

City of Glasgow, Montana

Glasgow, Montana

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2023



K C O E
I S O M

City of Glasgow, Montana

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City of Glasgow, Montana

CITY OFFICIALS

June 30, 2023

Rod Karst Mayor
Dan CarrAlderman
Elvon Heitman.....Alderman
Brian Austin.....Alderman
Doug NistlerAlderman
Stan OzarkAlderman
Lisa Koski Alderwoman
Stacey AmundsonClerk/Treasurer/Financial Officer
Lee Pekovitch City Attorney
Tasha Morehouse Mix City Judge
Robert WeberChief of Police



INDEPENDENT AUDITORS' REPORT

To the City Council and the Mayor
City of Glasgow, Montana
Glasgow, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glasgow, Montana (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Qualified Opinion on the Fire Fighters Relief Association Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fire Fighters Relief Association Fund of the City of Glasgow, Montana, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Unmodified Opinions on Governmental Activities, Business-Type Activities, Discretely Presented Component Unit, Governmental Funds, Enterprise Funds, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with GAAP.

Basis for Qualified and Unmodified 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 of America. Our responsibilities under those standards are further described in the Auditors' 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 qualified and unmodified audit opinions.

INDEPENDENT AUDITORS' REPORT

(Continued)

Matter Giving Rise to the Qualified Opinion on the Fire Fighters Relief Association Fund

Management has not implemented the provisions of GASB No. 73 regarding the measurement and disclosure of the annual cost of providing retirement benefits to retirees in the Fire Department Relief Association Disability and Pension Fund. GAAP requires a systematic, accrual-basis measurement and recognition of such cost over a period that approximates employees' years of service, and the provision of information about the actuarial accrued liabilities associated with such costs and whether and to what extent progress has been made in funding those costs.

The amount by which this departure would affect the liabilities, net position, and expenses of the statement of fiduciary net position and statement of changes in fiduciary net position has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

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 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 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

GAAP requires that the Management's Discussion and Analysis, Schedule of Budgetary Comparison, Schedule of Changes in Total OPEB Liability, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions on pages 7 through 15 and 75 through 81 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, which 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 GAAS, which consists 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Requirements of Bond Resolutions and Schedule of Insurance in Force are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Requirements of Bond Resolutions and Schedule of Insurance in Force fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with GAS, we have also issued our report dated February 27, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the City's internal control over financial reporting and compliance.

KCoe Jam, LLP

February 27, 2024
Great Falls, Montana

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Glasgow, Montana

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Glasgow's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

The fiscal year ended June 30, 2023, will follow the same format as the City's management and discussion analysis report filed for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent year by \$18,443,297 (net position). Of this amount \$4,736,398 (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.

The City's total net position increased by \$211,799; governmental activities net position increased by \$996,788 and the business-type net position decreased by \$784,989.

USING THIS ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE 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 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, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws, and the condition of the capital assets should also be considered.

Both the Statement of Net Position and the Statement of Activities use the accrual basis of accounting similar to the accounting used by most private-sector companies. This accounting basis takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Glasgow, Montana
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Statement of Net Position and the Statement of Activities distinguishes between the following activities.

Government activities, normally supported by taxes and intergovernmental revenues, include general government, public safety, public works, and parks and recreation.

Business-type activities, which recover all or a significant portion of their costs through user fees and charges, include water, sewer, and garbage.

Component unit, which consists of the City-County Library. It is supported 80% by Valley County and 20% by the City. The City is responsible for the bookkeeping. It also consists of the Valley County Friends of the Library, which allocates money to the Library for projects if requested in writing by the Board.

The government-wide financial statement can be found on the pages after this management's discussion and analysis report.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the city. The emphasis of fund financial statements is to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds. The City's major governmental funds are the General Fund, Solid Waste Fund, Street Maintenance Fund and Swim Pool Fund. The City's major proprietary funds are the Water Utility and Sewer Utility Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-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 the balance 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. The funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate a comparison between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds.

Proprietary Funds

Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information such as cash flows for proprietary funds.

City of Glasgow, Montana
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

THE CITY AS A WHOLE

The City is providing condensed comparative financial information below for fiscal years 2023 and 2022. The analysis focuses on the net position and changes in net position of the City's governmental and business-type activities.

June 30	Governmental Activities		Percent Change
	2023	2022	
ASSETS			
Current assets	\$ 5,800,951	\$ 4,596,351	26.21%
Capital assets	3,111,958	3,387,102	-8.12%
Total Assets	8,912,909	7,983,453	11.64%
DEFERRED OUTFLOWS			
Pension plan and OPEB	306,590	374,795	-18.20%
LIABILITIES			
Current liabilities	457,098	467,071	-2.14%
Long-term debt outstanding	2,324,972	2,102,000	10.61%
Total Liabilities	2,782,070	2,569,071	8.29%
DEFERRED INFLOWS			
Deferred revenue	406,129	754,665	-46.18%
TOTAL NET POSITION	\$ 6,031,300	\$ 5,034,512	19.80%
BREAKDOWN OF TOTAL NET POSITION			
Net investment in capital assets	\$ 2,435,103	\$ 2,564,340	-5.04%
Restricted for programs	3,438,591	2,620,626	31.21%
Unrestricted	157,606	(150,454)	-204.75%
Total Net Position	\$ 6,031,300	\$ 5,034,512	19.80%
REVENUES			
General Revenues			
Property taxes and special assessments	\$ 1,521,986	\$ 1,485,565	2.45%
Fees in lieu of taxes	20,002	17,835	12.15%
Fines and forfeitures	42,729	34,918	22.37%
Grants and contributions	1,236,762	984,362	25.64%
Unrestricted investment/earnings	102,910	17,777	478.89%
Sale of assets	31,203	1,609	1839.28%
Miscellaneous	1,054,472	822,993	28.13%
Transfers	(67,245)	(100,045)	-32.79%
Total General Revenues	3,942,819	3,265,014	20.76%
Program Revenues			
Charges for services	1,238,276	1,246,295	-0.64%
Operating grants/contributions	-	489,334	-100.00%
Capital grants/contributions	414,496	-	100.00%
Total Program Revenues	1,652,772	1,735,629	-4.77%
EXPENSES			
General government	673,537	511,083	31.79%
Public safety	2,035,485	1,756,925	15.85%
Public works	1,269,748	1,158,999	9.56%
Culture and recreation	562,363	547,938	2.63%
Housing and development	30,551	16,170	88.94%
Interest expense	21,952	22,898	-4.13%
Miscellaneous	5,167	59,561	-91.32%
Total Expenses	4,598,803	4,073,574	12.89%
Change in Net Position	996,788	927,069	7.52%
Net Position - Beginning of Year	5,034,512	4,080,638	23.38%
Restatement	-	26,805	-100.00%
Net Position - End of Year	\$ 6,031,300	\$ 5,034,512	19.80%

City of Glasgow, Montana
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The cost of all governmental activities this year was \$4,598,803 compared to \$4,073,574 last year. The largest expense is for Public Safety and Public Works, in the amount of \$3,305,233. The majority of revenue received is from property taxes and special assessments, and the state share entitlement that is a consolidation of various revenues such as motor vehicles fees, alcohol, gambling tax receipts, and personal property taxes. Property taxes fund local programs such as culture and recreation. The City of Glasgow has, for many years, assessed property owners for street maintenance, street lights, and solid waste. There has not been an increase in special assessments in several years, as these funds have been able to maintain a stable financial condition.

The operating cost of all proprietary (business-type) activities this year was \$2,694,397. The amount paid by users of the system was \$1,836,839. The operating cost in FY2022 was \$1,824,142 and user amounts paid were \$1,818,158. The increase in costs is associated with the City's ongoing maintenance on pump station #1, as well as payments for the transmission line.

June 30	Business Type Activities		Percent Change
	2023	2022	
ASSETS			
Current assets	\$ 270,038	\$ 270,583	-0.20%
Noncurrent assets	7,254,141	7,907,374	-8.26%
Capital assets	15,796,918	16,038,441	-1.51%
Total Assets	23,321,097	24,216,398	-3.70%
DEFERRED OUTFLOWS			
Pension plan and OPEB	68,774	83,378	-17.52%
LIABILITIES			
Current liabilities	1,222,851	1,182,513	3.41%
Long-term debt outstanding	9,688,603	9,764,896	-0.78%
Total Liabilities	10,911,454	10,947,409	-0.33%
DEFERRED INFLOWS			
Pension plan	66,420	155,381	-57.25%
TOTAL NET POSITION	\$ 12,411,997	\$ 13,196,986	-5.95%
BREAKDOWN OF TOTAL NET POSITION			
Net investment in capital assets	\$ 6,394,105	\$ 6,425,891	-0.49%
Restricted for:			
Revenue bond operations	402,326	402,326	0.00%
Revenue bond sinking fund	178,442	178,442	0.00%
Revenue bond replacement and depreciation	789,616	789,616	0.00%
Rental activities	68,716	68,316	0.59%
Unrestricted	4,578,792	5,332,395	-14.13%
Total Net Position	\$ 12,411,997	\$ 13,196,986	-5.95%
REVENUES			
Charges for services	\$ 1,836,839	\$ 1,818,158	1.03%
Capital grants	44,162	93,419	-52.73%
Total Revenues	1,881,001	1,911,577	-1.60%
EXPENSES			
Operating expenses	2,694,397	1,824,142	47.71%
Net nonoperating income (expenses)	(28,407)	146,451	-119.40%
Total Expenses	2,665,990	1,970,593	35.29%
Change in Net Position	(784,989)	(59,016)	1230.13%
Net Position - Beginning of Year	13,196,986	13,258,668	-0.47%
Restatement	-	(2,666)	-100%
Net Position - Beginning of Year - as Adjusted	13,196,986	13,256,002	-0.45%
Net Position - End of Year	\$ 12,411,997	\$ 13,196,986	-5.95%

City of Glasgow, Montana
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

THE CITY'S FUNDS

The following is an analysis of the balances in the City's major governmental funds. Condensed comparative information for fiscal years 2023 and 2022 is provided below.

Years Ended June 30	Governmental Funds		Percent Change
	2023	2022	
GENERAL FUND			
Total assets	\$ 1,294,438	\$ 1,287,893	0.51%
Total liabilities	175,446	141,961	23.59%
Total deferred inflows	157,728	161,851	-2.55%
Total fund balance	961,264	984,081	-2.32%
Total Liabilities - Deferred Inflows and Fund Balance	\$ 1,294,438	\$ 1,287,893	0.51%
STREET MAINTENANCE FUND			
Total assets	\$ 142,636	\$ 140,263	1.69%
Total liabilities	27,428	19,541	40.36%
Total deferred inflows	72,865	67,873	7.35%
Total fund balance	42,343	52,849	-19.88%
Total Liabilities - Deferred Inflows and Fund Balance	\$ 142,636	\$ 140,263	1.69%
SOLID WASTE FUND			
Total assets	\$ 657,452	\$ 748,175	-12.13%
Total liabilities	4,634	6,652	-30.34%
Total deferred inflows	39,080	30,730	27.17%
Total fund balance	613,738	710,793	-13.65%
Total Liabilities - Deferred Inflows and Fund Balance	\$ 657,452	\$ 748,175	-12.13%
SWIM POOL FUND			
Total assets	\$ 2,590,753	\$ 1,622,952	59.63%
Total liabilities	935	10,363	-90.98%
Total fund balance	2,589,818	1,612,589	60.60%
Total Liabilities - Deferred Inflows and Fund Balance	\$ 2,590,753	\$ 1,622,952	59.63%
GENERAL FUND			
Total revenue	\$ 2,657,365	\$ 2,590,670	2.57%
Total expenses	2,581,229	2,443,065	5.66%
Excess of revenue over expenditures	76,136	147,605	-48.42%
Other financing uses	(98,953)	(149,047)	-33.61%
Net Change in Fund Balance	\$ (22,817)	\$ (1,442)	1482.32%
STREET MAINTENANCE FUND			
Total revenue	\$ 555,947	\$ 548,699	1.32%
Total expenses	546,075	509,060	7.27%
Excess of revenue over expenditures	9,872	39,639	-75.10%
Other financing uses	(20,378)	(58,680)	-65.27%
Net Change in Fund Balance	\$ (10,506)	\$ (19,041)	-44.82%
SOLID WASTE FUND			
Total revenue	\$ 337,019	\$ 340,375	-0.99%
Total expenses	435,349	360,170	20.87%
Deficiency of revenue under expenditures	(98,330)	(19,795)	396.74%
Other financing sources	1,275	-	100.00%
Net Change in Fund Balance	\$ (97,055)	\$ (19,795)	390.30%
SWIM POOL FUND			
Total revenue	\$ 1,098,170	\$ 813,560	34.98%
Total expenses	150,941	69,755	116.39%
Excess of revenue over expenditures	947,229	743,805	27.35%
Other financing sources	30,000	30,000	0.00%
Net Change in Fund Balance	\$ 977,229	\$ 773,805	26.29%

City of Glasgow, Montana
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The City has two major proprietary funds, consisting of the Water Utility and Sewer Utility funds. The basic financial statements for these major funds are included in this report. As shown in the statement of revenues, expenses and changes in net position, the operating loss for 2023 for the water fund was \$885,964, while 2022 reflected an operating loss of \$140,955. The operating income for 2023 for the sewer fund was \$36,499, while 2022 was \$125,393. In October 2016, the City acquired a 12-unit apartment complex which is considered a non-major enterprise fund and is included below.

Years Ended June 30	Proprietary Funds		Percent Change
	2023	2022	
WATER UTILITY			
Current assets	\$ 85,493	\$ 117,373	-27.16%
Noncurrent assets	3,293,515	4,051,547	-18.71%
Capital assets	10,501,808	10,769,178	-2.48%
Total Assets	13,880,816	14,938,098	-7.08%
Deferred outflows	17,503	24,397	-28.26%
Current liabilities	611,527	649,225	-5.81%
Long-term debt outstanding	6,762,587	6,882,780	-1.75%
Total Liabilities	7,374,114	7,532,005	-2.10%
Deferred inflows	15,612	46,583	-66.49%
Net Position			
Net investment in capital assets	3,730,083	3,859,014	-3.34%
Restricted	703,281	703,281	0.00%
Unrestricted	2,075,229	2,821,612	-26.45%
Total Net Position	\$ 6,508,593	\$ 7,383,907	-11.85%
WATER UTILITY			
Total operating revenue	\$ 775,010	\$ 773,013	0.26%
Total operating expenses	1,660,974	913,968	81.73%
Operating Loss	(885,964)	(140,955)	528.54%
Nonoperating revenue	127,382	41,792	204.80%
Nonoperating expenses	127,971	133,243	-3.96%
Total Nonoperating Expense	(589)	(91,451)	-99.36%
Capital contributions	11,239	27,336	-58.89%
Change in Net Position	\$ (875,314)	\$ (205,070)	326.84%

City of Glasgow, Montana
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Years Ended June 30	Proprietary Funds		Percent Change
	2023	2022	
SEWER UTILITY			
Current assets	\$ 178,838	\$ 136,557	30.96%
Noncurrent assets	3,891,910	3,787,511	2.76%
Capital assets	5,148,078	5,118,064	0.59%
Total Assets	9,218,826	9,042,132	1.95%
Deferred outflows	51,271	58,981	-13.07%
Current liabilities	599,706	521,949	14.90%
Long-term debt outstanding	2,782,671	2,734,235	1.77%
Total Liabilities	3,382,377	3,256,184	3.88%
Deferred inflows	50,808	108,798	-53.30%
Net Position			
Net investment in capital assets	2,664,860	2,567,956	3.77%
Restricted	667,103	667,103	0.00%
Unrestricted	2,504,949	2,501,072	0.16%
Total Net Position	\$ 5,836,912	\$ 5,736,131	1.76%
SEWER UTILITY			
Total operating revenue	\$ 1,011,630	\$ 987,770	2.42%
Total operating expenses	975,131	862,377	13.07%
Operating Income	36,499	125,393	-70.89%
Nonoperating revenue	100,523	19,767	408.54%
Nonoperating expenses	69,164	72,278	-4.31%
Total Nonoperating Income (Expense)	31,359	(52,511)	-159.72%
Capital contributions	32,923	66,083	-50.18%
Change in Net Position	\$ 100,781	\$ 138,965	-27.48%
VALLEY COURT APARTMENTS			
Current assets	\$ 5,707	\$ 16,653	-65.73%
Noncurrent assets	68,716	68,316	0.59%
Capital assets	147,032	151,199	-2.76%
Total Assets	221,455	236,168	-6.23%
Current liabilities	11,618	11,339	2.46%
Long-term debt outstanding	143,345	147,881	-3.07%
Total Liabilities	154,963	159,220	-2.67%
Net Position			
Net investment in capital assets	(838)	(1,079)	-22.34%
Restricted	68,716	68,316	0.59%
Unrestricted	(1,386)	9,711	-114.27%
Total Net Position	\$ 66,492	\$ 76,948	-13.59%
VALLEY COURT APARTMENTS			
Total operating revenue	\$ 50,199	\$ 57,375	-12.51%
Total operating expenses	58,292	47,797	21.96%
Operating Income (Expense)	(8,093)	9,578	-184.50%
Nonoperating revenue	-	-	0.00%
Nonoperating expenses	2,363	2,489	-5.06%
Total Nonoperating Expense	(2,363)	(2,489)	-5.06%
Change in Net Position	\$ (10,456)	\$ 7,089	-247.50%

City of Glasgow, Montana

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets, net of accumulated depreciation and related debt, were \$8,829,208 and \$8,990,231 for the governmental activities and business-type activities, as of June 30, 2023 and 2022. Further detail on capital assets is presented in note 9 on pages 39 through 41.

Debt Administration

The City incurred no new debt in FY2023. The sewer lagoon project was completed in December 2013, as well as the water improvement project in 2021, and the city makes monthly payments to Rural Development to decrease the amount of debt on the bonds. When the City acquired the Valley Court Apartment Complex, a loan in the amount of \$175,000 was also transferred to the City. The loan payments are made from the subsidy payment received from Rural Development. The loan will be paid back over the course of 40 years. The City also previously entered into a lease agreement for a motor grader, and an installment purchase agreement for a loader. The lease agreement will be completed in FY2026 and the installment purchase was paid off in FY2023. Further detail on long-term debt is presented in note 10 on pages 41 through 48.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Police Department continues to manage the MT Hi-Line Community Grant and was awarded another grant beginning in FY2024. They were also awarded a grant from the Montana Board of Crime Control in the amount of \$30,459 for Crisis Intervention Training and Community Building. A Department of Justice Grant for a two-year period in the amount of \$120,23 was awarded to bring the Glasgow Police Department up to CALEA Standards. A National Children's Alliance Grant in the amount of \$29,385 was awarded to bring their video surveillance up to date.

The City of Glasgow was awarded a Tourism Grant through the Montana Department of Commerce in the amount of \$32,500 to renovate a T-33 Static Airplane that is on display at the Museum that is located on Highway 2. Local community groups and the City provided a total match of \$27,500.

The City was also awarded a Montana Main Street Grant in the amount of \$19,000 to have a downtown lighting plan drawn up.

The Swim Pool committee continues fundraising for a new swim pool and currently has raised approximately \$2,059,000. The bid for construction was advertised and awarded in May of 2023. The pool is tentatively set to be finished in May of 2025. The swim pool committee will continue to fundraise to update the current bathhouse.

City of Glasgow, Montana

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

In FY2016, the City applied for a non-competitive grant to help rehabilitate single-family homes for those who fall within the income guidelines. The City was awarded this grant and is eligible for funding for a five (5) year period. The non-competitive housing grant has been turned over to the city grant writer and the grant application will be submitted in the 2023-2024 fiscal year for additional money to rehabilitate additional single-family homes that fall within the income guidelines.

The City received its second half of ARPA funding in June 2022. The council previously decided to use the first half of funding for an upcoming water project to start replacing our 1987 Water Transmission Main in the next couple of years. The council decided to use the second half of funding for the sewer separation project. Non-federal funds have also been put aside over previous fiscal years to assist with the match to any grants or other funding opportunities that arise.

Primary expenditures through the general fund continue to be Law Enforcement, Cemetery, Administration, and Recreation.

The City established Special Assessment Districts many years ago. These districts continue to be the main source of revenue for the respective districts (Street Lights, Street Maintenance and Solid Waste). In the past few years, the City has been able to maintain the Street Light and Solid Waste funds without increasing the assessment and we hope to continue this in the future. Over the past few fiscal years, the council has increased street maintenance charges with this increase being transferred into the Capital Projects Street Maintenance Fund, to allow for paving projects to be completed. The City contracts with private individuals for garbage collection. The contractor provides excellent coverage with very few complaints. The landfill is operated by Valley County.

Currently, the City of Glasgow is in a good financial position and with the help of all departments, will continue to flourish.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have any questions about this report or need additional information, contact the Clerk at City of Glasgow, 319 3rd Street South, Glasgow, MT 59230, telephone 1-406-228-2476 or fax 1-406-228-2479.

FINANCIAL SECTION

City of Glasgow, Montana
STATEMENT OF NET POSITION

June 30, 2023	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash and investments	\$ 5,243,100	\$ 122,620	\$ 5,365,720	\$ 422,940
Receivables:				
Property taxes and assessments receivable	245,244	-	245,244	-
Accounts receivable	52,226	133,755	185,981	-
Prepaid expense	623	-	623	-
Due from other governments	101,065	13,663	114,728	-
Total Current Assets	5,642,258	270,038	5,912,296	422,940
Noncurrent Assets				
Loans receivable	158,693	-	158,693	-
Restricted cash and investments	-	7,254,141	7,254,141	-
Capital assets - net of accumulated depreciation	3,002,789	15,796,918	18,799,707	69,048
Right-of-use asset - net of accumulated amortization	109,169	-	109,169	-
Total Noncurrent Assets	3,270,651	23,051,059	26,321,710	69,048
Total Assets	8,912,909	23,321,097	32,234,006	491,988
Deferred Outflows of Resources				
Pension plan contributions	306,590	68,774	375,364	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,219,499	\$ 23,389,871	\$ 32,609,370	\$ 491,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 202,977	\$ 114,316	\$ 317,293	\$ 11,695
Accrued salaries and benefits	88,441	22,092	110,533	6,431
Deposits payable	-	53,969	53,969	-
Deferred revenue - grants	-	837,922	837,922	-
Compensated absences - current portion	32,227	5,534	37,761	9,250
Loans payable - current portion	133,453	-	133,453	-
Bonds payable - current portion	-	189,018	189,018	-
Total Current Liabilities	457,098	1,222,851	1,679,949	27,376
Noncurrent Liabilities				
Compensated absences - net of current portion	124,176	30,238	154,414	12,236
Loans payable - net of current portion	543,402	-	543,402	-
Bonds payable - net of current portion	-	9,213,795	9,213,795	-
OPEB liability	64,762	19,323	84,085	-
Net pension liabilities	1,592,632	425,247	2,017,879	-
Total Noncurrent Liabilities	2,324,972	9,688,603	12,013,575	12,236
Total Liabilities	2,782,070	10,911,454	13,693,524	39,612
Deferred Inflows of Resources				
Other unavailable revenue	210,919	-	210,919	-
OPEB adjustments	68,430	20,418	88,848	-
Pension deferrals	126,780	46,002	172,782	-
Total Deferred Inflows of Resources	406,129	66,420	472,549	-
Net Position				
Net investment in capital assets	2,435,103	6,394,105	8,829,208	69,048
Restricted for:				
Debt service	-	178,442	178,442	-
Operations and maintenance	3,438,591	402,326	3,840,917	-
Replacement and depreciation	-	789,616	789,616	-
Rental activities	-	68,716	68,716	-
Unrestricted	157,606	4,578,792	4,736,398	383,328
Total Net Position	6,031,300	12,411,997	18,443,297	452,376
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 9,219,499	\$ 23,389,871	\$ 32,609,370	\$ 491,988

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

City of Glasgow, Montana
STATEMENT OF ACTIVITIES

Year Ended June 30, 2023	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Functions/Programs								
Governmental Activities								
General government	\$ 673,537	\$ 42,854	\$ -	\$ -	\$ (630,683)	\$ -	\$ (630,683)	\$ -
Public safety	2,035,485	44,099	-	206,406	(1,784,980)	-	(1,784,980)	-
Public works	1,269,748	1,055,992	-	146,469	(67,287)	-	(67,287)	-
Culture and recreation	562,363	95,331	-	-	(467,032)	-	(467,032)	-
Housing and community development	30,551	-	-	61,621	31,070	-	31,070	-
Interest on long-term debt	21,952	-	-	-	(21,952)	-	(21,952)	-
Miscellaneous	5,167	-	-	-	(5,167)	-	(5,167)	-
Total Governmental Activities	4,598,803	1,238,276	-	414,496	(2,946,031)	-	(2,946,031)	-
Business-Type Activities								
Water	1,788,945	775,010	-	11,239	-	(1,002,696)	(1,002,696)	-
Sewer	1,044,295	1,011,630	-	32,923	-	258	258	-
Nonmajor	60,655	50,199	-	-	-	(10,456)	(10,456)	-
Total Business-Type Activities	2,893,895	1,836,839	-	44,162	-	(1,012,894)	(1,012,894)	-
Total Primary Government	\$ 7,492,698	\$ 3,075,115	\$ -	\$ 458,658	(2,946,031)	(1,012,894)	(3,958,925)	-
Component Unit								
City-County Library	\$ 278,251	\$ 1,938	\$ -	\$ -	-	-	-	(276,313)
General Revenues								
Property taxes					1,521,986	-	1,521,986	-
Licenses and permits					20,002	-	20,002	-
Fines and forfeitures					42,729	-	42,729	-
Intergovernmental revenue					1,236,762	26,863	1,263,625	225,088
Investment earnings					102,910	200,542	303,452	22,473
Miscellaneous					1,054,472	-	1,054,472	6,515
Gain on sale of capital assets					31,203	500	31,703	-
Transfers					(67,245)	-	(67,245)	42,799
Total General Revenues					3,942,819	227,905	4,170,724	296,875
Change in Net Position					996,788	(784,989)	211,799	20,562
Net Position - Beginning of Year					5,034,512	13,196,986	18,231,498	431,814
Net Position - End of Year					\$ 6,031,300	\$ 12,411,997	\$ 18,443,297	\$ 452,376

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

City of Glasgow, Montana
BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2023	General Fund	Solid Waste Fund	Street Maintenance Fund	Swim Pool Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,107,033	\$ 618,372	\$ 69,771	\$ 2,590,753	\$ 857,171	\$ 5,243,100
Property taxes and assessments receivable	105,502	39,080	72,865	-	27,797	245,244
Accounts receivable	52,226	-	-	-	-	52,226
Prepaid expenses	-	-	-	-	623	623
Due from other funds	24,951	-	-	-	-	24,951
Due from other governments	4,726	-	-	-	96,339	101,065
Loans receivable	-	-	-	-	158,693	158,693
TOTAL ASSETS	\$ 1,294,438	\$ 657,452	\$ 142,636	\$ 2,590,753	\$ 1,140,623	\$ 5,825,902
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 115,086	\$ -	\$ 13,037	\$ 935	\$ 73,919	\$ 202,977
Accrued salaries and benefits	60,360	4,634	14,391	-	9,056	88,441
Due to other funds	-	-	-	-	24,951	24,951
Total Liabilities	175,446	4,634	27,428	935	107,926	316,369
Deferred Inflows of Resources						
Unavailable tax and assessment revenues	105,502	39,080	72,865	-	27,797	245,244
Other unavailable revenues	52,226	-	-	-	158,693	210,919
Total Deferred Inflows of Resources	157,728	39,080	72,865	-	186,490	456,163
Fund Balances						
Nonspendable	-	-	-	-	94,037	94,037
Restricted	-	613,738	42,343	2,589,818	192,692	3,438,591
Committed	-	-	-	-	113,195	113,195
Assigned	545,143	-	-	-	438,423	983,566
Unassigned	416,121	-	-	-	7,860	423,981
Total Fund Balances	961,264	613,738	42,343	2,589,818	846,207	5,053,370
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,294,438	\$ 657,452	\$ 142,636	\$ 2,590,753	\$ 1,140,623	\$ 5,825,902

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

City of Glasgow, Montana

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2023

Total fund balances - governmental funds	\$ 5,053,370
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$15,322,784 and the accumulated depreciation is \$12,319,995.	3,002,789
Leased/right-of-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$157,001 and the accumulated depreciation is \$47,832.	109,169
Pension and OPEB deferred outflows and deferred inflows of resources that do not provide current financial resources are not reported as revenues in the funds.	111,380
Tax revenue is recognized when earned (and the claim to resources is established) rather than when "available."	245,244
Long-term liabilities, including bonds payable, compensated absences, other post employment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	(2,490,652)
Net Position - Governmental Activities	\$ 6,031,300

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

City of Glasgow, Montana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2023	General Fund	Solid Waste Fund	Street Maintenance Fund	Swim Pool Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes and assessments	\$ 1,575,184	\$ 321,751	\$ 554,510	\$ -	\$ 224,623	\$ 2,676,068
Licenses and permits	9,614	-	-	-	10,388	20,002
Intergovernmental	855,284	-	-	-	462,235	1,317,519
Charges for services	140,900	-	-	-	23,353	164,253
Fines and forfeitures	42,729	-	-	-	-	42,729
Miscellaneous revenues	13,654	-	868	1,039,950	-	1,054,472
Investment earnings	20,000	15,268	569	58,220	8,853	102,910
Total Revenues	2,657,365	337,019	555,947	1,098,170	729,452	5,377,953
Expenditures						
Current:						
General government	341,229	117,212	79,593	-	113,472	651,506
Public safety	1,435,629	-	-	-	212,227	1,647,856
Public works	177,747	280,057	365,361	-	166,460	989,625
Housing and community development	5,250	-	-	-	22,606	27,856
Culture and recreation	472,457	-	-	3,331	-	475,788
Miscellaneous	26,625	-	25,665	-	-	52,290
Debt service:						
Principal	81,665	-	64,242	-	-	145,907
Interest	10,738	-	11,214	-	-	21,952
Capital outlay	29,889	38,080	-	147,610	8,475	224,054
Total Expenditures	2,581,229	435,349	546,075	150,941	523,240	4,236,834
Excess (Deficit) of Revenues Over (Under) Expenditures	76,136	(98,330)	9,872	947,229	206,212	1,141,119
Other Financing Sources (Uses)						
Proceeds from disposal of capital assets	-	-	500	-	30,703	31,203
Transfers in	17,823	1,275	8,475	30,000	57,187	114,760
Transfers out	(116,776)	-	(29,353)	-	(35,876)	(182,005)
Total Other Financing Sources (Uses)	(98,953)	1,275	(20,378)	30,000	52,014	(36,042)
Excess (Deficit) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(22,817)	(97,055)	(10,506)	977,229	258,226	1,105,077
Fund Balances - Beginning of Year	984,081	710,793	52,849	1,612,589	587,981	3,948,293
Fund Balances - End of Year	\$ 961,264	\$ 613,738	\$ 42,343	\$ 2,589,818	\$ 846,207	\$ 5,053,370

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

City of Glasgow, Montana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2023

Net change in fund balances - total governmental funds	\$ 1,105,077
Amounts reported for governmental activities in the statement of activities are different because:	
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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(248,082)
Governmental funds report leases incurred as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lease term and reported as amortization expense. This is the amount by which amortization exceeded new leases incurred in the current period.	(27,062)
Tax and assessment revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,869
The governmental funds report repayment of debt principal as an expenditure and proceeds from issuing debt as other financing sources. These payments and proceeds have no effect on net assets and are, therefore, not shown on the statement of activities.	145,907
The current period net increase in compensated absences did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds.	(3,472)
The current period net change in the other post employment benefits liability decreased by this amount during the fiscal year.	47,122
Recognition of on-behalf payments to pension plans and OPEB that do not provide current financial resources are not reported as revenues in the funds. Recognition of pension expense to pension plans and OPEB also do not require the use of current financial resources and are not reported as expenditures in the funds.	(39,571)
Change in Net Position of Governmental Activities	\$ 996,788

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

City of Glasgow, Montana
STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2023	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash and investments	\$ 18,488	\$ 98,425	\$ 5,707	\$ 122,620
Accounts receivable	53,342	80,413	-	133,755
Due from other governments	13,663	-	-	13,663
Total Current Assets	85,493	178,838	5,707	270,038
Noncurrent Assets				
Restricted cash and investments	3,293,515	3,891,910	68,716	7,254,141
Capital assets - net of accumulated depreciation	10,501,808	5,148,078	147,032	15,796,918
Total Noncurrent Assets	13,795,323	9,039,988	215,748	23,051,059
Total Assets	13,880,816	9,218,826	221,455	23,321,097
Deferred Outflows of Revenues				
Pension plan contributions	17,503	51,271	-	68,774
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,898,319	\$ 9,270,097	\$ 221,455	\$ 23,389,871
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 15,822	\$ 97,270	\$ 1,224	\$ 114,316
Accrued salaries and benefits	5,659	16,433	-	22,092
Deposits payable	48,100	-	5,869	53,969
Unavailable revenue - grants	412,361	425,561	-	837,922
Compensated absences - current portion	1,816	3,718	-	5,534
Bonds payable - current portion	127,769	56,724	4,525	189,018
Total Current Liabilities	611,527	599,706	11,618	1,222,851
Noncurrent Liabilities				
Compensated absences - net of current portion	6,713	23,525	-	30,238
Bonds payable - net of current portion	6,643,956	2,426,494	143,345	9,213,795
OPEB liability	3,695	15,628	-	19,323
Net pension liabilities	108,223	317,024	-	425,247
Total Noncurrent Liabilities	6,762,587	2,782,671	143,345	9,688,603
Total Liabilities	7,374,114	3,382,377	154,963	10,911,454
Deferred Inflows of Resources				
OPEB adjustments	3,905	16,513	-	20,418
Pension deferrals	11,707	34,295	-	46,002
Total Deferred Inflows of Resources	15,612	50,808	-	66,420
Net Position				
Net investment in capital assets	3,730,083	2,664,860	(838)	6,394,105
Restricted for debt service	178,442	-	-	178,442
Restricted for operations and maintenance	278,907	123,419	-	402,326
Restricted for replacement and depreciation	245,932	543,684	-	789,616
Restricted for rental activities	-	-	68,716	68,716
Unrestricted	2,075,229	2,504,949	(1,386)	4,578,792
Total Net Position	6,508,593	5,836,912	66,492	12,411,997
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,898,319	\$ 9,270,097	\$ 221,455	\$ 23,389,871

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

City of Glasgow, Montana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

Year Ended June 30, 2023	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Fund	Total
Operating Revenues				
Charges for services	\$ 775,010	\$ 1,011,630	\$ 50,199	\$ 1,836,839
Operating Expenses				
Personal services	115,024	476,443	-	591,467
Purchased services	1,071,592	146,350	43,089	1,261,031
Supplies and materials	92,257	119,383	6,287	217,927
Fixed charges	40,851	37,798	4,749	83,398
Depreciation	341,250	195,157	4,167	540,574
Total Operating Expenses	1,660,974	975,131	58,292	2,694,397
Operating income (loss)	(885,964)	36,499	(8,093)	(857,558)
Nonoperating Revenue (Expense)				
Interest expense	(127,971)	(69,164)	(2,363)	(199,498)
Grants and contributions	26,863	-	-	26,863
Interest income	100,519	100,023	-	200,542
Gain on sale of assets	-	500	-	500
Total Nonoperating Revenue (Expense)	(589)	31,359	(2,363)	28,407
Income (Loss) Before Contributions	(886,553)	67,858	(10,456)	(829,151)
Capital contributions	11,239	32,923	-	44,162
Change in Net Position	(875,314)	100,781	(10,456)	(784,989)
Net Position - Beginning of Year	7,383,907	5,736,131	76,948	13,196,986
Net Position - End of Year	\$ 6,508,593	\$ 5,836,912	\$ 66,492	\$ 12,411,997

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

City of Glasgow, Montana
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended June 30, 2023	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 770,542	\$ 1,016,938	\$ 50,599	\$ 1,838,079
Payments to suppliers	(1,216,233)	(222,089)	(54,374)	(1,492,696)
Payments to employees	(129,520)	(415,082)	-	(544,602)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(575,211)	379,767	(3,775)	(199,219)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Subsidies from taxes and other governments	24,902	32,923	-	57,825
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(73,880)	(225,171)	-	(299,051)
Proceeds for capital assets	-	500	-	500
Principal paid on debt	(138,439)	(66,890)	(4,408)	(209,737)
Interest paid on debt	(127,971)	(69,164)	(2,363)	(199,498)
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(340,290)	(360,725)	(6,771)	(707,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest revenue	100,519	100,023	-	200,542
Net Change in Cash and Cash Equivalents	(790,080)	151,988	(10,546)	(648,638)
Cash and Cash Equivalents - Beginning of Year	4,102,083	3,838,347	84,969	8,025,399
Cash and Cash Equivalents - End of Year	\$ 3,312,003	\$ 3,990,335	\$ 74,423	\$ 7,376,761
STATEMENTS OF NET POSITION				
Cash and cash equivalents	\$ 18,488	\$ 98,425	\$ 5,707	\$ 122,620
Restricted cash and cash equivalents	3,293,515	3,891,910	68,716	7,254,141
Total Statements of Net Position	\$ 3,312,003	\$ 3,990,335	\$ 74,423	\$ 7,376,761
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (885,964)	\$ 36,499	\$ (8,093)	\$ (857,558)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:				
Depreciation	341,250	195,157	4,167	540,574
Change in accounts receivable	13,495	5,308	-	18,803
Change in due from other governments	(13,663)	-	-	(13,663)
Change in customer deposits	(4,300)	-	400	(3,900)
Change in accounts payable	(11,533)	81,442	(249)	69,660
Change in accrued salaries	485	5,762	-	6,247
Change in compensated absences	1,491	15,820	-	17,311
Change in OPEB liability	(3,256)	8,411	-	5,155
Change in net pension liability	(13,216)	31,368	-	18,152
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (575,211)	\$ 379,767	\$ (3,775)	\$ (199,219)

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

City of Glasgow, Montana

STATEMENT OF NET POSITION AND STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

June 30, 2023	Private Purpose	
	Trust Funds	Custodial Funds
ASSETS		
Cash and investments	\$ 84,986	\$ 257,778
Property taxes receivable	-	39
Total Assets	\$ 84,986	\$ 257,817
LIABILITIES		
Accounts payable	\$ -	\$ 5,814
NET POSITION		
Held in trust for beautification	84,986	-
Held for tourism business improvement	-	105,462
Held for fire relief association	-	130,403
Held for firefighters	-	16,138
Total Net Position	84,986	252,003
Total Liabilities and Net Position	\$ 84,986	\$ 257,817
ADDITIONS		
Miscellaneous revenues	\$ 3,605	\$ 4,587
Investment income	1,285	366
Tax revenues	-	92,234
Total Additions	4,890	97,187
DEDUCTIONS		
Professional and contracted services	1,631	116,180
TRANSFERS		
Transfers in	-	24,446
Change in Net Position	3,259	5,453
Net Position - Beginning of Year	81,727	246,550
Net Position - End of Year	\$ 84,986	\$ 252,003

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

1. SIGNIFICANT ACCOUNTING POLICIES

The City of Glasgow, Montana (the City) was incorporated in 1911, under the provisions of Montana Municipal Statutes. The City operates under a Council/Mayor form of government. The City provides the following services: solid waste disposal, water and sewer, cemetery, public safety (police and fire), recreation, streets, and library.

As defined by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City (the primary government) and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the financial statements to be misleading or incomplete. This type of component unit is reported in a separate column to emphasize it is legally separate from the City. The component unit shown on these financial statements has a June 30 year-end.

- * The City-County Library (the Library) is owned and operated jointly by Valley County (the County) and the City. The Library is administered by a five-member board, consisting of three members appointed by the City and two members appointed by the County. Library board members are appointed for five-year terms. The original budget is submitted to both of the controlling governments, with the County budgeting for its share within its budget, and the City budgeting for the entire operation within its budget. Library revenues may be derived from tax levies by the County and the City, rentals, sales of books, fines, federal and state grants or loans, and investment income. The City approves all Library expenditures. The capital assets are to be accounted for by the City.

Related Organization The accounts of the Housing Authority of Glasgow are excluded from the accompanying financial statements. The City Council appoints the Board of Directors of the Housing Authority, however, the Board of Directors is responsible for the hiring of its executive director. The City has no responsibility for financing deficits of the Housing Authority.

Basis of Presentation and Basis of Accounting

Government-Wide Statements The statement of net position and the statement of activities show information about the overall financial position and activities of the City with the exception of the Tourism Business Improvement District Fund, Park Beautification Trust Fund, the Roy M. Nelson Maple Tree Fund and The Fire Fighter's Relief Association Fund, which are used to report assets held by the City in a fiduciary capacity. These are reported as private purpose trust funds and custodial funds in the fund financial statements section. Eliminations have been made to minimize the double counting of internal activities of the overall government.

These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the City are generally financed through property taxes and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. The City does not charge indirect expenses to programs or functions. Program revenues include fees for services and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenue, including all property taxes, are presented as general revenues.

Fund Financial Statements These statements provide information about the City's funds. The emphasis of fund financial statements is on major funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as non-major funds.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or within two months after year-end. State and other governmental revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Most property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Unavailable revenues are recorded in the governmental funds for these receivables.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when they are incurred. These funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing goods and services in connection with the funds' ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating.

The City reports the following major governmental funds:

General Fund: the City's primary operating fund which accounts for all financial resources of the City except those required to be accounted for in other funds.

Solid Waste Fund: This fund is to account for the provision of garbage collection services provided to the residential and commercial users of the City.

Street Maintenance Fund: This fund is to account for the revenues and expenditures related to money received from maintenance assessments for city streets.

Swim Pool Fund: This fund is to account for the collection of donations and other funds, and associated expenditures, related to users of the City pool.

The City reports the following major proprietary funds:

Water Utility Fund: This fund is to account for the provision of water treatment and distribution to the residential and commercial users of the City.

Sewer Utility Fund: This fund is to account for sewer services provided to the residential and commercial users of the City.

Budgetary Data The City's budgets are adopted and submitted to the Department of Administration by the later of October 1 or 60 days after receipt of taxable values from the Department of Revenue, as required by Montana Code Annotated 7-6-4003. Budgets for the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Trust Funds are adopted on a basis consistent with GAAP. All governmental fund budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The City Council may amend the budget during the fiscal year as stipulated in Montana Code Annotated 7-6-4006.

New Accounting Pronouncements The City implemented the provisions of the following Governmental Accounting Standards Board (GASB) pronouncements for the year ended June 30, 2023:

- * Statement No. 87, *Conduit Debt*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA's)*. These Statements are effective for fiscal years beginning after June 15, 2022. These Statements had no effect on the City.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The City has previously chosen not to implement the provisions of the following Governmental Accounting Standards Board (GASB) pronouncement:

- * Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pension plans that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans that are within their respective scopes.

Cash and Cash Equivalents The City has defined cash and cash equivalents to include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments in all funds.

Reserve for Uncollectible Accounts The City Council assumes that all property taxes receivable and all accounts receivable for proprietary fund services provided are fully collectible. Therefore, no reserve for uncollectible accounts has been provided for in the financial statements. The direct write-off method is used for these accounts.

Inventories Inventories of materials and supplies are expensed at the time of purchase. Inventories of materials and supplies on hand are not maintained, which is not in accordance with GAAP. The amounts on hand are not material to the basic financial statements taken as a whole.

Restricted Assets Certain proceeds of proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "construction" account is used to receive all bond proceeds and to pay for costs of the project for which the bonds were sold. The "operating" account is used to report solely for the payment of operating expenses, which include those expenses for operation, maintenance and current repair of the system and its facilities. The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve and surplus" accounts are used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The "replacement and depreciation" account is used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.

Capital Assets Capital assets includes plant, property, equipment, and infrastructure assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure assets are also capitalized. Depreciation is computed using the straight-line method. Assets are capitalized which cost more than \$5,000 and have a useful life of more than 5 years.

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The following is a summary of asset classifications and range of depreciable lives:

Buildings	20 to 100 years
Improvements other than buildings	10 to 30 years
Machinery and Equipment	5 to 50 years

Property, Plant, and Equipment - Proprietary Funds Property, plant, and equipment owned by the proprietary funds are stated at cost. Depreciation has been provided for over the estimated useful lives using the straight-line method. The following is a summary of asset classifications and range of depreciable lives.

Transportation land	3 to 7 years
Improvements	20 years
Water utilities	50 years
Office furniture, fixtures, and equipment	8 to 12 years
Information systems	5 to 7 years
Data handling equipment, except computers	5 to 7 years

Compensated Absences Liabilities incurred because of accumulated unused vacation, sick pay, and other employee benefits which are payable upon termination are included in the financial statements. The liability for vacation pay is recorded as a current liability payable within one year in the government wide financial statements. The liability for unused sick leave is recorded as a non-current liability.

Bond Issuance Costs Bond issuance costs for proprietary fund types are written off as an expense in the period incurred.

Encumbrances All appropriations, except for construction in progress, lapse at the end of the fiscal year. The City does not utilize a formal encumbrance accounting system.

Interfund Transactions Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as revenue in the fund performing the services. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund that is reimbursed. All other interfund transfers are classified as operating transfers. These transfers are reported as other financing sources or uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These are eliminated in the government-wide financial statements.

Fund Balance In governmental fund type accounts, fund equity is called "fund balance." Fund balance is reported in the following classifications which reflect the extent to which the City is bound to honor constraints on the purposes for which the amounts can be spent: nonspendable, restricted, committed, assigned, and unassigned.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

In the basic financial statements, the fund balance classifications are presented in the aggregate for the following fund balance classifications:

Nonspendable

Represents the portion of fund balances that cannot be spent either because: (1) it is not in spendable form such as inventories, the long-term portion of notes and loans receivable, land held for resale of which the future proceeds are not committed, and prepaid expenses, or (2) due to legal or contractual constraints such as the corpus of a permanent fund. The City has \$94,037 in non-spendable form for the Cemetery Perpetual Care Permanent Fund.

Restricted

Amounts that can be spent only for specific purposes which are externally imposed either by:

- a. Providers such as creditors (such as through debt covenants), grantors, contributors, and laws and regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Committed

Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority, the City Council, through resolution and does not lapse at year-end.

Assigned

Amounts that are intended to be used by the government for a specific purpose that does not meet the criteria to be classified as restricted or committed. Assignments of fund balance may be created in conjunction by the City Council and the Mayor.

Unassigned

The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In governmental funds other than the general fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources meeting more than one of the classifications (excluding nonspendable), assuming that an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

Net Position Net position represents the difference between assets and liabilities. In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets: consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets.

Restricted: presents external restrictions imposed by creditors, grantors, or contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provision or enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects and debt service established by the City Council.

Unrestricted: represents the net position of the City that are not restricted for any project or other purpose.

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Evaluation of Subsequent Events The City has evaluated subsequent events through February 27, 2024, the date which the financial statements were available to be issued.

2. CASH AND INVESTMENTS

Cash and investments of the City are classified in the accompanying financial statements follow:

June 30, 2023

Governmental Activities	
Cash and investments	\$ 5,243,100
Business-Type Activities	
Cash and investments	122,620
Restricted cash and investments	7,254,141
Fiduciary Fund	
Cash and investments	84,986
Total Cash and Investments	\$ 12,704,847

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The composition of cash and investments of the City follows:

June 30, 2023

Cash on hand	\$	1,347
Cash in banks:		
Petty cash checking		1,100
Demand deposits:		
Demand deposits in financial institutions		12,535,849
Time and savings deposits in financial institutions		43,246
Securities issued by agencies of the U.S. Government		123,305
Total	\$	12,704,847

The composition of cash and investments of the component unit follows:

June 30, 2023

Cash and savings	\$	244,808
Petty cash on hand		600
Mutual funds		177,532
Total Cash and Investments	\$	422,940

Credit Risk

Cash and investments may include cash and cash items; demand, time, savings and fiscal agent deposits; investments in the State Short-Term Investment Pool (S.T.I.P.); obligations of the United States Government and securities issued by agencies of the United States; repurchase agreements; and registered warrants.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The rated debt investments as of June 30, 2023, were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the rating agencies name rating scale.

June 30, 2023	AAA	AA	A	Unrated
U.S. Government agency securities	\$ 123,305	\$ -	\$ -	-
Mutual funds - component unit	-	-	-	177,532
Totals	\$ 123,305	\$ -	\$ -	177,532

Concentration of Credit Risk

The investment policy of the City and component unit contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the Montana Code Annotated.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. A governmental entity's money is insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) for each "public unit" based on how the account is titled at the financial institution.

The City is considered to have \$250,000 FDIC insurance per public unit per financial institution within the state.

Montana statutes require that the City and component unit obtain securities for the uninsured portion of the deposits as follows: 1) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more or 2) securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio of less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for City deposits, including the component unit at June 30, 2023, left the City uninsured by \$10,352,672.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the City's and component unit's investments to interest rate fluctuations is provided by the following table that shows the maturity date of each investment.

June 30, 2023	Less than			
	1 Year	1 to 5 Years	6 to 10 Years	10 Year+
U.S. Government agency securities	\$ 105,197	\$ -	\$ 18,108	\$ -
Mutual funds - component unit	177,532	-	-	-
Totals	\$ 282,729	\$ -	\$ 18,108	\$ -

Fair Value of Investments

Investments are shown at fair value. The City and component unit categorizes its fair value measurements within the fair value hierarchy established by GAAP.

June 30, 2023	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
U.S. Government agency securities	\$ 123,305	\$ -	\$ 123,305	\$ -
Mutual funds - component unit	177,532	177,532	-	-
Totals	\$ 300,837	\$ 177,532	\$ 123,305	\$ -

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The fair value hierarchy is based on the valuation inputs used to measure fair value. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1: Quoted prices in active markets for identical assets; these investments are valued using prices quoted in active markets.

Level 2: Significant other observable inputs; these investments are valued using inputs other than level 1 that are observable, either indirectly, such as quoted market prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by market data for the full-term of the assets or liabilities.

Level 3: Significant unobservable inputs.

3. PROPERTY TAXES

All property taxes and special assessments are collected by the County and remitted to the City on a monthly basis. Property tax revenues are recognized when levied on the government-wide statements. However, the revenues are reduced at year-end by the amount of the current delinquent receivables, and are increased by the amount of the delinquent collections from prior fiscal years on the fund financial statements. Property taxes attach as an enforceable lien on property as of January 1, and are levied on the 2nd Monday in August.

Property taxes are due in two equal installments on November 30th and May 31st, following the levy date. The City of Glasgow adopted self-governing powers in 1976 while undergoing local government review. According to MCA 7-1-114(9), the mill levy limits established by State law shall not apply to cities with self-governing powers. However, on November 4, 1986, voters in the State of Montana passed Initiative 105 limiting certain property taxes to their 1986 dollar limits. This initiative was amended by the 1997 Legislature. The amendment limited certain property taxes to their 1996 dollar limits. The City of Glasgow was in full compliance with this legislation for the year ended June 30, 2023.

4. ACCOUNTS RECEIVABLE

On July 24, 1997, the former City Judge pled guilty to theft of City Court receipts and official misconduct. On October 6, 1997, sentencing was held and restitution was ordered in the amount of \$80,000 to be paid in monthly installments of \$750 over a ten-year period. Of this total amount, \$75,760 is owed to the City and \$4,240 is owed to the County, with the County receiving their payments first. The balance at June 30, 2023, was \$52,226, with payments of \$6,494 received during the fiscal year. Due to the collection time exceeding the original ten-year period, the City has provided for an allowance for the total within other unavailable revenue.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

The business-type activities also have accounts receivable consisting of:

June 30, 2023		
Water services	\$	53,342
Sewer services		80,413
Total	\$	133,755

5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments are as follows:

June 30, 2023		
Primary Government:		
General Fund		
County grant funds - Stone Garden	\$	4,726
Tourism Grant Fund		
Federal grant funds		40,000
DPHHS Grant Fund		
Federal grant funds		4,525
Victim Assistance Grant Fund		
Federal grant funds		42,892
DOJ Grant Fund		
Federal grant funds		8,475
Bulletproof Vest Grant Fund		
Federal grant funds		447
Total	\$	101,065

6. INTERFUND TRANSFERS

The following interfund transfers were made:

June 30, 2023		
General Fund to Capital Projects Fund	\$	20,330
General Fund to Swim Pool Fund		30,000
General Fund to Tourism Grant Fund		2,500
Street Maintenance Fund to Capital Projects Fund		29,353
Permissive Med Levy Fund to multiple funds		31,697
Capital Projects Fund to Gas Tax HB #473 Fund		4,179
General Fund to Fire Relief Fund		24,446
Total	\$	142,505

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The City also transferred \$39,500 from the General Fund to the component unit, in accordance with the interlocal agreement with the County.

7. LOANS RECEIVABLE

The loans receivable of \$158,693 consists of three direct loans and interest subsidized loans through the Community Development Block Grant Fund and the Farmers Home Administration Grant Fund. These loans are to be paid back to the City by the individuals who received money through this Federal Grant Program. Due to the collection time exceeding the original loan period, the City has provided for an allowance for the total within other unavailable revenue. The City also has a lien on the property and will collect the balance due upon the sale of the property.

8. RESTRICTED CASH AND INVESTMENTS

The following restricted cash and investments were held by the City in the business-type activities.

June 30, 2023

Water Utility Fund	
Water Reserve - Series 2020A	\$ 71,028
Water Reserve - Series 2020B	5,364
Surplus	198,907
Replacement and Depreciation	245,932
Short Lived Asset Replacement Reserve - USDA	16,380
1987 Waterline Improvements	2,343,543
ARPA Funds	412,361
Total Water Utility Fund	3,293,515
Sewer Utility Fund	
Sewer Reserve - Series 2012A	107,292
Sewer Reserve - Series 2012B	17,004
Surplus	123,419
Replacement and depreciation	1,450,868
Short Lived Asset Replacement Reserve - USDA	492,395
Sewer construction projects	1,275,371
ARPA Funds	425,561
Total Sewer Utility Fund	3,891,910
Valley Court Apartments Fund	
Security deposits	6,291
Reserve account	62,425
Total Valley Court Apartments Fund	68,716
Total Restricted Cash and Investments	\$ 7,254,141

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. CAPITAL ASSETS AND RIGHT-OF-USE ASSETS

Capital asset balances and activity for governmental activities are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 423,837	\$ -	\$ -	\$ 423,837
Other Capital Assets				
Buildings and improvements	1,389,459	-	-	1,389,459
Improvements other than buildings	10,337,432	208,399	-	10,545,831
Machinery and equipment	3,001,824	15,655	(53,820)	2,963,659
Total Other Capital Assets at Historical Cost	14,728,715	224,054	(53,820)	14,898,949
Total Assets	15,152,552	224,054	(53,820)	15,322,786
Less: Accumulated Depreciation for				
Buildings and improvements	989,607	18,746	-	1,008,353
Improvements other than buildings	8,794,458	252,592	-	9,047,050
Machinery and equipment	2,117,616	200,798	(53,820)	2,264,594
Total Accumulated Depreciation	11,901,681	472,136	(53,820)	12,319,997
Total Governmental Activities	\$ 3,250,871	\$ (248,082)	\$ -	\$ 3,002,789

Depreciation expense was charged to functions as follows:

June 30, 2023

General government	\$ 4,353
Public safety	147,330
Public works	243,642
Culture and recreation	74,116
Housing and community development	2,695
Total	\$ 472,136

Right-of-use asset balances and activity for governmental activities for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Right-of-Use Assets Being Amortized				
Machinery and equipment	\$ 185,873	\$ -	\$ -	\$ 185,873
Total Right-of-Use Assets	185,873	-	-	185,873
Less: Accumulated Amortization for				
Machinery and equipment	49,642	27,062	-	76,704
Total Governmental Activities	\$ 136,231	\$ (27,062)	\$ -	\$ 109,169

Amortization expense of \$27,062 was charged to the Public Works function.

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Capital asset balances and activity for business-type (proprietary) activities are as follows:

	Balance				Balance	
	July 1, 2022	Additions	Deletions	Transfers	June 30, 2023	
Capital Assets Not Being Depreciated						
Land	\$ 134,929	\$ -	\$ -	\$ -	\$ 134,929	
Construction in process	174,367	191,188	-	-	365,555	
Total Nondepreciable Assets	309,296	191,188	-	-	500,484	
Other Capital Assets						
Source of supply	3,338,754	-	-	-	3,338,754	
Pumping plant	217,628	-	-	-	217,628	
Treatment plant	17,147,342	-	-	-	17,147,342	
Transmission and distribution	11,404,616	28,111	-	-	11,432,727	
General plant	321,273	79,750	-	-	401,023	
Apartment complex	125,000	-	-	-	125,000	
Total Other Capital Assets at Historical Costs	32,554,613	107,861	-	-	32,662,474	
Less: Accumulated Depreciation for						
Source of supply	2,499,929	63,039	-	-	2,562,968	
Pumping plant	203,804	2,258	-	-	206,062	
Treatment plant	4,563,463	313,361	-	-	4,876,824	
Transmission and distribution	9,333,648	138,853	-	-	9,472,501	
General plant	200,822	18,894	-	-	219,716	
Apartment complex	23,802	4,167	-	-	27,969	
Total Accumulated Depreciation	16,825,468	540,572	-	-	17,366,040	
Net Depreciable Assets	15,729,145	(432,711)	-	-	15,296,434	
Total Business-Type Activities	\$ 16,038,441	\$ (241,523)	\$ -	\$ -	\$ 15,796,918	

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Capital asset balances and activity for component unit activities are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 6,688	\$ 27,216	\$ -	\$ 33,904
Other Capital Assets				
Buildings and improvements	241,343	4,000	-	245,343
Machinery and equipment	206,833	-	-	206,833
Total Other Capital Assets at Historical Costs	448,176	4,000	-	452,176
Less: Accumulated Depreciation for				
Buildings and improvements	206,110	4,089	-	210,199
Machinery and equipment	205,981	852	-	206,833
Total Accumulated Depreciation	412,091	4,941	-	417,032
Net Depreciable Assets	36,085	(941)	-	35,144
Total Component Unit	\$ 42,773	\$ 26,275	\$ -	\$ 69,048

10. LONG-TERM LIABILITIES

Governmental Activities

Long-term debt for governmental activities follows:

	Current Portion	Long-Term Portion	June 30, 2023
Compensated absences	\$ 32,227	\$ 124,176	\$ 156,403
FCB Equipment purchases	56,873	88,311	145,184
FCB Fire truck purchase	28,268	103,419	131,687
JD grader	28,801	80,368	109,169
Armory building	19,511	271,304	290,815
Total	\$ 165,680	\$ 667,578	\$ 833,258

Compensated absences payable represents vacation and sick leave earned, which is payable upon termination. Compensated absences are liquidated from the same governmental funds used to pay each individual employee's salary.

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

FCB Equipment Purchases payable represents a direct borrowing loan from First Community Bank which is payable semiannually. The original loan was for \$381,500 with an interest rate of 3.15%. Future maturities of the FCB Equipment Purchases payable are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	56,873	\$	4,139	\$ 61,012
2025		58,678		2,334	61,012
2026		29,633		472	30,105
Total	\$	145,184	\$	6,945	\$ 152,129

FCB Fire Truck Purchase payable represents a direct borrowing loan from First Community Bank which is payable semiannually. The original loan was for \$200,000 with an interest rate of 1.99%. Future maturities of the FCB Fire Truck Purchase payable are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	28,268	\$	2,482	\$ 30,750
2025		28,833		1,916	30,749
2026		29,410		1,340	30,750
2027		29,998		751	30,749
2028		15,178		151	15,329
Total	\$	131,687	\$	6,640	\$ 138,327

JD Grader payable represents a direct borrowing loan from John Deere Financial, in the form of a lease agreement, which is payable quarterly. The original loan was for \$165,800 with an effective interest rate of 1.57%. The grader will be returned upon maturity of the lease. Future maturities of the JD Grader payable are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	28,801	\$	6,186	\$ 34,987
2025		30,653		4,335	34,988
2026		32,624		2,364	34,988
2027		17,091		404	17,495
Total	\$	109,169	\$	13,289	\$ 122,458

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Armory Building payable represents a direct borrowing loan from First Community Bank, which is payable semiannually. The original loan was for \$320,00 with an interest rate of 1.57%. Future maturities of the Armory Building payable are as follows:

Years Ending June 30	Principal	Interest	Total
2024	\$ 19,511	\$ 4,491	\$ 24,002
2025	19,819	4,184	24,003
2026	20,131	3,872	24,003
2027	20,448	3,554	24,002
2028	20,771	3,232	24,003
2029-2033	108,867	11,145	120,012
2034-2037	81,268	2,545	83,813
Total	\$ 290,815	\$ 33,023	\$ 323,838

Proprietary Funds

Long-term debt in these funds is as follows:

	Current Portion	Long-Term Portion	June 30, 2023
Revenue Bonds (2012A Issue) Sewer Fund	\$ 48,959	\$ 2,094,718	\$ 2,143,677
Revenue Bonds (2012B Issue) Sewer Fund	7,765	331,776	339,541
USDA Rural Development VCA Fund	4,525	143,345	147,870
USDA Rural Development (2020A Issue) Water Fund	118,828	6,180,096	6,298,924
USDA Rural Development (2020B Issue) Water Fund	8,941	463,860	472,801
Compensated Absences Water and Sewer	5,534	30,238	35,772
Total	\$ 194,552	\$ 9,244,033	\$ 9,438,585

The 2012 Series A bonds were sold to the United States of America acting through the Rural Utilities Services, United States Department of Agriculture (USDA) in the amount of \$2,599,000. The interest rate on the bonds is 2.75%. The bonds were sold to finance a sewer lagoon project, and are considered a direct borrowing. The bonds are to be repaid in monthly installments over a 40-year period. The final payment is July 1, 2052. The bonds will be repaid from fees charged to sewer users. The City of Glasgow is in compliance with all requirements of the bond issue.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize the 2012 Series A issue are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	48,959	\$	58,333	\$ 107,292
2025		50,322		56,970	107,292
2026		51,724		55,568	107,292
2027		53,164		54,128	107,292
2028		54,645		52,647	107,292
2029-2033		296,916		239,544	536,460
2034-2038		340,629		195,831	536,460
2039-2043		390,776		145,681	536,457
2044-2048		448,306		88,154	536,460
2049-2053		408,236		23,456	431,692
Total	\$	2,143,677	\$	970,312	\$ 3,113,989

The 2012 Series B bonds were sold to the United States of America acting through the Rural Utilities Services, USDA in the amount of \$406,000. The interest rate on the bonds is 2.75%. The bonds were sold to finance a sewer lagoon project, and are considered a direct borrowing. The bonds are to be repaid in monthly installments over a 40-year period. The final payment is June 1, 2052. The bonds will be repaid from fees charged to sewer users. The City of Glasgow is in compliance with all requirements of the bond issue.

The annual requirements to amortize the 2012 Series B issue are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	7,765	\$	9,239	\$ 17,004
2025		7,981		9,023	17,004
2026		8,252		8,801	17,053
2027		8,432		8,572	17,004
2028		8,666		8,338	17,004
2029-2033		47,089		37,931	85,020
2034-2038		54,022		30,998	85,020
2039-2043		61,975		23,048	85,023
2044-2048		71,099		13,921	85,020
2049-2052		64,260		3,670	67,930
Total	\$	339,541	\$	153,541	\$ 493,082

The City acquired the Valley Court Apartments by assuming the existing debt owed to USDA Rural Development in the amount of \$175,000, and is considered a direct borrowing. The interest rate on the loan is 2.875%. The loan is to be repaid in monthly installments over a 30-year period. The final payment is October 1, 2046. The loan will be repaid from fees charged to tenants. The City of Glasgow is in compliance with all requirements of the loan.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize the USDA Rural Development loan are as follows:

Years Ending June 30	Principal	Interest	Total
2024	\$ 4,525	\$ 2,245	\$ 6,770
2025	4,657	2,113	6,770
2026	4,793	1,978	6,771
2027	4,933	1,838	6,771
2028	5,076	1,694	6,770
2029-2033	27,687	6,165	33,852
2034-2038	31,963	1,912	33,875
2039-2043	36,897	-	36,897
2044-2047	27,339	-	27,339
Total	\$ 147,870	\$ 17,945	\$ 165,815

The 2020 Series A bonds were sold to the United States of America acting through the Rural Utilities Services, USDA in the amount of \$6,645,000. The interest rate on the bonds is 1.89%. The bonds were sold to finance a water improvement project, and are considered a direct borrowing. The bonds are to be repaid in monthly installments over a 40-year period. The final payment is June 1, 2060. The bonds will be repaid from fees charged to water users. The City of Glasgow is in compliance with all requirements of the bond issue, with the exception of the minimum net revenue/debt coverage requirement.

The annual requirements to amortize the 2020 Series A issue are as follows:

Years Ending June 30	Principal	Interest	Total
2024	\$ 118,828	\$ 118,013	\$ 236,841
2025	121,092	115,749	236,841
2026	123,399	113,442	236,841
2027	125,751	111,091	236,842
2028	128,147	108,695	236,842
2029-2033	678,305	505,902	1,184,207
2034-2038	745,437	438,769	1,184,206
2039-2043	819,215	364,991	1,184,206
2044-2048	900,296	283,911	1,184,207
2049-2053	989,401	194,806	1,184,207
2054-2058	1,087,324	96,883	1,184,207
2059-2060	461,729	9,195	470,924
Total	\$ 6,298,924	\$ 2,461,447	\$ 8,760,371

The 2020 Series B bonds were sold to the United States of America acting through the Rural Utilities Services, USDA in the amount of \$500,000. The interest rate on the bonds is 1.89%. The bonds were sold to finance a water improvement project, and are considered a direct borrowing. The bonds are to be repaid in monthly installments over a 40-year period. The final payment is June 1, 2060. The bonds will be repaid from fees charged to water users. The City of Glasgow is in compliance with all requirements of the bond issue, with the exception of the minimum net revenue/debt coverage requirement.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize the 2020 Series B issue are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	8,941	\$	8,880	\$ 17,821
2025		9,111		8,710	17,821
2026		9,285		8,536	17,821
2027		9,462		8,359	17,821
2028		9,642		8,179	17,821
2029-2033		51,038		38,066	89,104
2034-2038		56,090		33,015	89,105
2039-2043		61,641		27,464	89,105
2044-2048		67,743		21,363	89,106
2049-2053		74,448		14,658	89,106
2054-2058		81,814		7,290	89,104
2059-2060		33,586		692	34,278
Total	\$	472,801	\$	185,212	\$ 658,013

Compensated absences payable represents vacation and sick leave earned, which is payable upon termination. Compensated absences are liquidated from the same funds used to pay each individual employee's salary.

The following is a summary of the long-term liability transactions of the City:

	Balance July 1, 2022	New Debt	Retired Debt	Balance June 30, 2023
Governmental Activities				
FCB Recreation Department	\$ 9,089	\$ -	\$ (9,089)	\$ -
FCB Equipment Purchases	200,194	-	(55,010)	145,184
FCB Fire Truck Purchase	159,445	-	(27,758)	131,687
JD Loader	7,658	-	(7,658)	-
JD Grader	136,230	-	(27,061)	109,169
Armory Building	310,146	-	(19,331)	290,815
Total	\$ 822,762	\$ -	\$ (145,907)	\$ 676,855
Proprietary Funds				
Revenue Bonds (2012A Issue) Sewer Fund	\$ 2,191,303	\$ -	\$ (47,626)	\$ 2,143,677
Revenue Bonds (2012B Issue) Sewer Fund	347,094	-	(7,553)	339,541
USDA Rural Development VCA Fund	152,278	-	(4,408)	147,870
USDA Rural Development (2020A Issue) Water Fund	6,417,104	-	(118,180)	6,298,924
USDA Rural Development (2020B Issue) Water Fund	481,657	-	(8,856)	472,801
JD Loader	23,114	-	(23,114)	-
Total	\$ 9,612,550	\$ -	\$ (209,737)	\$ 9,402,813

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Compensated absences payable, which represent vacation and sick leave earned by employees and is payable upon termination, were as follows:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
Governmental Activities	\$ 152,931	\$ 3,472	\$ -	\$ 156,403
Proprietary Funds	18,461	17,311	-	35,772
Total	\$ 171,392	\$ 20,783	\$ -	\$ 192,175

The annual maturities of the long-term liabilities are as follows:

Years Ending June 30	Principal	Interest	Total
2024	\$ 322,471	\$ 214,008	\$ 536,479
2025	331,146	205,334	536,480
2026	309,251	196,373	505,624
2027	269,279	188,697	457,976
2028	242,125	182,936	425,061
2029-2033	1,209,902	838,753	2,048,655
2034-2038	1,309,409	703,070	2,012,479
2039-2043	1,370,504	533,720	1,904,224
2044-2048	1,514,783	385,986	1,900,769
2049-2053	1,536,345	221,932	1,758,277
2054-2058	1,169,138	96,883	1,266,021
2059-2060	495,315	9,887	505,202
Total	\$ 10,079,668	\$ 3,777,579	\$ 13,857,247

The City's outstanding notes from direct borrowings related to governmental activities of \$676,855 contain the following provision:

- * Under the following defaults the lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due, and then the borrower will pay that amount; defaults include payment, others, false statements, death or insolvency, creditor or forfeiture proceedings, events affecting guarantor, adverse change and cure provisions.

The City's outstanding Revenue Bonds, USDA RD Loans and John Deere Financial Loans from direct borrowings related to business-type activities of \$9,402,813 contains the following provision:

- * The USDA RD Loans state if default should occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare entire amount including any past due installment(s) and accrual of interest on unpaid principal, unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

The City's outstanding notes and revenue bonds from direct borrowings related to governmental/business-type activities of \$10,079,668 are secured with equipment that was purchased with the loan proceeds, the apartment complex for USDA Rural Development, and the bonds. The City does not have an unused line of credit.

Component Unit

Debt in the component unit is as follows:

June 30, 2023	Current Portion	Long-Term Portion	Total
Compensated absences	\$ 9,250	\$ 12,236	\$ 21,486

Compensated absences payable, which represent vacation and sick leave earned by employees and is payable upon termination. A summary of the liability transactions of the component unit is as follows:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
City-County Library	\$ 17,174	\$ 4,312	-	\$ 21,486

11. OTHER POST-EMPLOYMENT BENEFITS

Post-Employment Benefits

The City allows its retired employees to continue to participate in its group health insurance plan at a premium rate that may or may not cover all of the related health care costs. This may result in an other post-employment benefit (OPEB) referred to as an "implicit rate subsidy". OPEB is considered to be a long-term liability and as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City has calculated a postemployment benefit liability for the fiscal year ended June 30, 2023.

Plan Description

The City is a member of the Montana Municipal Inter-local Authority (MMIA), a local government risk retention pool that administers the City's group health insurance plan, an agent multiple-employer defined benefit plan. As required by State law (MCA 2-18-704), the City provides its employees who retire, along with their eligible spouses and dependents, the option to continue to participate in the City's group health insurance plan. To continue this health insurance coverage, the retirees are required to pay the full amount of their premium. State law does not require that the City provide the same premium rates to retirees as it pays for its active employees, nor does it require that the City pay any portion of the retiree premiums. Premium rates and healthcare benefits may be administratively altered at the end of any contract year.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

MMIA issues an annual financial report that can be obtained at:

Montana Municipal Interlocal Authority
 P.O. Box 6669
 Helena, MT 59604-6669

Funding Policy

The City provides no direct subsidy to the health insurance premiums for retirees. Retirees pay the entire cost of the health insurance premium. Eligible retired employees include former full time and certain other employees. At June 30, 2023, the City had no retired employees, no spouses and no employees covered under COBRA insurance coverage. In 2023, no retirees contributed towards the cost of the City's annual premium. There were 11 active employees covered by the benefit terms.

Annual OPEB Cost Obligation

The City's annual OPEB cost (expense) is calculated based on the projected unit credit cost method as of June 30, 2023, using MMIA's alternative measurement method calculations. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

The City's annual total OPEB obligation was as follows:

June 30, 2023	
Service cost	\$ 28,762
Interest	6,363
Differences between expected and actual experience	(51,914)
Changes of assumptions or other inputs	(25,178)
Benefit payments	-
Net Change in Total OPEB Liability	(41,967)
Total OPEB Liability - Beginning	126,052
Total OPEB Liability - Ending	\$ 84,085

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual fund limitations on the pattern of cost sharing between employer and plan members in the future. The methods used are designed to reduce effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

June 30, 2023	OPEB Valuation
Average age of retirement based on historical data	52.7
Turnover rate	0.00%
Discount rate	4.11%
Average salary increase	3.50%

From Year	To Year	Annual % Increase	From Year	To Year	Annual % Increase
2023	2024	9.05%	2054	2058	4.80%
2024	2025	6.50%	2058	2063	4.70%
2025	2026	6.00%	2063	2070	4.60%
2026	2027	5.90%	2070	2071	4.50%
2027	2028	5.70%	2071	2072	4.40%
2028	2029	5.60%	2072	2073	4.30%
2029	2030	5.50%	2073	2075	4.20%
2030	2031	5.30%	2075	2076	4.10%
2031	2048	5.20%	2076	2078	4.00%
2048	2049	5.10%	2078	2079	3.90%
2049	2051	5.00%	2079	+	3.80%
2051	2054	4.90%			

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability reported by the City, as well as how that liability would change if the discount rate used to calculate the total OPEB liability was decreased or increased by 1%:

	1.00% Decrease (3.11%)	Current Discount Rate (4.11%)	1.00% Increase (5.11%)
Total OPEB Liability	\$ 88,089	\$ 84,085	\$ 79,238

The following presents the total OPEB liability reported by the City, as well as how that liability would change if the healthcare cost trend rate used in projecting benefit payments was to decrease or increased by 1%:

	1.00% Decrease*	Healthcare Cost Trend Rates*	1.00% Increase*
Total OPEB Liability	\$ 73,638	\$ 84,085	\$ 96,314

* See the actuarial assumptions and other inputs disclosure above to determine the healthcare cost trend rates used to calculate the total OPEB liability.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

OPEB Expense, Deferred Outflows, and Inflows

For the year ended June 30, 2023, the City recognized OPEB expense of \$35,125. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 51,914
Changes in assumptions or other inputs	-	36,934
Total	\$ -	\$ 88,848

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2024	\$ (88,848)

12. LOCAL RETIREMENT PLANS

The Fire Department Relief Association Disability and Pension Fund administers the City's volunteer firefighter's pension benefits paid to retired firefighters. In accordance with the provisions of MCA 19-18-503, the fund is considered soundly funded if the assets in the fund are maintained at a level equal to at least three times but no more than five times the benefits paid by the fund in the previous or current fiscal year, whichever is greater; or funding is maintained at a level determined by an actuarial valuation to be sufficient to keep the fund actuarially sound. As of June 30, 2023, the total assets of the fund were in the amount of \$130,403.

The employees of the Library were previously not members of the Public Employees' Retirement System, but instead contributed to the Kemper Fund. The employer and employee each contribute 6% to this fund. The employee may contribute up to 20%, but total contributions (employee and employer portions) may not exceed 25% of gross pay. Effective December 2021, the employees of the Library were added to the Public Employees' Retirement System 457(b) Deferred Compensation Plan. The employer and employee each contribute 6% to this plan.

The amounts contributed by both the Library and its employees for the past three years were as follows:

June 30		2021		2022		2023
Kemper	\$	3,764	\$	1,742	\$	-
MPERA		-		6,747		16,209
Total	\$	3,764	\$	8,489	\$	16,209

13. RETIREMENT PLANS

Plan Description and Provisions

The City participates in two statewide, cost sharing, multiple-employer, retirement benefit plans, the Public Employees' Retirement System and the Municipal Police Officers' Retirement System. The plans cover all employees, except certain part-time employees. The plans are established by State law and are administered by the Department of Administration of the State of Montana. Both plans issue publicly available annual reports, stand-alone financial statements, actuarial valuations, experience studies and plan audited financial statements. Those reports may be obtained from the Public Employees' Retirement Board, P.O. Box 200131, Helena, MT 59620-0131, or the Montana Public Employee Retirement Administration website at <http://mpera.mt.gov/index.shtml>.

The information provided below is for employers who are using a June 30, 2022 measurement date for the 2023 reporting. Employers are provided guidance in GASB 68, paragraph 74, that pension amounts must be combined as a total or aggregate for reporting. This is true when employers are provided benefits through more than one pension, whether cost-sharing, single-employer, or agent plans.

June 30, 2023	The Employer's Proportionate Shared Associated with PERS		The Employer's Proportionate Shared Associated with MPORS		The Employer's Total Pension Amounts
Total pension liability	\$	1,853,255	\$	1,791,237	\$ 3,644,492
Fiduciary net position	\$	426,063	\$	1,200,550	\$ 1,626,613
Net pension liability	\$	1,427,192	\$	590,687	\$ 2,017,879
Deferred outflows of resources	\$	230,816	\$	144,548	\$ 375,364
Deferred inflows of resources	\$	154,389	\$	18,393	\$ 172,782
Pension expense	\$	155,883	\$	290,140	\$ 446,023

Public Employees' Retirement System

Net Pension Liability

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System (PERS) Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability (NPL), pension expense, and deferred inflows and deferred outflows of resources associated with pensions.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2022, was determined by taking the results of the June 30, 2021 actuarial valuation and applying standard roll forward procedures.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The roll forward procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers.

Not Special Funding

Per Montana law, state agencies and universities paid their own additional contributions. These employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

The proportionate shares of the City's and the State of Montana's NPL for June 30, 2023 and 2022, are displayed below. The City's proportionate share equals the ratio of the City's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The City recorded a liability of \$1,427,192 and the City's proportionate share was 0.0600%.

	Net Pension Liability as of June 30, 2023	Net Pension Liability as of June 30, 2022	Percent of Collective NPL as of June 30, 2023	Percent of Collective NPL as of June 30, 2022	Change in Percent of Collective NPL
City of Glasgow					
Proportionate share	\$ 1,427,192	\$ 1,123,224	0.0600%	0.0619%	-0.0019%
State of Montana					
Proportionate share associated with employer	426,063	330,104	0.0179%	0.0182%	-0.0003%
Total	\$ 1,853,255	\$ 1,453,328	0.0779%	0.0801%	-0.0022%

Changes in Actuarial Assumptions and Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- * The discount rate was increased from 7.06% to 7.30%.
- * The investment rate of return was increased from 7.06% to 7.30%.
- * Updated all mortality tables to the PUB2010 tables for general employees.
- * Updated the rates of withdrawal, retirement, and disability.
- * Lowered the payroll growth assumption from 3.50% to 3.25%.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

* The inflation rate was increased from 2.40% to 2.75%.

Changes in Benefit Terms

There were no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share

There were no changes between the measurement date of the collective NPL and the employer’s reporting date that are expected to have a significant effect on the employer’s proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension. If there were changes that are expected to have an impact on the NPL, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective NPL, if known.

Pension Expense

	Pension Expense as of June 30, 2023	
City of Glasgow		
Proportionate share	\$	111,721
Grant revenue - State of Montana proportionate share for employer		44,162
Total Pension Expense	\$	155,883

At June 30, 2023, the City recognized a pension expense of \$111,721 for its proportionate share of the PERS’ pension expense and recognized grant revenue of \$44,162 for the State of Montana proportionate share of the pension expense associated with the City.

Recognition of Deferred Inflows and Outflows

The City reported its proportionate share of the PERS’ deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
June 30, 2023				
Differences between expected and actual economic experience	\$	18,194	\$	-
Differences between projected and actual investment earnings		41,945		-
Changes in actuarial assumptions		53,186		104,484
Difference between actual and expected contributions		-		49,905
*Contributions paid to PERS subsequent to the measurement date - FY2023 Contributions		117,491		-
Total	\$	230,816	\$	154,389

* Amounts reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the NPL beginning in the year ended June 30, 2024.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Years Ending June 30	Amount of Deferred Outflows and Deferred Inflows Recognized in Future Years as an Increase or (Decrease) to Pension Expense	
2024	\$	(19,693)
2025	\$	(71,631)
2026	\$	(45,239)
2027	\$	95,499
Thereafter	\$	-

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, MCA. This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC).

Summary of Benefits

Eligibility for Benefit

Service retirement:

- | | |
|-------------------------------------|-----------------------------------------------------------------------------------------|
| Hired prior to July 1, 2011: | Age 60, 5 years of membership service;
Age 65, regardless of membership service; |
| or | Any age, 30 years of membership service. |
|
Hired on or after July 1, 2011: |
Age 65, 5 years of membership service;
Age 70, regardless of membership service. |

Early Retirement

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service.
Hired on or after July 1, 2011:	Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employer or PERS service):

- 1) Retire before January 1, 2016, and accumulate less than 2 years additional service credit or retire on or after January 1, 2016, and accumulate less than 5 years additional service credit:
 - a. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- 2) Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - b. GABA starts on the recalculated benefit in January after receiving the new benefit for 12 months.
- 3) Retire on or after January 1, 2016, and accumulate 5 or more years of service credit:
 - a. The same retirement as prior to the return to service;
 - b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - c. GABA starts on both benefits in January after receiving the original and the new benefit for 12 months.

Vesting

5 years of membership service

Member's Highest Average Compensation (HAC)

Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

Compensation Cap

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of member's highest average compensation.

Monthly Benefit Formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007.
- 1.5% for members hired on or after July 1, 2007.
- Members hired on or after July 1, 2013: (a) 1.5 for each year PERS is funded at or above 90%; (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and (c) 0% whenever the amortization period for PERS is 40 years or more.

Overview of Contributions

The State Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		State & Universities Employer	Local Government		School Districts	
	Hired <7/01/11	Hired >7/01/11		Employer	State	Employer	State
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.040%	6.935%	0.100%	6.800%	0.235%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1 % a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the PCR are included in the employer reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to the member accounts.
3. Non-Employer Contributions
 - a. Special Funding
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributed 0.37% of members' compensation on behalf of school district entities.

- iii. The State contributed a Statutory Appropriation from the General Fund of \$34,633,570.

Actuarial Assumptions

The TPL in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

- Investment Return (net of admin expense) 7.30%
- Admin expense as a % of payroll 0.29%
- General Wage Growth* 3.50%
- *includes Inflation at 2.75%
- Merit Increases 0% to 4.8%
- Post-retirement Benefit Increases

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the members' benefit.

- 3% for members hired prior to July 1, 2007.
- 1.5% for members hired between July 1, 2007 and June 30, 2013.
- Members hired on or after July 1, 2013:
 - a) 1.5% for each year PERS is funded at or above 90%;
 - b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - c) 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members were based on RP 2000 Combined Mortality Tables with no projections.

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the table below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it was calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

June 30, 2023	1.00% Decrease (6.30%)	Current Discount Rate	1.00% Increase (8.30%)
City of Glasgow			
Proportion of net pension liability	\$ 2,057,364	\$ 1,427,192	\$ 898,485

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all GAAP and applied all applicable pronouncements of the GASB.

PERS Disclosure for the Defined Contribution Plan

The City contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2022, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 344 employers that have participants in the PERS-DCRP totaled \$1,681,603.

Municipal Police Officers' Retirement System

Net Pension Liability

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Municipal Police Officers' Retirement System (MPORS or the Plan). This includes the proportionate share of the collective NPL, pension expense, and deferred inflows and deferred outflows of resources associated with pensions.

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2022, was determined by taking the results of the June 30, 2021 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The TPL minus the Fiduciary Net Position equals the NPL. The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2023 and 2022, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government's collective NPL that is associated with the non-state employer. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$590,687 and the employer's proportionate share was 0.2501%.

	Net Pension Liability as of June 30, 2023	Net Pension Liability as of June 30, 2022	Percent of Collective NPL as of June 30, 2023	Percent of Collective NPL as of June 30, 2022	Change in Percent of Collective NPL
City of Glasgow					
Proportionate share	\$ 590,687	\$ 476,843	0.2501%	0.2623%	-0.0122%
State of Montana					
Proportionate share associated with employer	1,200,550	969,212	0.5082%	0.5332%	-0.0250%
Total	\$ 1,791,237	\$ 1,446,055	0.7583%	0.7955%	-0.0372%

Changes in Actuarial Assumptions and Methods:

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- * The discount rate was increased from 7.06% to 7.30%.
- * The investment rate of return was increased from 7.06% to 7.30%.
- * Updated all mortality tables to the PUB2010 tables for public safety employees.
- * Updated the rates of withdrawal, retirement, disability retirement and merit increases.
- * Lowered the payroll growth assumption from 3.50% to 3.25%.
- * The inflation rate was increased from 2.40% to 2.75%.

Changes in Benefit Terms:

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share:

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the NPL, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective NPL, if known.

Pension Expense

The City recognized its proportionate share of the MPORS' pension expense of \$84,308. The City also recognized grant revenue of \$205,832 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the City.

		Pension Expense as of June 30, 2023
<hr/>		
City of Glasgow		
Proportionate share	\$	84,308
State of Montana		
Proportionate share associated with employer		205,832
<hr/>		
Total	\$	290,140
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City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Recognition of Deferred Inflows and Outflows

The City reported its proportionate share of MPORS' deferred outflows of resources and deferred inflows of resources from the following sources:

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,627	\$ 3,095
Differences between projected and actual investment earnings	21,515	-
Changes in actuarial assumptions	52,128	11,338
Difference between actual and expected contributions	-	3,960
*Contributions paid to MPORS subsequent to the measurement date - FY2023 Contributions	68,278	-
Total	\$ 144,548	\$ 18,393

- Amounts reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the NPL beginning in the year ended June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Years Ending June 30	Amount of Deferred Outflows and Deferred Inflows Recognized in Future Years as an Increase or (Decrease) to Pension Expense
2024	\$ 34,019
2025	\$ 13,194
2026	\$ (21,304)
2027	\$ 31,969
Thereafter	\$ -

Plan Description

The Municipal Police Officers' Retirement System (MPORS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1974 and governed by Title 19, chapters 2 & 9, MCA. This plan provides retirement benefits to all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature.

Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the Board. The DROP is governed by Title 19, Chapter 9, Part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated.

Summary of Benefits

The MPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights are vested after 5 years of service.

Service Retirement and Monthly Benefit Formula

- 20 years of membership service, regardless of age.
- Age 50 with 5 years of membership service (early retirement).
- 2.5% of F AC x years of service credit.

Second Retirement:

Recalculated using specific criteria for members who return to covered MPORS employment prior to July 1, 2017:

- 1) Less than 20 years of membership service, upon re-employment, repay benefits and subsequent retirement is based on total MPORS service.
- 2) More than 20 years of membership service, upon re-employment, receives initial benefit and a new retirement benefit based on additional service credit and FAC after re-employment.

Applies to retirement system members re-employed in a MPORS position on or after July 1, 2017:

- 1) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

- a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- 2) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
- a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- 3) A member who returns to covered service is not eligible for a disability benefit.

Member's Final Average Compensation (FAC)

Hired prior to July 1, 1977 - average monthly compensation of final year of service;

Hired on or after July 1, 1977 – final average compensation (FAC) for last consecutive 36 months.

Compensation Cap

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

Guaranteed Annual Benefit Adjustment (GABA)

- Hired on or after July 1, 1997, or those electing GABA, and has been retired for at least 12 months, a GABA will be made each year in January equal to 3%.

City of Glasgow, Montana
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

Minimum Benefit Adjustment (Non-GABA)

- The minimum benefit provided may not be less than 50% of the compensation paid to a newly confirmed police officer of the employer that last employed the member as a police officer in the current fiscal year.

Overview of Contributions

The State Legislature has the authority to establish and amend contribution rates to the Plan. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding

MCA 19-9-702 requires the State of Montana to contribute a percentage of total compensation directly to the Plan annually after the end of each fiscal year. Member, employer and State contribution rates are shown in the table below.

Fiscal Year	Member					
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA	Employer	State
2000-2023	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%

Actuarial Assumptions

The TPL in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

- Investment Return (net of admin expense) 7.30%
- Admin expense as a % of payroll 0.17%
- General Wage Growth* 3.50%
- *includes inflation at 2.75%
- Merit Increases 0% to 6.40%
- Post-retirement Benefit Increases
 - Guaranteed Annual Benefit Adjustment (GABA)

- Hired on or after July 1, 1997, or those electing GABA, and has been retired for at

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

least 12 months, a GABA will be made each year in January equal to 3%.

- If hired before July 1, 1997, and member did not elect GABA, the minimum benefit adjustment provided is equal to 50% of the current base compensation of a newly confirmed police officer of the employer that last employed the member as a police officer.
- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using scale BB, set back one year for males.
- Mortality assumptions among Disabled Retirees were based on RP 2000 Combined Mortality Tables.

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 29.37% of the salaries paid by employers. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it was calculated using a discount rate 1.0% lower or 1.00% higher than the current rate.

June 30, 2023	1.00% Decrease (6.30%)	Current Discount Rate	1.00% Increase (8.30%)
City of Glasgow			
Proportion of net pension liability	\$ 890,083	\$ 590,687	\$ 352,908

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all GAAP. MPERA applied all applicable pronouncements of the GASB.

City of Glasgow, Montana
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

14. FUND BALANCES

GASB Statement No. 54 requires the City to present the governmental fund balances and each major special revenue fund balances by specific purposes. In the basic financial statements, the fund balance classifications are presented in the aggregate. The table presented below further displays the fund balance classifications by major purposes:

June 30, 2023	General Fund	Solid Waste Fund	Street Maintenance Fund	Swim Pool Fund	Nonmajor Governmental Funds	Total
Nonspendable						
Permanent	\$ -	\$ -	\$ -	\$ -	\$ 94,037	\$ 94,037
Restricted						
General government	-	165,709	5,928	-	-	171,637
Public works	-	448,029	36,415	-	192,692	677,136
Culture and recreation	-	-	-	2,589,818	-	2,589,818
Committed						
Public works	-	-	-	-	113,195	113,195
Assigned						
General government	39,504	-	-	-	21,456	60,960
Public safety	-	-	-	-	111,039	111,039
Public works	-	-	-	-	292,371	292,371
Culture and recreation	505,639	-	-	-	13,557	519,196
Unassigned						
	416,121	-	-	-	7,860	423,981
Total	\$ 961,264	\$ 613,738	\$ 42,343	\$ 2,589,818	\$ 846,207	\$ 5,053,370

15. TAX ABATEMENTS

The City's property tax revenue is subject to tax abatement agreements it enters into directly, as well as indirectly by those entered into by the County. Tax abatement agreements are entered into on an individual basis with businesses under the Montana Code Annotated 2015, Title 15 Taxation (the Code). Under the Code, local governments may grant property tax abatements to business with qualifying improvements or modernized processes that represent new industry or expansion of an existing industry (15-24-1402). In the first five years after a construction permit is issued, a business' property is taxed at 50% of taxable value with equal percentage increases taxed until the full taxable value is attained in the tenth year. In subsequent years, the property is taxed at its full taxable value (15-10-420). For the year ended June 30, 2023, the City has not entered into any tax abatement agreements, nor has the City received any information from the County regarding any indirect effects to the City, if any, regarding tax abatement agreements entered into by those entities during the fiscal year.

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

16. RISK MANAGEMENT

The City faces a number of risks of loss including damage to and loss of property and contents, employee torts, professional liability (i.e., errors and omissions), environmental damage, workers' compensation (i.e., employee injuries), and medical insurance costs of employees). A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for employee medical costs and professional liabilities. The City participates in three statewide public risk pools operated by the Montana Municipal Interlocal Authority, for workers' compensation, tort liability coverage, and for property and content damage. And, given the lack of coverage available, the City has no coverage for potential losses from environmental damages.

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. The premiums for property and content damage and the employee medical plan are allocated between all applicable City funds. The premiums for professional liability are allocated between the City's enterprise funds and the general fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In 1986, the City joined together with other Montana cities to form the Montana Municipal Insurance Authority, which established a workers' compensation plan and a tort liability plan, both public entity risk pools currently operating as common risk management and insurance programs for the member governments. The liability limits for damages in tort action are \$750,000 per claim and \$1.5 million per occurrence, and \$12.5 million per occurrence for any claim that is not subject to the limitations on governmental liability, as described in Montana Code Annotated Section 2-9-108 (the Statute) or any successor statute, either as a matter of law, by operation of the Statute, or by a judicial determination that the Statute is inapplicable or is otherwise invalid, with a \$3,750 deductible per government. State tort law limits the City's liability to \$1.5 million.

The City entered into a promissory note, in the amount of \$51,147, to the Montana Municipal Insurance Authority for the City's proportionate share of the principal amount of the debt service on the bonds sold to secure excess coverage for Montana Municipalities for liability coverage up to \$1,500,000.

The City entered into a promissory note, in the amount of \$56,713, to the Montana Municipal Insurance Authority for the City's proportionate share of the principal amount of the debt service on the bonds sold to establish and capitalize an Excess Claims Payment Fund for workers' compensation coverage to pay "specific excess claims".

The City of Glasgow has made no provisions for the potential liability. There have been no changes in the risk coverages from prior years and no losses have been incurred in the previous three years in regards to the potential debt liabilities. Based on the plans' current financial position, the City doesn't expect to make any payment on these notes.

17. INTERLOCAL AND LEASE AGREEMENTS

Animal Shelter

The City has contracted with Matt and Lisa Baxter, d/b/a Valley Visions Paints, to provide animal shelter services. The contract period is from July 1, 2022 to June 30, 2023, and is negotiated yearly. The City pays \$625 per month, and \$20 per cat or dog impounded, not to exceed the sum of \$120 per month. This agreement was extended through June 30, 2024.

City Court

The City is leasing property at 501 Court Square from Valley County, to provide office space for the operations of the City Court. The original lease agreement period was from October 1, 2018 to September 30, 2021. The City was paying \$650 per month, with a 2% increase in October 2020. This agreement was extended through September 30, 2024, with the City paying \$690 per month.

Refuse Collection Services

T & R Trucking is providing refuse collection services to the City. The agreement period is from July 1, 2020 to June 30, 2023, with the City paying the company \$22,193 per month in fiscal year 2023. The City entered into a new agreement, from July 1, 2023 to June 30, 2026, and is scheduled to pay the company \$31,083 per month in fiscal year 2024.

Phillips County

Phillips County passed a resolution, requesting that surcharges collected by the Phillips County Justice Court be paid to the City's Police Department Victim/Witness Advocate Fund, as the City provides a victim/witness advocate program. The agreement period is from July 13, 2016, and is ongoing.

Sheridan County

Sheridan County passed a resolution, requesting that surcharges collected by the Sheridan County Justice Court be paid to the City's Police Department Victim/Witness Advocate Fund, as the City provides a victim/witness advocate program. The agreement period is from May 10, 2018, and is ongoing.

City Attorney

Sullivan Law provided legal services, in the form of prosecuting civil matters and criminal actions in City Court, for the City. The agreement period was from May 1, 2019 to May 1, 2020, with the City scheduled to pay the firm \$79,000 in fiscal year 2022. This agreement was extended through May 1, 2024, but was then terminated effective August 31, 2022.

City of Glasgow, Montana

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The City subsequently engaged Lee Pekovitch of Cole, Amestoy & O'Brien to provide legal services, in the form of prosecuting civil matters and criminal actions in City Court, for the City. The agreement period is from August 16, 2022 to June 30, 2023, with the City paying the firm \$65,000 in fiscal year 2023.

This agreement was extended through August 8, 2025 (with the firm name changed to O'Brien & Pekovitch, PLLP), with the City scheduled to pay the firm \$132,000 in fiscal year 2024.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

City of Glasgow, Montana
SCHEDULE OF BUDGETARY COMPARISON -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2023	Budgeted Amounts			General Fund
	Original	Final	Actual	Variance
				From Final Budget
Revenues				
Property taxes and assessments	\$ 1,599,459	\$ 1,599,459	\$ 1,575,184	\$ (24,275)
Licenses and permits	7,800	7,800	9,614	1,814
Intergovernmental	774,315	774,315	855,284	80,969
Charges for services	106,889	-	140,900	140,900
Fine and forfeitures	33,130	33,130	42,729	9,599
Miscellaneous	11,955	-	13,654	13,654
Investment earnings	4,000	4,000	20,000	16,000
Total Revenues	2,537,548	2,418,704	2,657,365	238,661
Expenditures				
Current:				
General government	342,831	342,831	341,229	1,602
Public safety	1,428,997	-	1,435,629	(1,435,629)
Public works	357,525	357,525	177,747	179,778
Culture and recreation	552,470	552,470	472,457	80,013
Housing and community development	4,550	4,550	5,250	(700)
Miscellaneous	30,624	-	26,625	(26,625)
Debt service:				
Principal	82,252	82,252	81,665	587
Interest	10,830	10,830	10,738	92
Capital outlay	-	-	29,889	(29,889)
Total Expenditures	2,810,079	1,350,458	2,581,229	(1,230,771)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(272,531)	1,068,246	76,136	(992,110)
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Transfers in (out) - net	(98,272)	(98,272)	(98,953)	(681)
Total Other Financing Sources (Uses)	(98,272)	(98,272)	(98,953)	(681)
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ (370,803)	\$ 969,974	\$ (22,817)	\$ (992,791)

City of Glasgow, Montana
SCHEDULE OF BUDGETARY COMPARISON -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(Continued)

Year Ended June 30, 2023	Solid Waste Fund			
	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues				
Property taxes and assessments	\$ 329,700	\$ 329,700	\$ 321,751	\$ (7,949)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fine and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	3,800	3,800	15,268	11,468
Total Revenues	333,500	333,500	337,019	3,519
Expenditures				
Current:				
General government	123,410	123,410	117,212	6,198
Public safety	-	-	-	-
Public works	279,078	279,078	280,057	(979)
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	350,000	350,000	38,080	311,920
Total Expenditures	752,488	752,488	435,349	317,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	(418,988)	(418,988)	(98,330)	320,658
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Transfers in (out) - net	1,354	1,354	1,275	(79)
Total Other Financing Sources (Uses)	1,354	1,354	1,275	(79)
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ (417,634)	\$ (417,634)	\$ (97,055)	\$ 320,579

City of Glasgow, Montana
SCHEDULE OF BUDGETARY COMPARISON -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(Continued)

Year Ended June 30, 2023	Street Maintenance Fund			
	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues				
Property taxes and assessments	\$ 558,571	\$ 558,571	\$ 554,510	\$ (4,061)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fine and forfeitures	-	-	-	-
Miscellaneous	800	800	868	68
Investment earnings	250	250	569	319
Total Revenues	559,621	559,621	555,947	(3,674)
Expenditures				
Current:				
General government	80,396	80,396	79,593	803
Public safety	-	-	-	-
Public works	378,935	378,935	365,361	13,574
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
Miscellaneous	27,165	27,165	25,665	1,500
Debt service:				
Principal	64,311	64,311	64,242	69
Interest	11,218	11,218	11,214	4
Capital outlay	-	-	-	-
Total Expenditures	562,025	562,025	546,075	15,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,404)	(2,404)	9,872	12,276
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	-	-	500	500
Proceeds from long-term debt	-	-	-	-
Transfers in (out) - net	(19,099)	(19,099)	(20,878)	(1,779)
Total Other Financing Sources (Uses)	(19,099)	(19,099)	(20,378)	(1,279)
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ (21,503)	\$ (21,503)	\$ (10,506)	\$ 10,997

City of Glasgow, Montana
SCHEDULE OF BUDGETARY COMPARISON -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(Continued)

Year Ended June 30, 2023				Swim Pool Fund
	Budgeted Amounts		Actual	Variance
	Original	Final		From Final Budget
Revenues				
Property taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	11,859	-	(11,859)
Charges for services	-	-	-	-
Fine and forfeitures	-	-	-	-
Miscellaneous	500,000	500,000	1,039,950	539,950
Investment earnings	5,000	5,000	58,220	53,220
Total Revenues	505,000	516,859	1,098,170	581,311
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Housing and community development	-	-	3,331	(3,331)
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	1,622,950	1,634,809	147,610	1,487,199
Total Expenditures	1,622,950	1,634,809	150,941	1,483,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,117,950)	(1,117,950)	947,229	2,065,179
Other Financing Sources (Uses)				
Proceeds from disposal of capital assets	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Transfers in (out) - net	30,000	30,000	30,000	-
Total Other Financing Sources (Uses)	30,000	30,000	30,000	-
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ (1,087,950)	\$ (1,087,950)	\$ 977,229	\$ 2,065,179

City of Glasgow, Montana

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

June 30	2023	2022	2021	2020	2019	2018
Service cost	\$ 28,762	\$ 31,147	\$ 35,471	\$ 18,794	\$ 23,202	\$ 33,742
Interest**	6,363	6,880	4,716	3,627	5,217	7,675
Differences between expected and actual experience	(51,914)	(34,648)	(71,573)	5,157	(28)	3,334
Changes of assumptions or other inputs	(25,178)	(15,538)	2,460	(5,903)	(67,394)	(5,228)
Benefit payments	-	(1,761)	(3,392)	(4,882)	(3,983)	(5,625)
Net Change in Total OPEB Liability (Asset)	(41,967)	(13,920)	(32,318)	16,793	(42,986)	33,898
Total OPEB Liability - Beginning	126,052	139,972	172,290	155,497	198,483	164,585
Total OPEB Liability - Ending	\$ 84,085	\$ 126,052	\$ 139,972	\$ 172,290	\$ 155,497	\$ 198,483
Covered-employee payroll	\$ 795,000	\$ 770,465	\$ 668,809	\$ 522,850	\$ 588,966	\$ 848,295
Total OPEB liability as a percentage of its covered-employee payroll	10.58%	16.36%	20.93%	32.95%	26.40%	23.40%

**The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Notes to Schedule

**Interest includes beginning of year Total OPEB Liability and Service Cost.

Changes of benefit terms:

None.

Changes of assumptions:

Revised discount rate per Bond Buyer's 20-year municipal bond rate as of June 30, 2023.

City of Glasgow, Montana

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

June 30										PERS
Reporting date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014	2014
Employer's proportionate share of the net pension liability as an amount	\$ 1,427,192	\$ 1,123,224	\$ 1,706,802	\$ 1,355,200	\$ 1,304,986	\$ 1,395,013	\$ 1,152,189	\$ 754,238	\$ 792,219	
Employer's proportionate share of the net pension liability as a percentage	0.0600%	0.0619%	0.0647%	0.0648%	0.0625%	0.0716%	0.0676%	0.0540%	0.0636%	
State of MT proportionate share of the net pension liability associated with the Employer	\$ 426,063	\$ 330,104	\$ 535,555	\$ 439,408	\$ 435,229	\$ 18,475	\$ 14,078	\$ 9,264	\$ 9,674	
Total	\$ 1,853,255	\$ 1,453,328	\$ 2,242,357	\$ 1,794,608	\$ 1,740,215	\$ 1,413,488	\$ 1,166,267	\$ 763,502	\$ 801,893	
Employer's covered payroll	\$ 1,054,770	\$ 1,094,209	\$ 1,085,479	\$ 1,069,728	\$ 1,028,263	\$ 888,535	\$ 810,241	\$ 629,679	\$ 719,729	
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	135.3100%	102.6500%	157.2400%	126.6900%	126.9100%	157.0000%	142.2000%	119.7810%	110.0720%	
Plan fiduciary net position as a percentage of the total pension liability	73.6600%	79.9100%	68.9000%	73.8500%	73.4700%	73.7500%	74.7100%	78.4000%	79.9000%	

June 30										MPORS
Reporting date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014	2014
Employer's proportionate share of the net pension liability as an amount	\$ 590,687	\$ 476,843	\$ 605,095	\$ 494,788	\$ 498,285	\$ 544,556	\$ 589,145	\$ 588,037	\$ 554,423	
Employer's proportionate share of the net pension liability as a percentage	0.0250%	0.0262%	0.2474%	0.2486%	0.2901%	0.3061%	0.3273%	0.0355%	0.3528%	
State of MT proportionate share of the net pension liability associated with the Employer	\$ 1,200,550	\$ 969,212	\$ 1,220,417	\$ 1,007,559	\$ 1,018,588	\$ 1,109,896	\$ 1,169,479	\$ 1,191,419	\$ 1,191,419	
Total	\$ 1,791,237	\$ 1,446,055	\$ 1,825,512	\$ 1,502,347	\$ 1,516,873	\$ 1,654,452	\$ 1,758,624	\$ 1,779,456	\$ 1,745,842	
Employer's covered payroll	\$ 466,487	\$ 474,731	\$ 423,793	\$ 409,691	\$ 461,101	\$ 457,719	\$ 462,009	\$ 491,991	\$ 473,406	
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	126.6200%	100.4400%	142.7800%	120.7700%	108.0600%	118.9700%	127.5200%	119.5220%	117.1140%	
Plan fiduciary net position as a percentage of the total pension liability	69.6700%	75.7600%	64.8000%	68.8400%	70.9500%	68.3400%	65.6200%	66.9000%	67.0000%	

*The amounts presented for each fiscal year were determined as of June 30.
 Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Glasgow, Montana

SCHEDULE OF CONTRIBUTIONS

June 30										PERS
Reporting date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 117,491	\$ 103,105	\$ 100,219	\$ 94,434	\$ 92,093	\$ 87,813	\$ 81,798	\$ 69,301	\$ 61,818	\$ 61,818
Contributions in relation to the contractually required contributions	\$ 117,491	\$ 103,105	\$ 100,219	\$ 94,434	\$ 92,093	\$ 87,813	\$ 81,798	\$ 69,301	\$ 61,818	\$ 61,818
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,309,822	\$ 1,162,402	\$ 1,142,754	\$ 1,089,672	\$ 1,074,587	\$ 1,028,263	\$ 888,535	\$ 810,241	\$ 629,679	\$ 629,679
Contributions as a percentage of covered payroll	8.9700%	8.8700%	8.7700%	8.6663%	8.5701%	8.5399%	9.2059%	8.5531%	9.8174%	9.8174%

June 30										MPORS
Reporting date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 68,278	\$ 67,221	\$ 68,351	\$ 61,069	\$ 59,037	\$ 65,489	\$ 67,152	\$ 67,761	\$ 71,319	\$ 71,319
Contributions in relation to the contractually required contributions	\$ 68,278	\$ 67,221	\$ 68,351	\$ 61,069	\$ 59,037	\$ 65,489	\$ 67,152	\$ 67,761	\$ 71,319	\$ 71,319
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 473,822	\$ 466,487	\$ 474,331	\$ 423,793	\$ 409,691	\$ 461,601	\$ 457,719	\$ 462,009	\$ 491,991	\$ 491,991
Contributions as a percentage of covered payroll	14.4101%	14.4100%	14.4100%	14.4101%	14.4101%	14.1874%	14.6710%	14.6666%	14.4960%	14.4960%

**The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Changes of Benefit Terms - PERS

The following changes to the plan provision were made as identified:

2017:

Working Retiree Limitations

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to Member Accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from .025% to .077%.

Lump-Sum Payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011, have a normal retirement age of 65. PERS DC members hired after July 1, 2011, who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011, who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

City of Glasgow, Montana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

General Wage Growth*	3.50%
Investment rate of return:	7.65%
*Includes inflation at	2.75%
Merit increase	0.00% to 8.47%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Healthy Members)	For males and females: RP 2000 combined employee and annuitant mortality table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled Members)	For males and females: RP 2000 combined mortality table, with no projections
Admin Expense as % of payroll	0.29%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation were developed in the six-year experience study for the period ending 2016.

City of Glasgow, Montana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

Changes of Benefit Terms - MPORS

The following changes to the plan provision were made as identified:

2017:

Working Retiree Limitations

- 1) Applies to retirement system members who return on or after July 1, 2017, to covered employment in the system from which they retired.
- 2) Members who return for less than 480 hours in a calendar year:
 - a) May not become an active member in the system; and
 - b) Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
- 3) Members who return for 480 or more hours in a calendar year:
 - a) Must become an active member of the system;
 - b) Will stop receiving a retirement benefit from the system; and
 - c) Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
- 4) Employee, employer and state contributions, if any, apply as follows:
 - a) Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b) Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit

- 1) Applies to retirement system members who return on or after July 1, 2017, to active service covered by the system from which they retired.
- 2) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a) Is not awarded service credit for the period of reemployment;
 - b) Is refunded the accumulated contributions associated with the period of reemployment;
 - c) Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and

City of Glasgow, Montana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

- d) Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- 3) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a) Is awarded service credit for the period of reemployment;
 - b) Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c) Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- 4) A member who returns to covered service is not eligible for a disability benefit.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to Member Accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-Sum Payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

City of Glasgow, Montana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

General Wage Growth*	3.50%
Investment rate of return:	7.65%
*Includes inflation at	2.75%
Merit salary increase	0.00% to 6.60%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy Members)	For males and females: RP 2000 combined employee and annuitant mortality table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled Members)	For males and females: RP 2000 combined mortality table
Admin Expense as % of payroll	0.17%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation were developed in the six-year experience study for the period ending 2016.

OTHER SUPPLEMENTARY INFORMATION SECTION

City of Glasgow, Montana
REQUIREMENTS OF BOND RESOLUTIONS
June 30, 2023

Resolution No. 1564 is a resolution authorizing the issuance and sale of \$1,048,000 sewer system revenue bonds to finance and pay for the costs of a sanitary storm sewer separation project on the south side of the City, establishing the form and terms thereof, and creating special funds and accounts and pledging certain revenues as the sole sources of security and payment for such bonds. Resolution No. 1612 is a resolution authorizing the issuance and sale of \$995,000 sewer system revenue bonds to finance and pay for the costs of a sanitary storm sewer separation project on the north side of the City, establishing the form and terms thereof, and creating special funds and accounts and pledging certain revenues as the sole sources of security and payment for such bonds. Resolution No. 1880 is to authorize the issuance and sale of \$2,599,000 sewer system revenue bonds, series 2012A, and \$406,000 in sewer system revenue bonds, series 2012B, establishing the form and terms thereof and creating special funds and accounts and pledging certain revenues as the sole sources of security and payment for such bonds. Resolution No. 1907 is to amend and restate the 1997 series and 1999 series sewer system bonds as SRF-98036R in the amount of \$314,000 and SRF-00055R in the amount of \$310,000.

In accordance with Resolution No. 1564, Section 2.2, Resolution No. 1612 and Resolution No. 1880 as amended by Resolution No. 1907 the following information is provided:

- a. A statement of the revenues, expenses, and changes in net position of the system, see page 24.
- b. The statement of net position as of June 30, 2023, see page 23.
- c. The number of sewer users is as follows:

June 30, 2023	
Residential	1,293
Commercial	193
Multi-plex units	21
Total	1,507

- d. The amount of cash on hand in each sewer account is as follows:

June 30, 2023	
Operating	\$ 98,425
Replacement and depreciation	1,450,868
Sewer Reserve - Series 2012A	107,292
Sewer Reserve - Series 2012B	17,004
Short Lived Asset Replacement Reserve - USDA	492,395
Surplus	123,419
Sewer construction projects	1,275,371
ARPA Funds	425,561
Total Cash on Hand	\$ 3,990,335

- e. See page 91 for a list of the insurance policies in force.

City of Glasgow, Montana
REQUIREMENTS OF BOND RESOLUTIONS
June 30, 2023
(Continued)

- f. Cash requirements – cash and investment balances required by Resolution No. 1564 and Resolution No. 1612, and actual cash balances maintained at June 30, 2023, are compared as follows:

June 30, 2023	Required	Actual	Over (Short)
Operating	Established	\$ 98,425	\$ 98,425
Replacement and depreciation	Reasonable	1,450,868	1,450,868
Sewer Reserves - Series 2012A and B	\$ 124,296	124,296	-
Short Lived Asset Replacement Reserve - USDA	492,395	492,395	-
Total	\$ 616,691	\$ 2,165,984	\$ 1,549,293

Bond requirements – Section 2.3 of Resolution No. 1612, required net revenues in each fiscal year to be in an amount at least equal to 125% of the maximum amount of principal and interest payable on all outstanding bonds in any subsequent fiscal year. Section 2.3 required the minimum net operating revenues to be at least \$155,431. The net revenue is \$354,793 which is \$199,362 more than the requirement stated.

Net revenues shall mean the gross revenues less the operating expenses attributable to the system. The gross revenues shall exclude the interest earnings from Construction Fund investments. The expenses shall exclude depreciation expense, amortization of bond issuance costs, capital outlay, and principal and interest on bonds.

Resolution No. 2038 is a resolution authorizing the issuance and sale of \$6,645,000 water system revenue bonds to finance and pay for the costs of upgrades to the City water system, establishing the form and terms thereof, and creating special funds and accounts and pledging certain revenues as the sole sources of security and payment for such bonds. Resolution No. 2089 is to authorize the issuance and sale of \$6,645,000 water system revenue bonds, series 2020A, and \$500,000 in water system revenue bonds, series 2020B, establishing the form and terms thereof and creating special funds and accounts and pledging certain revenues as the sole sources of security and payment for such bonds. Resolution No. 3036 is to amend the interest rate and the reserve requirements.

In accordance with Resolution No. 2089 as amended by Resolution No. 3036, the following information is provided:

- a. A statement of the revenues, expenses, and changes in net position of the system, see page 24.
- b. The statement of net position as of June 30, 2023, see page 23.
- c. The number of water users is as follows:

June 30, 2023	
Residential	1,292
Commercial	200
Multi-plex units	27
Total	1,519

City of Glasgow, Montana
REQUIREMENTS OF BOND RESOLUTIONS
June 30, 2023
(Continued)

d. The amount of cash on hand in each water account is as follows:

June 30, 2023	
Operating	\$ 17,388
Replacement and depreciation	245,932
Water Reserve - Series 2020A	71,028
Water Reserve - Series 2020B	5,364
Short Lived Asset Replacement Reserve - USDA	16,380
Surplus	198,907
1987 waterline improvements	2,343,543
ARPA Funds	412,361
Total Cash on Hand	\$ 3,310,903

d. See page 91 for a list of the insurance policies in force.

e. Cash requirements – cash and investment balances required by Resolution No. 2089 as amended by Resolution No. 3036, and actual cash balances maintained at June 30, 2023, are compared as follows:

June 30, 2023	Required	Actual	Over (Short)
Operating	Established \$	17,388 \$	17,388
Replacement and depreciation	Reasonable	245,932	245,932
Water Reserves - Series 2020A and B	\$ 76,392	76,392	-
Short Lived Asset Replacement Reserve - USDA	16,380	16,380	-
Total	\$ 92,772	\$ 356,092	\$ 263,320

Bond requirements – Resolution No. 2089 required net revenues in each fiscal year to be in an amount at least equal to 110% of the maximum amount of principal and interest payable on all outstanding bonds in any subsequent fiscal year. Resolution No. 2089 required the minimum net operating revenues to be at least \$280,130. The net revenue is \$392,736 which is \$112,606 more than the requirement stated.

Net revenues shall mean the gross revenues less the operating expenses attributable to the system. The gross revenues shall exclude the interest earnings from Construction Fund investments. The expenses shall exclude depreciation expense, amortization of bond issuance costs, capital outlay, and principal and interest on bonds. In fiscal year 2023, expenses of \$829,042 that were not considered operating were removed from the 110% calculation above.

City of Glasgow, Montana
SCHEDULE OF INSURANCE IN FORCE
June 30, 2023

Policy No.	Insurer and Agent	Effective Date	Expiration Date	Coverage Amount	Coverage
1081WC	Montana Municipal Insurance Authority	July 1, 2022	July 1, 2023	Statutory limits	Workers' compensation and occupational disease
049-LIAB-2023-1	Montana Municipal Insurance Authority	July 1, 2022	July 1, 2023	\$2,500 - \$1,500,000 per occurrence, retained limit \$3,500,000	Personal injury, property damage, public officials' errors and omissions, unfair employment practices, completed operations hazard, \$1,500 deductible
049-PROP-2023-1	Montana Municipal Insurance Authority	July 1, 2022	July 1, 2023	\$1,000,000,000 per occurrence, all perils, coverage's and insured's/members combined, subject to sub-limits	Coverage combined for all members of Montana Municipal Insurance Authority - all property, including vehicles, errors and omissions, \$1,000 deductible
01-274-09-62	Alliant/National Union Insurance Company of Pittsburgh, PA	July 1, 2022	July 1, 2023	\$5,000 bond on Stacey Amundson	Notary public errors and omissions fidelity bond

OTHER REPORT SECTION



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 and the Mayor
City of Glasgow, Montana
Glasgow, Montana

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)* issued by Comptroller General of the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glasgow, Montana (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 27, 2024. Our report includes a qualification on the Fire Fighters Relief Association Fund, for not implementing GASB No. 73 regarding the measurement and disclosure of the annual cost of providing retirement benefits to retirees.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items #2023-001 through #2023-002 that we consider to be significant deficiencies.

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

(Continued)

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; 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 GAS and which are described in the accompanying schedule of findings and recommendations as #2023-001 through #2023-002.

City of Glasgow's Response to Findings

GAS 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 recommendations. The City's 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with GAS in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Jam, LLP

February 27, 2024
Great Falls, Montana

FINDINGS AND RECOMMENDATIONS SECTION

SECTION I
FINANCIAL STATEMENT FINDINGS

Finding #2023-001 (Repeat Finding)

Criteria: Cities and towns with Fire Department Relief Associations (FDRA) are required to compute and measure the annual cost of providing retirement benefits to retirees, in accordance with GASB Statement No. 73. In addition, in accordance with MCA 19-18-503, the City is required to maintain assets in the FDRA fund at a level equal to at least three times but no more than five times the benefits paid by the fund in the previous or current fiscal year, whichever is greater.

Condition: The City has not yet implemented GASB Statement No. 73 by obtaining an actuarial valuation. Also, FDRA fund assets are below the minimum required to be soundly funded at fiscal year-end.

Context: The City is not properly recording and reporting the annual cost of providing benefits to retirees in the FDRA. The City is underfunded by approximately \$21,000 in its FDRA fund at fiscal year-end.

Cause: The City believes the cost of implementing GASB Statement No. 73 exceeds the benefit of reporting the potential liability. In addition, the City increased the annual benefits paid since fiscal year 2018, when the FDRA fund was over-funded.

Effect: The City's liabilities reflected on the statement of net position and the expenses reflected on the statement of activities are likely misstated, although the total effect of the potential misstatement cannot be determined at this time. Also, the City is out of compliance with MCA 19-18-503.

Recommendation: The City should seek the services of a qualified actuary to obtain the information needed to properly report FDRA retiree costs on the City's financial statements, in accordance with GASB Statement No. 73. We also recommend the City increase net revenue in the FDRA fund, in order to increase assets in the fund, so as to remain in compliance with MCA 19-18-503.

Management

Response: The City Council has determined that having an actuarial study completed to obtain the information needed to report the retiree costs on the City's financial statements is not financially feasible, as it could cost the City approximately \$4,000 or more. In addition, the City Council approved 5.22 mills and an additional \$24,446 in budgeted revenue for the FDRA fund in fiscal year 2023.

City of Glasgow, Montana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2023

(Continued)

Finding #2023-002 (Repeat Finding)

Criteria: The loan agreement with the United States Department of Agriculture (USDA) Rural Development Agency (RD) states that the City must contribute monthly to the Valley Court Apartments required reserve account.

Condition: The City did not contribute the monthly payments as required by the loan agreement in fiscal year 2023.

Context: Including prior fiscal years contributions, the City had not contributed a total of approximately \$76,000 to the required reserve account as of fiscal year-end.

Cause: The City chose not to make the prior monthly required contributions in order to maintain cash flow for operations of Valley Court Apartments.

Effect: The City is not in compliance with the USDA RD loan agreement.

Recommendation: The City should make the required contributions due through fiscal year-end 2023, of approximately \$76,000, while also making the required monthly contributions due monthly for fiscal year-end 2024, in accordance with the USDA RD loan agreement.

Management

Response: The City typically uses the funds that were supposed to be allocated to the reserve account to renovate the apartments as they become vacant, bypassing the transfer to the reserve account. In fiscal year 2023, there were additional vacant apartments that needed extensive repairs and cleaning to be able to rent them again. The City currently has 4 vacant apartments which all need major work to be rentable again.

City of Glasgow, Montana

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS

June 30, 2023

Previously noted deficiencies of the City and their current status are as follows:

<u>Finding</u>	<u>Current Status of Recommendation</u>
#2022-001 Lack of segregation of duties	Implemented.
#2022-002 Actuarial valuation of FDRA	Not implemented. See current year finding on page 96.
#2022-003 Cash overdrafts	Implemented.
#2022-004 Reserve account	Not implemented. See current year finding on page 97.
#2022-005 Water bond covenants	Implemented.