

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
A CLASS IV MUNICIPALITY IN KANAWHA COUNTY

ACCOUNTANT'S COMPILATION REPORT AND
RELATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
MUNICIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Office	Name	Term
	<i>Elective</i>	
Mayor	Donald Fannin	07/01/19 - 06/30/23
Council Members	John Alderson	07/01/19 - 06/30/23
	Marty Blankenship	07/01/19 - 06/30/23
	Eddie Hamilton	07/01/19 - 06/30/23
	Diane Leadmon	07/01/19 - 06/30/23
	Mike Szerokam	07/01/19 - 06/30/23
Recorder	Jay Ward	07/01/19 - 06/30/23
	<i>Elective</i>	
Town Clerk	Natalie Smith	

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
SCHEDULES OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General Fund
Coal Severance Fund
Infrastructure Fund
ARPA Fund

PROPRIETARY FUND TYPES

ENTERPRISE FUNDS

Sewer Fund

JEREMY D. DRENNEN, CPA

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September 14, 2024

To the Honorable Mayor and Town Council
Municipality of Glasgow, West Virginia

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Glasgow, West Virginia as of and for the year ended June 30, 2023, and related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has not presented the Volunteer Fire Department, a discretely presented component unit, on the financial statements. Accounting principles generally accepted in the United State of America require that all component units be included in the financial statements. Management has not determined the amount by which the departure would affect the financial statements.

The Municipality has omitted the management's discussion and analysis that accounting principles generally accepted in the United State of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I am not independent with respect to the Municipality of Glasgow.

Jeremy D. Drennen, CPA

Jeremy D. Drennen, CPA
Lost Creek, West Virginia

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 487,651	\$ 122,127	\$ 609,778
Receivables	119,769	29,230	148,999
Due from (to) other funds	139,297	(139,297)	-
Restricted assets	-	42,855	42,855
Capital assets, net	142,951	117,924	260,875
Total assets	<u>889,668</u>	<u>172,839</u>	<u>1,062,507</u>
LIABILITIES			
Accounts payable	<u>1,779</u>	<u>-</u>	<u>1,779</u>
Total liabilities	<u>1,779</u>	<u>1,395</u>	<u>3,174</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to grants	<u>189,729</u>	<u>-</u>	<u>189,729</u>
Total deferred inflow of resources	<u>189,729</u>	<u>-</u>	<u>189,729</u>
NET POSITION			
Net investment in capital assets	142,951	117,924	260,875
Restricted	-	42,855	42,855
Unrestricted	555,209	10,665	565,874
Total net position	\$ <u>698,160</u>	\$ <u>171,444</u>	\$ <u>869,604</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF ACTIVITIES
JUNE 30, 2023

Net Revenues (Expenses) and Changes in Net Assets						
Functions/Programs	PROGRAM REVENUES				Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business -
					Activities	Type Activities
Governmental Activities						
General government	\$	144,292	\$	83,211	\$	-
Public safety		135,632		-	(4,319)	\$
Streets and transportation		184,294		-	(67,470)	-
Health and sanitation		36,454		-	(184,294)	-
Capital projects		-		-	14,055	-
Total governmental activities		<u>500,672</u>		<u>83,211</u>	<u>(242,028)</u>	<u>-</u>
Business-Type Activities						
Sewer fund		175,258		-	-	49,960
Total business-type activities		<u>175,258</u>		<u>-</u>	<u>-</u>	<u>49,960</u>
Total primary government		<u>675,930</u>		<u>83,211</u>	<u>(242,028)</u>	<u>49,960</u>
						<u>(192,068)</u>

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF ACTIVITIES (CONT'D)
JUNE 30, 2023

Functions/Programs	PROGRAM REVENUES				Net Revenues (Expenses) and Changes in Net Assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
General Revenues							
Taxes and assessments					\$ 298,713	\$ -	\$ 298,713
Licenses and permits					1,968	-	1,968
Interest and investment earnings					32	1,417	1,449
Miscellaneous					36,096	-	36,096
Total general revenues					<u>336,809</u>	<u>1,417</u>	<u>338,226</u>
Change in net position before transfers					94,781	51,377	146,158
Transfers in (out)					(68,085)	68,085	-
Change in net position					26,696	119,462	146,158
Net position at beginning of year					<u>671,464</u>	<u>51,982</u>	<u>723,446</u>
Net position at end of year					<u>\$ 698,160</u>	<u>\$ 171,444</u>	<u>\$ 869,604</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Coal Severance Fund	ARPA Fund	Infrastructure Fund	Total
Assets and Deferred Outflows					
Assets					
Cash	\$ 241,705	\$ 1,889	\$ 189,729	\$ 54,328	\$ 487,651
Due from (to) other funds	136,132	-	-	3,165	139,297
Receivables, net of allowances:					
Accounts	26,628	-	-	27,832	54,460
Taxes	64,495	814	-	-	65,309
Total assets	<u>468,960</u>	<u>2,703</u>	<u>189,729</u>	<u>85,325</u>	<u>746,717</u>
Deferred Outflows					
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u>468,960</u>	\$ <u>2,703</u>	\$ <u>189,729</u>	\$ <u>85,325</u>	\$ <u>746,717</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities					
Accounts payable	\$ 1,779	\$ -	\$ -	\$ -	\$ 1,779
Total liabilities	<u>1,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,779</u>
Deferred Inflows					
Deferred inflows related to grants	<u>-</u>	<u>-</u>	<u>189,729</u>	<u>-</u>	<u>189,729</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>189,729</u>	<u>-</u>	<u>189,729</u>
Total liabilities and deferred inflows of resources	<u>1,779</u>	<u>-</u>	<u>189,729</u>	<u>-</u>	<u>191,508</u>
Fund Balances					
Committed	-	2,703	-	85,325	88,028
Unassigned	<u>467,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467,181</u>
Total fund balances	<u>467,181</u>	<u>2,703</u>	<u>-</u>	<u>85,325</u>	<u>555,209</u>
Total liabilities, deferred inflows and fund balances	\$ <u>468,960</u>	\$ <u>2,703</u>	\$ <u>189,729</u>	\$ <u>85,325</u>	\$ <u>746,717</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
RECONCILIATION FO FUND BALANCE SHEETS –
GOVERNMENTAL FUNDS – STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund balance, fund level statement June 30, 2023	\$ 555,209
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds	<u>142,951</u>
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Net position of governmental activities	\$ <u>698,160</u>
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The accompanying accountant's compilation report and notes are integral parts of this statement.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Coal Severance Fund	ARPA Fund	Infrastructure Fund	Total
Revenues					
Taxes	\$ 295,429	\$ 3,284	\$ -	\$ -	\$ 298,713
Intergovernmental:					
State	15,126	-	-	-	15,126
Federal	-	-	68,085	-	68,085
Charges for services	125,071	-	-	50,362	175,433
Licenses and permits	1,968	-	-	-	1,968
Interest	32	-	-	-	32
Miscellaneous	36,096	-	-	-	36,096
Total revenues	<u>473,722</u>	<u>3,284</u>	<u>68,085</u>	<u>50,362</u>	<u>595,453</u>
Expenditures					
General government	131,473	9,955	-	7,871	149,299
Public safety	139,191	-	-	-	139,191
Streets and transportation	157,478	-	-	47,052	204,530
Health and sanitation	40,612	-	-	-	40,612
Capital projects	-	-	-	-	-
Total expenditures	<u>468,754</u>	<u>9,955</u>	<u>-</u>	<u>54,923</u>	<u>533,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,968</u>	<u>(6,671)</u>	<u>68,085</u>	<u>(4,561)</u>	<u>61,821</u>
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	(68,085)	-	(68,085)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(68,085)</u>	<u>-</u>	<u>(68,085)</u>
Net change in fund balances	<u>4,968</u>	<u>(6,671)</u>	<u>-</u>	<u>(4,561)</u>	<u>(6,264)</u>
Fund balance beginning of year	<u>462,213</u>	<u>9,374</u>	<u>-</u>	<u>89,886</u>	<u>561,473</u>
Fund balance end of year	\$ <u>467,181</u>	\$ <u>2,703</u>	\$ <u>-</u>	\$ <u>85,325</u>	\$ <u>555,209</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 61,821
Capital outlays are reported as an expenditure in the governmental funds. 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 of the net effect of capital outlay and depreciation expense charged during the year.	32,960
Net position of governmental activities	\$ <u>94,781</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Sewer Fund</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 122,127
Due from (to) other funds	(139,297)
Receivables, net of allowances:	
Accounts	<u>29,230</u>
Total current assets	<u>12,060</u>
Noncurrent assets:	
Restricted assets	<u>42,855</u>
Capital Assets	
Machinery and equipment	110,886
Transmission and Collection	967,552
Less: Accumulated depreciation	<u>(960,514)</u>
Net capital assets	<u>117,924</u>
Total assets	<u><u>172,839</u></u>

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS (CONT'D)
JUNE 30, 2023

	<u>Sewer Fund</u>
LIABILITIES	
Current liabilities payable	
from current assets:	
Accounts payable	\$ -
Total current liabilities payable	
from current assets	-
Noncurrent liabilities payable	
from restricted assets	
Customer deposits	1,395
Total noncurrent liabilities	1,395
Total liabilities	<u>1,395</u>
NET POSITION	
Net investment in capital assets	117,924
Restricted	42,855
Unrestricted	<u>10,665</u>
Total net position	\$ <u>171,444</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION –
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Sewer Fund
Operating revenues	
Charges for services	\$ 219,286
Forfeited discounts	5,014
Miscellaneous revenues	918
Total operating revenues	<u>225,218</u>
Operating expenses	
Operation and maintenance	131,140
Depreciation	44,118
Total operating expenses	<u>175,258</u>
Operating income	<u>49,960</u>
Nonoperating revenues (expenses)	
Interest revenue	1,417
Interest and fiscal charges	-
Total nonoperating revenues (expenses)	<u>1,417</u>
Income before transfers in (out)	<u>51,377</u>
Operating transfers in (out)	<u>68,085</u>
Change in net position	119,462
Net position at beginning of year	<u>51,982</u>
Net position at end of year	\$ <u><u>171,444</u></u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Sewer Fund
Cash flows from operating activities:	\$
Cash received from customers	215,305
Cash paid for goods and services	(1,519)
Cash paid to employees	<u>(57,647)</u>
Net cash provided by operating activities	<u>156,139</u>
 Cash flows from capital and related financing activities:	
Transfers from other funds	68,085
Capital asset activity	(104,986)
Interest paid	<u>-</u>
Net cash (used) by capital and related financing activities	<u>(36,901)</u>
 Cash flows from investing activities:	
Interest received	1,417
Increase (decrease) customer deposits	448
(Increase) decrease restricted assets	<u>(1,417)</u>
Net cash (used) by investing activities	<u>448</u>
 Net increase in cash	119,686
 Cash at beginning of year	<u>2,441</u>
 Cash at end of year	\$ <u><u>122,127</u></u>

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Sewer Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 49,960
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	44,118
Decrease (increase) in:	
Accounts receivable	(9,913)
Prepaid expenses	-
Due from (to) other funds	74,275
Increase (decrease) in:	
Accounts payable	<u>(2,301)</u>
Net cash provided by operations	\$ <u>156,139</u>

The accompanying accountant's compilation report and notes are integral parts of this statement.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND – BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>to GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Differences</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Taxes	\$ 308,412	\$ 308,412	\$ 295,429	\$ -	\$ 295,429	\$ (12,983)
Licenses and permits	1,555	1,555	1,968	-	1,968	413
Intergovernmental:						
State	15,617	15,617	15,126	-	15,126	(491)
Charges for services	186,100	186,100				
Fines and fees	1,000	1,000	-	-	-	(1,000)
Interest	537	537	32	-	32	(505)
Miscellaneous	13,842	13,842	36,096	-	36,096	22,254
Total operating revenues	<u>527,063</u>	<u>527,063</u>	<u>348,651</u>	<u>-</u>	<u>348,651</u>	<u>7,688</u>
Expenditures						
General government	400,599	372,599	131,473	12,819	144,292	241,126
Public safety	163,640	163,640	139,191	(3,559)	135,632	24,449
Streets and transportation	215,500	243,500	157,478	26,816	184,294	86,022
Health and sanitation	75,000	75,000	40,612	(4,158)	36,454	34,388
Culture and recreation	5,000	5,000	-	-	-	5,000
Social services	8,500	8,500	-	-	-	8,500
Total operating expenses	<u>868,239</u>	<u>868,239</u>	<u>468,754</u>	<u>31,918</u>	<u>500,672</u>	<u>399,485</u>

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND – BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>to GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Differences</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
Exces (deficiency) of revenues over (under) expenditures	\$ <u>(341,176)</u>	\$ <u>(341,176)</u>	\$ <u>(120,103)</u>	\$ <u>(31,918)</u>	\$ <u>(152,021)</u>	\$ <u>221,073</u>
Fund balance at beginning of year	<u>341,176</u>	<u>341,176</u>	<u>462,213</u>	<u>199,877</u>	<u>662,090</u>	<u>121,037</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>342,110</u>	\$ <u>167,959</u>	\$ <u>510,069</u>	\$ <u>342,110</u>

Explanation of Differences:

- (1) The Municipality budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Municipality's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect on transactions such as those described above.

The accompanying accountant's compilation report and notes are integral parts of this statement.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
COAL SEVERANCE FUND – BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>to GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Differences</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Taxes	\$ 2,000	\$ 2,000	\$ 3,284	\$ -	\$ 3,284	\$ 1,284
Miscellaneous	-	-	-	-	-	-
	<u>2,000</u>	<u>2,000</u>	<u>3,284</u>	<u>-</u>	<u>3,284</u>	<u>1,284</u>
Expenditures						
Culture and recreation	<u>9,699</u>	<u>9,699</u>	<u>9,955</u>	<u>-</u>	<u>9,955</u>	<u>(256)</u>
	<u>9,699</u>	<u>9,699</u>	<u>9,955</u>	<u>-</u>	<u>9,955</u>	<u>(256)</u>
Exces (deficiency) of revenues over (under) expenditures	(7,699)	(7,699)	(6,671)	-	(6,671)	1,540
Fund balance beginning of year	<u>7,699</u>	<u>7,699</u>	<u>9,374</u>	<u>-</u>	<u>9,374</u>	<u>1,675</u>
Fund balance end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,703</u>	\$ <u>-</u>	\$ <u>2,703</u>	\$ <u>3,215</u>

Explanation of Differences:

- (1) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Municipality's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect on transactions such as those described above.

The accompanying accountant's compilation report and notes are integral parts of this statement.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Glasgow, West Virginia (the Municipality), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant policies:

A. Reporting Entity

The Municipality of Glasgow is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the government as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the Municipality and other governmental services.

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accompanying accountant's compilation report is an integral part of these notes.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current periods. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

The *Infrastructure fund*, a special revenue fund, accounts for revenues and expenditures from infrastructure.

The *ARPA fund*, a special revenue fund, accounts for revenues and expenditures from ARPA funds.

The government reports the following major proprietary fund:

The *Sewer fund* serves the citizens of the Municipality of Glasgow by providing sewerage services to the community. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer fund are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Deposits and Investments

The Municipality of Glasgow, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with GASB Statement No. 31, *Accounting and financial Reporting for Certain Investments and for External Investment Pools*, the Municipality reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including change in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note III.A.

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**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

State statutes authorized the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deeds of trust for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute §8-13-22c places limitations on the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

2. Receivables and Payables

Trade Receivables

The government periodically analyzes delinquent accounts and uses the direct write-off method. Accounts written off during the year were immaterial.

Property Tax Receivable

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay and excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per \$100 of assess valuation for each class of property for the fiscal year ended June 30, 2023, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation for Tax Purposes</u>	<u>Current Expense</u>
Class II	\$ 10,917,136	25.00 cents
Class IV	\$ 10,403,889	50.00 cents

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MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

4. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Transmission and distribution	40 - 50
Machinery and equipment	5 - 10

5. Compensated Absences

It is the government's policy to require employees to use all earned vacation time by the end of the fiscal year; therefore no liability is reported for vacation leave. No liability is reported for unpaid accumulated sick leave.

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**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

6. Fund Balance

In the governmental fund financial statements, fund balance is reported in five classifications,

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the Municipality Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the Municipality Council/other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The government does not have any assigned fund balance this fiscal year.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The Municipality Council is the government's highest level of decision-making authority. The Council would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first. Followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the Municipality.

The accompanying accountant's compilation report is an integral part of these notes.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Municipality of Glasgow, West Virginia prepares its budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for both the General and Coal Severance Tax Funds.

The governing body of the Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth day of march to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes son the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared to fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

The Municipality reporting entity considered highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. It is the Municipality's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Municipality's deposits are categorized to give an indication of the level of risk assumed by the Municipality at June 30, 2023. The categories are described as follows:

Deposits	Bank Balance	Category			Carrying Amount
		1	2	3	
Primary Government					
General Fund	\$ 272,380	\$ 272,380	\$ -	\$ -	\$ 241,705
Coal Severance Fund	1,889	1,889	-	-	1,889
ARPA Fund	189,729	189,729	-	-	189,729
Infrastructure Fund	54,328	54,328	-	-	54,328
Sewer Fund	124,558	124,558	-	-	122,127
Total Primary Government	\$ <u>642,884</u>	\$ <u>642,884</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>609,778</u>
Restricted Assets					
Sewer Fund	\$ 42,855	\$ 42,855	\$ -	\$ -	\$ 42,855

The accompanying accountant's compilation report is an integral part of these notes.

MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023

B. Receivables

Receivables at year end for the government's individual major funds are as follows:

	Primary Government				
	General	Coal Severance	Infrastructure Fund	Sewer Fund	Total
Receivables					
Accounts	\$ 26,628	\$ -	\$ 27,832	\$ 29,230	\$ 83,690
Taxes	<u>64,495</u>	<u>814</u>	<u>-</u>	<u>-</u>	<u>65,309</u>
Total receivables	<u>\$ 91,123</u>	<u>\$ 814</u>	<u>\$ 27,832</u>	<u>\$ 29,230</u>	<u>\$ 148,999</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Depreciable capital assets				
Buildings and improvements	482,628	79,772	-	562,400
Machinery and equipment	<u>332,557</u>	<u>9,152</u>	<u>-</u>	<u>341,709</u>
Totals at historical cost	815,185	88,924	-	904,109
Less: Accumulated depreciation	<u>705,194</u>	<u>55,964</u>	<u>-</u>	<u>761,158</u>
Governmental activities capital assets - net	<u>\$ 109,991</u>	<u>\$ 32,960</u>	<u>\$ -</u>	<u>\$ 142,951</u>

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MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities				
Depreciable capital assets				
Machinery and equipment	110,886	-	-	110,886
Transmission and Collection	862,566	104,986	-	967,552
Totals at historical cost	973,452	104,986	-	1,078,438
Less: Accumulated depreciation	916,396	44,118	-	960,514
Total depreciable capital assets - net	2,289,997	60,868	-	117,924
Business-Type activities capital assets - net	\$ 57,056	\$ 60,868	\$ -	\$ 117,924

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,042
Public safety	396
Streets and transportation	38,487
Health and sanitation	1,039
Total	\$ 55,964

D. Fund Balance Detail

At year-end, the detail of the government's fund balances is as follows:

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u>	<u>ARPA</u> <u>Fund</u>	<u>Infrastructure</u> <u>Fund</u>	<u>Total</u>
Committed					
General Government	\$ -	\$ 2,703	\$ -	\$ 85,325	\$ 88,028
Unassigned	467,181	-	-	-	467,181
Total fund balance	\$ 467,181	\$ 2,703	\$ -	\$ 85,325	\$ 555,209

The accompanying accountant's compilation report is an integral part of these notes.

**MUNICIPALITY OF GLASGOW, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

G. Restricted Assets

The balances of the restricted assets accounts for the primary government are as follows:

	<u>Business-type</u> <u>Activities</u>
Renewal and Replacement Accounts	\$ 42,855
Total restricted assets	\$ <u>42,855</u>

IV. OTHER INFORMATION

A. Risk Management

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

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonable estimated.

B. Contingent Liabilities

The Municipality is not aware of any pending lawsuits or unasserted claims against the Municipality of Glasgow.

V. RESTATEMENTS

The Municipality had the following restatements to both fund balance and net position

VI. SUBSEQUENT EVENTS

The Municipality has considered all subsequent events through September 14, 2024 the date the financial statements were made available.

The accompanying accountant's compilation report is an integral part of these notes.