700
Public safety	652,050	652,050	505,278	146,772
Streets and public improvements	350,807	350,807	299,010	51,797
Parks and recreation	87,720	87,720	70,848	16,872
Total expenditures	2,506,415	2,506,415	2,278,274	228,141
Excess (deficiency) of revenues over expenditures	(225,585)	(225,585)	455,625	681,210
Other financing sources (uses):				
Beginning fund balance	-	-	-	-
Transfers in/(out):	225,585	225,585	-	(225,585)
Total other financing uses	225,585	225,585	-	(225,585)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing sources	$ -	-	455,625	455,625
Fund balance - beginning of year			2,189,431	
Fund balance - end of year	$		2,645,056	

See Independent Auditor's Report.

CITY OF MONTPELIER
SCHEDULE OF REQUIRED
SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal years

As of fiscal year ended June 30,	Portion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	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)
2015	0.0245513%	323,301	630,940	51.24%	91.38%
2016	0.0225054%	456,219	635,959	71.74%	87.26%
2017	0.0216484%	340,276	605,996	56.15%	90.68%
2018	0.0209812%	309,476	686,486	45.08%	91.69%
2019	0.0202303%	230,923	713,135	32.38%	93.79%
2020	0.0192168%	446,240	693,502	64.35%	88.22%
2021	0.0185426%	(14,645)	667,169	-2.20%	100.36%
2022	0.0179481%	706,931	723,673	97.69%	83.09%
2023	0.0185742%	741,234	777,090	95.39%	83.83%
2024	0.0158995%	594,745	736,664	80.74%	85.54%

Note:
This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.
Data reported is measured as of June 30, 2024

CITY OF MONTPELIER
SCHEDULE OF REQUIRED
SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

Schedule of Contributors
Last 10 Fiscal years

As of fiscal year ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered employee payroll
2015	80,308	78,869	1,439	630,940	12.50%
2016	66,900	75,530	(8,630)	635,959	11.88%
2017	73,001	77,148	(4,147)	605,996	12.73%
2018	81,479	77,450	4,029	686,486	11.28%
2019	77,409	78,915	(1,505)	713,135	11.07%
2020	75,395	82,755	(7,359)	693,502	11.93%
2021	73,212	83,618	(10,407)	667,169	12.53%
2022	83,112	85,508	(2,396)	723,673	11.82%
2023	81,124	95,439	(14,315)	777,090	12.28%
2024	103,418	88,148	15,270	736,644	11.97%

Note:
This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

Data reported is measured as of September 30, 2024

Changes in Assumptions

No changes were made in actuarial assumptions from the prior year's valuation

GOVERNMENTAL AUDIT REPORT

MATTHEW REGEN, CPA, PC

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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
City of Montpelier
Montpelier, Idaho

I 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 of the United States, the financial statements of the City of Montpelier (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 of Montpelier's basic financial statements and have issued my report thereon dated February 18, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I 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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 City's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

MATTHEW REGEN, CPA, PC



February 18, 2025