

CITY OF GLENCOE, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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INTRODUCTORY SECTION

**CITY OF GLENCOE
CITY OFFICIALS
DECEMBER 31, 2023**

Elected Officials

Term Expires

Mayor	12/31/2024	Ryan Voss
Council Member	12/31/2026	Yodee Rivera
Council Member	12/31/2026	Mark Hueser
Council Member	12/31/2026	Paul Lemke
Council Member	12/31/2024	Susan Olson
Council Member	12/31/2024	Cory Neid

Appointed Officials

City Administrator	Mark D. Larson
Finance Director	Todd Trippel
Public Works Director	Mark Lemen
Public Works Director	James O. Voigt
Chief of Police	Tony Padilla

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Glencoe
Glencoe, Minnesota

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 Glencoe, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Honorable Mayor and
Members of the City Council
City of Glencoe

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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Honorable Mayor and
Members of the City Council
City of Glencoe

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund – Budget and Actual, the Schedule of Changes in the City’s Total OPEB Liability and Related Ratios, Schedule of Changes in the Commission’s OPEB Liability and Related Ratios, Schedule of Changes in the Net Pension Asset and Related Ratios for the Glencoe Fire Department Relief Association, Schedule of the City’s Proportionate Share of the Net Pension Liability, Schedule of City Pension Contributions, Schedule of the Commission’s Proportionate Share of the Net Pension Liability, and Schedule of Commission Pension Contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining fund statements and schedules of principal and interest payments are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards*, is also presented for purposes of additional analysis and is 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 combining fund statements, schedules of principal and interest payments and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and
Members of the City Council
City of Glencoe

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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



CliftonLarsonAllen LLP

Austin, Minnesota
June 27, 2024

BASIC FINANCIAL STATEMENTS

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Primary Government			Component Unit Light and Power Commission
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 2,873,437	\$ 5,588,673	\$ 8,462,110	\$ 1,566,804
Taxes Receivable	20,681	1,018	21,699	-
Accounts Receivable	187,428	33,870	221,298	1,310,773
Special Assessments Receivable	1,478,867	1,895	1,480,762	-
Other Receivables	-	-	-	399,355
Prepaid Expenses	-	-	-	101,902
Internal Balances	1,033,417	(1,033,417)	-	-
Inventory	-	418,133	418,133	463,469
Land Held for Resale	111,064	-	111,064	-
Due from Other Governments	36,146	672,292	708,438	-
Due from Component Unit	18,826	395,958	414,784	-
Restricted Assets	-	-	-	9,197,954
Lease Receivable	-	1,592,000	1,592,000	-
Net Pension Asset	316,028	-	316,028	-
Capital Assets:				
Land	1,221,150	992,925	2,214,075	-
Construction in Progress	43,000	304,167	347,167	-
Other Capital Assets, Net of Depreciation	21,993,595	44,812,111	66,805,706	15,687,830
Right-to-Use Assets, Net of Amortization	38,886	-	38,886	-
Total Assets	<u>29,372,525</u>	<u>53,779,625</u>	<u>83,152,150</u>	<u>28,728,087</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB Related	21,441	-	21,441	33,757
Pension Related	1,894,905	146,263	2,041,168	202,387
Total Deferred Outflows of Resources	<u>1,916,346</u>	<u>146,263</u>	<u>2,062,609</u>	<u>236,144</u>
LIABILITIES				
Accounts Payable	221,948	320,081	542,029	978,763
Retainages Payable	47,334	55,135	102,469	-
Accrued Interest Payable	286,395	64,101	350,496	-
Accrued Expenses	38,261	189,673	227,934	200,313
Customer Deposits Payable	-	-	-	151,150
Due to the Primary Government	-	-	-	414,784
Unearned Revenue	-	-	-	80,000
Long-Term Liabilities:				
Due Within One Year	2,741,425	1,012,539	3,753,964	-
Due in More Than One Year	19,207,334	12,388,495	31,595,829	82,524
Net Pension Liability	1,645,949	552,629	2,198,578	799,640
Other Postemployment Benefit Liability- Current	21,441	-	21,441	-
Other Postemployment Benefit Liability-Noncurrent	66,213	43,128	109,341	178,482
Total Liabilities	<u>24,276,300</u>	<u>14,625,781</u>	<u>38,902,081</u>	<u>2,885,656</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	350	1,442	1,792	-
Pension Related	1,746,859	190,720	1,937,579	300,495
Lease Related	-	1,592,000	1,592,000	-
Total Deferred Inflows of Resources	<u>1,747,209</u>	<u>1,784,162</u>	<u>3,531,371</u>	<u>300,495</u>
NET POSITION				
Net Investment in Capital Assets	8,075,142	32,652,741	34,394,565	15,687,830
Restricted for:				
Public Safety	221,453	-	221,453	-
Street Improvement Projects	33,444	-	33,444	-
Debt Service	1,958,735	-	1,958,735	-
Capital Projects	447,629	-	447,629	-
Firemen's Relief Association Net Pension Asset	316,028	-	316,028	-
Unrestricted	<u>(5,787,069)</u>	<u>4,863,204</u>	<u>5,409,453</u>	<u>10,090,250</u>
Total Net Position	<u>\$ 5,265,362</u>	<u>\$ 37,515,945</u>	<u>\$ 42,781,307</u>	<u>\$ 25,778,080</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,244,260	\$ 239,475	\$ 61,768	\$ -
Public Safety	2,195,648	69,971	152,962	-
Highways and Streets	2,710,843	138,388	-	164,757
Culture and Recreation	1,038,299	274,479	-	27,050
Economic Development	59,069	-	-	-
Interest on Long-Term Debt	633,576	-	-	-
Total Governmental Activities	7,881,695	722,313	214,730	191,807
Business-Type Activities:				
Water Fund	1,060,108	1,508,327	-	298,778
Wastewater Treatment Plant Fund	2,164,131	2,442,505	-	125,579
Sanitation Fund	19,515	33,074	-	-
City Center Fund	357,042	94,485	-	2,500
Municipal Liquor Fund	2,339,396	2,593,086	-	-
Airport Fund	448,087	79,144	-	1,300,640
Storm Water Management Fund	267,519	523,127	-	232,878
Total Business-Type Activities	6,655,798	7,273,748	-	1,960,375
Total Primary Government	\$ 14,537,493	\$ 7,996,061	\$ 214,730	\$ 2,152,182
Total Component Unit	\$ 14,251,809	\$ 15,346,745	\$ -	\$ -

General Revenues:

- Taxes
- Tax Increments
- Franchise Fees
- Sales Taxes
- Grants and Contributions Not Restricted to Certain Purposes
- Unrestricted Investment Earnings
- Gain (Loss) on Disposal of Capital Assets
- Other

Transfers

- Total General Revenues and Transfers
- Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
\$ (943,017)	\$ -	\$ (943,017)	\$ -
(1,972,715)	-	(1,972,715)	-
(2,407,698)	-	(2,407,698)	-
(736,770)	-	(736,770)	-
(59,069)	-	(59,069)	-
(633,576)	-	(633,576)	-
<u>(6,752,845)</u>	<u>-</u>	<u>(6,752,845)</u>	<u>-</u>
-	746,997	746,997	-
-	403,953	403,953	-
-	13,559	13,559	-
-	(260,057)	(260,057)	-
-	253,690	253,690	-
-	931,697	931,697	-
-	488,486	488,486	-
<u>-</u>	<u>2,578,325</u>	<u>2,578,325</u>	<u>-</u>
(6,752,845)	2,578,325	(4,174,520)	-
			1,094,936
3,580,385	147,903	3,728,288	-
274,805	-	274,805	-
27,492	-	27,492	-
14,918	-	14,918	-
1,727,461	-	1,727,461	-
31,047	62,631	93,678	332,104
-	-	-	-
161,087	-	161,087	-
<u>1,382,000</u>	<u>(1,382,000)</u>	<u>-</u>	<u>-</u>
<u>7,199,195</u>	<u>(1,171,466)</u>	<u>6,027,729</u>	<u>332,104</u>
446,350	1,406,859	1,853,209	1,427,040
<u>4,819,012</u>	<u>36,109,086</u>	<u>40,928,098</u>	<u>24,351,040</u>
<u>\$ 5,265,362</u>	<u>\$ 37,515,945</u>	<u>\$ 42,781,307</u>	<u>\$ 25,778,080</u>

**CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	2023 Street Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,243,819	\$ -	\$ 1,629,618	\$ 2,873,437
Accounts Receivable	199,379	-	6,875	206,254
Taxes Receivable				
Current	7,281	-	2,598	9,879
Delinquent	7,964	-	2,838	10,802
Special Assessments Receivable				
Current	1,557	-	1,483	3,040
Noncurrent	56,875	-	1,418,952	1,475,827
Due from Other Funds	1,272,387	-	-	1,272,387
Due from Other Governments	-	28,871	7,275	36,146
Land Held for Resale	111,064	-	-	111,064
Total Assets	\$ 2,900,326	\$ 28,871	\$ 3,069,639	\$ 5,998,836
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 161,601	\$ -	\$ 60,347	\$ 221,948
Retainages Payable	4,980	42,354	-	47,334
Accrued Expenses	38,261	-	-	38,261
Due to Other Funds	-	27,436	211,534	238,970
Total Liabilities	204,842	69,790	271,881	546,513
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	230,111	-	1,421,790	1,651,901
FUND BALANCES				
Nonspendable	111,064	-	-	111,064
Restricted for:				
Public Safety	-	-	221,453	221,453
Debt Service	-	-	823,340	823,340
Capital Projects	-	-	531,337	531,337
Committed for:				
Aquatic Center	-	-	2,666	2,666
Cable TV	-	-	7,377	7,377
Assigned for:				
Park Improvement	165,913	-	-	165,913
Engineering and Inspection Services	112,864	-	-	112,864
Cemetery	18,712	-	-	18,712
Unassigned	2,056,820	(40,919)	(210,205)	1,805,696
Total Fund Balances	2,465,373	(40,919)	1,375,968	3,800,422
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,900,326	\$ 28,871	\$ 3,069,639	\$ 5,998,836

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balances for Governmental Funds \$ 3,800,422

Total net position for governmental activities in the Statement of Net Position is different because:

Capital and right-to-use assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds. Those assets consist of:

Land	\$ 1,221,150	
Construction in Progress	43,000	
Buildings, Net of Accumulated Depreciation	2,813,475	
Office Equipment and Furniture, Net of Accumulated Depreciation	8,934	
Vehicles, Net of Accumulated Depreciation	1,374,989	
Office Equipment and Furniture, Net of Accumulated Depreciation	659,154	
Improvements Other than Buildings, Net of Accumulated Depreciation	962,585	
Infrastructure, Net of Accumulated Depreciation	16,174,458	
Right-to-Use Assets, Net of Accumulated Amortization	38,886	23,296,631

Some of the City's property taxes, tax increments, special assessments and state aids will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as Deferred Inflows of Resources in the governmental funds.

1,651,901

Gain on Refunding is reported as a Deferred Inflow of Resources in the Statement of Net Position.

(350)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(286,395)

The City's Net Pension Asset, Net Pension Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Asset	316,028	
Net Pension Liability	(1,645,949)	
Deferred Outflows of Resources - Pension Related	1,894,905	
Deferred Inflows of Resources - Pension Related	(1,746,859)	(1,181,875)

The City's Other Postemployment Benefit Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:

Other Postemployment Benefit Liability	(87,654)	
Deferred Outflows of Resources - OPEB Related	21,441	(66,213)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore are not reported as fund liabilities. All liabilities - both current and long-term are reported in the Statement of Net Position. Balances at year-end are:

Bonds, Leases, Loans and Certificates of Participation Payable	(21,554,457)	
Compensated Absences Payable	(394,302)	(21,948,759)

Total Net Position of Governmental Activities \$ 5,265,362

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023**

	General	2023 Street Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,238,292	\$ -	\$ 803,431	\$ 3,041,723
Tax Increments	-	-	274,805	274,805
Licenses and Permits	99,721	-	-	99,721
Intergovernmental	1,777,716	-	400,078	2,177,794
Charges for Services	169,431	-	124,359	293,790
Fines and Forfeits	53,796	-	-	53,796
Assessments	44,129	-	752,567	796,696
Investment Income	17,494	8,421	5,132	31,047
Contributions and Donations	55,254	-	-	55,254
Payment in Lieu of Taxes	105,000	-	-	105,000
Franchise Fees	3,551	-	27,492	31,043
Miscellaneous	51,595	127,696	18,807	198,098
Total Revenues	<u>4,615,979</u>	<u>136,117</u>	<u>2,406,671</u>	<u>7,158,767</u>
EXPENDITURES				
Current:				
General Government	1,143,957	-	30,650	1,174,607
Public Safety	1,899,408	-	-	1,899,408
Highways and Streets	600,618	577,995	39,693	1,218,306
Culture-Recreation	616,886	-	237,160	854,046
Economic Development	9,781	-	59,288	69,069
Capital Outlay:				
General Government	5,468	-	-	5,468
Public Safety	838,926	-	-	838,926
Highways and Streets	278,613	4,324,524	3,430	4,606,567
Culture-Recreation	130,749	-	15,545	146,294
Debt Service:				
Principal	114,920	-	2,106,000	2,220,920
Interest	16,303	-	528,271	544,574
Fiscal Charges	-	-	1,485	1,485
Total Expenditures	<u>5,655,629</u>	<u>4,902,519</u>	<u>3,021,522</u>	<u>13,579,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,039,650)	(4,766,402)	(614,851)	(6,420,903)
OTHER FINANCING SOURCES (USES)				
Transfers In	695,767	435,000	1,160,549	2,291,316
Transfers Out	(506,250)	(69,517)	(333,549)	(909,316)
Lease Proceeds	764,939	-	-	764,939
Bond Proceeds	-	4,360,000	-	4,360,000
Proceeds from the Sale of Capital Assets	15,750	-	-	15,750
Insurance Proceeds	59,779	-	-	59,779
Total Other Financing Sources (Uses)	<u>1,029,985</u>	<u>4,725,483</u>	<u>827,000</u>	<u>6,582,468</u>
Net Change in Fund Balances	(9,665)	(40,919)	212,149	161,565
Fund Balance - Beginning	<u>2,475,038</u>	<u>-</u>	<u>1,163,819</u>	<u>3,638,857</u>
Fund Balances - End of Year	<u>\$ 2,465,373</u>	<u>\$ (40,919)</u>	<u>\$ 1,375,968</u>	<u>\$ 3,800,422</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 161,565

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, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital Outlay	\$ 5,263,142	
Loss on Disposal of Capital Assets	(37,018)	
Depreciation and Amortization Expense	<u>(1,546,979)</u>	3,679,145

The governmental funds report bond and other long-term debt proceeds as other financing sources, while repayment of bond and other long-term debt principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces long-term liabilities. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of bond and other long-term debt and related items is as follows:

Bond Proceeds	(4,360,000)	
Lease Proceeds	(764,939)	
Repayment of Bond, Equipment Certificates, Lease and Loan Principal	2,226,497	
Change in Accrued Interest	(66,483)	
Amortization of Bond Premiums	50,174	
Amortization of Gain on Bond Refunding	<u>85</u>	(2,914,666)

Delinquent and deferred property taxes, tax increments, special assessments and state aids will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures, and, therefore are unavailable in the governmental funds.

Unavailable Revenue - December 31, 2022	(1,940,210)	
Unavailable Revenue - December 31, 2023	<u>1,651,901</u>	(288,309)

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses in the Statement of Activities are measured by the change in the Net Pension Asset, Net Pension Liability and related Deferred Outflows and Inflows of Resources. (167,497)

Other postemployment benefit expenditures in the governmental funds are measured by the amount of financial resources used (amounts actually paid). Other postemployment benefit expenses in the Statement of Activities are measured by the change in the Other Postemployment Benefit Liability and related Deferred Outflows and Inflows of Resources. (8,745)

In the Statement of Activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid). (15,143)

Change in Net Position of Governmental Activities \$ 446,350

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,666,054	\$ 2,759,371	\$ 37,163
Accounts Receivable	9,772	10,069	8,139
Taxes Receivable	-	-	-
Special Assessments Receivable	449	664	-
Inventory	-	-	-
Due from Other Governments	-	-	-
Lease Receivable	100,602	-	-
Due from Component Unit	120,266	223,345	2,488
Total Current Assets	<u>2,897,143</u>	<u>2,993,449</u>	<u>47,790</u>
NONCURRENT ASSETS			
Lease Receivable	1,449,333	21,284	-
Capital Assets:			
Land	41,628	312,678	-
Construction in Progress	241,167	-	-
Other Capital Assets (Net of Accumulated Depreciation)	5,225,101	26,233,312	-
Total Capital Assets	<u>5,507,896</u>	<u>26,545,990</u>	<u>-</u>
Total Noncurrent Assets	<u>6,957,229</u>	<u>26,567,274</u>	<u>-</u>
Total Assets	<u>9,854,372</u>	<u>29,560,723</u>	<u>47,790</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	42,966	56,573	-
Total Deferred Outflows of Resources	<u>42,966</u>	<u>56,573</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	75,295	73,451	8,322
Retainages Payable	-	-	-
Accrued Interest Payable	(537)	42,916	-
Compensated Absences Payable	47,018	66,258	-
Accrued Expenses	5,948	6,865	-
Due to Other Funds	-	-	-
Loan Payable	-	706,000	-
Revenue Bonds Payable	-	-	-
Total Current Liabilities	<u>127,724</u>	<u>895,490</u>	<u>8,322</u>
NONCURRENT LIABILITIES			
Loan Payable	-	10,658,075	-
Revenue Bonds Payable	-	-	-
Net Pension Liability	162,338	213,753	-
Other Postemployment Benefit Liability	11,980	18,069	-
Total Noncurrent Liabilities	<u>174,318</u>	<u>10,889,897</u>	<u>-</u>
Total Liabilities	<u>302,042</u>	<u>11,785,387</u>	<u>8,322</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on Bond Refunding	1,149	-	-
Pension Related	56,024	73,770	-
Lease Related	1,549,935	21,284	-
Total Deferred Inflows of Resources	<u>1,607,108</u>	<u>95,054</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	5,507,896	15,181,915	-
Unrestricted	2,480,292	2,554,940	39,468
Total Net Position	<u>\$ 7,988,188</u>	<u>\$ 17,736,855</u>	<u>\$ 39,468</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2023**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
\$ -	\$ 125,337	\$ -	\$ 748	\$ 5,588,673
668	-	3,650	1,572	33,870
1,018	-	-	-	1,018
-	-	-	782	1,895
-	418,133	-	-	418,133
-	-	672,292	-	672,292
-	-	-	-	100,602
-	-	-	49,859	395,958
1,686	543,470	675,942	52,961	7,212,441
-	-	20,781	-	1,491,398
-	30,207	169,232	439,180	992,925
-	63,000	-	-	304,167
2,507,587	380,725	3,480,705	6,984,681	44,812,111
2,507,587	473,932	3,649,937	7,423,861	46,109,203
2,507,587	473,932	3,670,718	7,423,861	47,600,601
2,509,273	1,017,402	4,346,660	7,476,822	54,813,042
20,943	25,781	-	-	146,263
20,943	25,781	-	-	146,263
4,590	109,464	28,606	20,353	320,081
-	-	55,135	-	55,135
15,462	418	-	5,842	64,101
16,153	34,906	-	-	164,335
2,368	10,157	-	-	25,338
498,802	-	534,615	-	1,033,417
-	-	-	18,539	724,539
158,000	37,000	-	93,000	288,000
695,375	191,945	618,356	137,734	2,674,946
-	-	-	57,884	10,715,959
1,084,000	207,000	-	381,536	1,672,536
79,128	97,410	-	-	552,629
6,957	6,122	-	-	43,128
1,170,085	310,532	-	439,420	12,984,252
1,865,460	502,477	618,356	577,154	15,659,198
-	-	-	293	1,442
27,308	33,618	-	-	190,720
-	-	20,781	-	1,592,000
27,308	33,618	20,781	293	1,784,162
1,265,587	229,932	3,594,802	6,872,609	32,652,741
(628,139)	277,156	112,721	26,766	4,863,204
\$ 637,448	\$ 507,088	\$ 3,707,523	\$ 6,899,375	\$ 37,515,945

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2023**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
OPERATING REVENUES			
Charges for Services	\$ 1,358,450	\$ 2,411,469	\$ 9,011
Other Operating Revenues	8,499	24,036	24,063
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>1,366,949</u>	<u>2,435,505</u>	<u>33,074</u>
OPERATING EXPENSES			
Personal Services	370,896	449,437	7,469
Materials and Supplies	113,001	135,854	-
Repairs and Maintenance	74,789	224,792	1,164
Management Fees	94,093	16,007	-
Professional Services	63,779	78,744	8,323
Insurance	26,179	35,068	72
Utilities	61,144	151,853	1,168
Depreciation and Amortization	162,528	936,094	-
Other	94,236	16,100	1,319
Total Operating Expenses	<u>1,060,645</u>	<u>2,043,949</u>	<u>19,515</u>
Operating Income (Loss)	306,304	391,556	13,559
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	126	126	-
Lease Revenues	141,378	7,000	-
Taxes	-	-	-
Federal Aid and Grants	-	-	-
State Aid and Grants	-	-	-
Donations	-	-	-
Interest on Investments	36,414	36,401	361
Interest Expense and Fiscal Charges	537	(120,182)	-
Total Nonoperating Revenues (Expenses)	<u>178,455</u>	<u>(76,655)</u>	<u>361</u>
Net Income (Loss) Before Transfers and Capital Contributions	484,759	314,901	13,920
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Capital Contributions	298,652	125,453	-
Transfers In	-	-	-
Transfers Out	(465,500)	(476,500)	-
Total Transfers and Capital Contributions	<u>(166,848)</u>	<u>(351,047)</u>	<u>-</u>
Change in Net Position	317,911	(36,146)	13,920
Net Position - Beginning of Year	<u>7,670,277</u>	<u>17,773,001</u>	<u>25,548</u>
Net Position - End of Year	<u>\$ 7,988,188</u>	<u>\$ 17,736,855</u>	<u>\$ 39,468</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
 YEAR ENDED DECEMBER 31, 2023**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
\$ 68,067	\$ -	\$ 66,004	\$ 523,127	\$ 4,436,128
26,418	-	1,540	-	84,556
-	2,593,086	-	-	2,593,086
-	(1,904,904)	-	-	(1,904,904)
<u>94,485</u>	<u>688,182</u>	<u>67,544</u>	<u>523,127</u>	<u>5,208,866</u>
161,840	213,747	-	-	1,203,389
6,111	98,481	24,212	88	377,747
16,390	4,878	2,482	25,665	350,160
-	-	2,875	-	112,975
3,568	5,144	1,825	9,140	170,523
13,173	16,068	24,635	2,067	117,262
18,114	15,162	6,121	-	253,562
77,210	42,053	372,761	225,483	1,816,129
22,710	27,690	13,176	-	175,231
<u>319,116</u>	<u>423,223</u>	<u>448,087</u>	<u>262,443</u>	<u>4,576,978</u>
(224,631)	264,959	(380,543)	260,684	631,888
-	-	-	-	252
-	-	11,600	-	159,978
147,903	-	-	-	147,903
-	-	1,200,951	-	1,200,951
-	-	95,464	-	95,464
2,500	-	4,225	-	6,725
(7,933)	1,356	(5,645)	1,677	62,631
(37,926)	(11,269)	-	(5,076)	(173,916)
<u>104,544</u>	<u>(9,913)</u>	<u>1,306,595</u>	<u>(3,399)</u>	<u>1,499,988</u>
(120,087)	255,046	926,052	257,285	2,131,876
-	-	-	232,878	656,983
150,000	-	-	-	150,000
-	(200,000)	-	(390,000)	(1,532,000)
<u>150,000</u>	<u>(200,000)</u>	<u>-</u>	<u>(157,122)</u>	<u>(725,017)</u>
29,913	55,046	926,052	100,163	1,406,859
<u>607,535</u>	<u>452,042</u>	<u>2,781,471</u>	<u>6,799,212</u>	<u>36,109,086</u>
<u>\$ 637,448</u>	<u>\$ 507,088</u>	<u>\$ 3,707,523</u>	<u>\$ 6,899,375</u>	<u>\$ 37,515,945</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2023**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers	\$ 1,356,533	\$ 2,418,422	\$ 32,596
Cash Paid to Suppliers	(438,888)	(1,136,671)	(13,073)
Cash Paid to Employees	(457,487)	(462,307)	(7,469)
Net Cash Provided (Used) by Operating Activities	<u>460,158</u>	<u>819,444</u>	<u>12,054</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(465,500)	(476,500)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(465,500)</u>	<u>(476,500)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Bonds	-	(698,410)	-
Collection of Special Assessments	126	126	-
Leasing Receipts	141,378	7,000	-
Collection of Taxes	-	-	-
Interest and Agent Fees on Bonds and Leases	(1,000)	(119,651)	-
Acquisition of Capital Assets	(251,590)	(54,711)	-
Disposal of Capital Assets	1,536	-	-
Capital Contributions Received	-	-	-
Donations	-	-	-
Federal Grants Received	-	-	-
State Grants Received	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(109,550)</u>	<u>(865,646)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>36,414</u>	<u>36,401</u>	<u>361</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(78,478)	(486,301)	12,415
Cash and Cash Equivalents - January 1	<u>2,744,532</u>	<u>3,245,672</u>	<u>24,748</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 2,666,054</u></u>	<u><u>\$ 2,759,371</u></u>	<u><u>\$ 37,163</u></u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2023**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
\$ 94,950	\$ 2,593,086	\$ 621,412	\$ 521,708	\$ 7,638,707
(21,768)	(2,066,137)	(65,107)	(25,260)	(3,766,904)
(178,815)	(199,290)	(2,875)	(875)	(1,309,118)
<u>(105,633)</u>	<u>327,659</u>	<u>553,430</u>	<u>495,573</u>	<u>2,562,685</u>
150,000	-	-	-	150,000
-	(200,000)	-	(390,000)	(1,532,000)
150,000	(200,000)	-	(390,000)	(1,382,000)
(151,000)	(35,000)	-	(112,180)	(996,590)
-	-	-	-	252
-	-	11,600	-	159,978
147,903	-	-	-	147,903
(35,837)	(11,106)	-	(5,941)	(173,535)
-	(63,000)	(1,863,292)	-	(2,232,593)
-	-	-	906	2,442
-	-	3,267	-	3,267
2,500	-	4,225	-	6,725
-	-	1,200,951	-	1,200,951
-	-	95,464	-	95,464
<u>(36,434)</u>	<u>(109,106)</u>	<u>(547,785)</u>	<u>(117,215)</u>	<u>(1,785,736)</u>
<u>(7,933)</u>	<u>1,356</u>	<u>(5,645)</u>	<u>1,677</u>	<u>62,631</u>
-	19,909	-	(9,965)	(542,420)
-	105,428	-	10,713	6,131,093
<u>\$ -</u>	<u>\$ 125,337</u>	<u>\$ -</u>	<u>\$ 748</u>	<u>\$ 5,588,673</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2023**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 306,304	\$ 391,556	\$ 13,559
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	162,528	936,094	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(1,139)	(1,036)	(375)
(Increase) Decrease in Deferred Outflows of Resources - Pension Related	32,785	41,677	-
(Increase) Decrease in Due from Component Unit	(9,277)	(16,047)	(103)
Increase (Decrease) in Accounts Payable	(5,760)	(494,260)	(1,027)
Increase (Decrease) in Retainages Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	5,370	(132)	-
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) In Deferred Inflows of Resources - Pension Related	51,323	67,672	-
Increase (Decrease) In Net Pension Liability	(79,629)	(100,084)	-
Increase (Decrease) in OPEB	(2,139)	(4,930)	-
Increase (Decrease) in Accrued Expenses	(208)	(1,066)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 460,158</u>	<u>\$ 819,444</u>	<u>\$ 12,054</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Increase (Decrease) in Retainage and Construction Payable Capital Contributions	<u>\$ 298,652</u>	<u>\$ 125,453</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2023**

<u>City Center Fund</u>	<u>Municipal Liquor Fund</u>	<u>Airport Fund</u>	<u>Storm Water Management Fund</u>	<u>Total Proprietary Funds</u>
\$ (224,631)	\$ 264,959	\$ (380,543)	\$ 260,684	\$ 631,888
77,210	42,053	372,761	225,483	1,816,129
465	-	261,319	(120)	259,114
19,023	18,314	-	-	111,799
-	-	-	(1,299)	(26,726)
(1,600)	6,190	(46,309)	11,700	(531,066)
-	-	53,653	-	53,653
(6,304)	7,856	-	-	6,790
59,898	-	292,549	-	352,447
24,828	30,881	-	-	174,704
(48,534)	(43,443)	-	-	(271,690)
(3,535)	(45)	-	-	(10,649)
(2,453)	894	-	(875)	(3,708)
<u>\$ (105,633)</u>	<u>\$ 327,659</u>	<u>\$ 553,430</u>	<u>\$ 495,573</u>	<u>\$ 2,562,685</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,878</u>	<u>\$ 656,983</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Glencoe (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

A. Financial Reporting Entity

The City of Glencoe was formed and operates pursuant to Minnesota laws and statutes. The governing body consists of a Mayor and a five-member council elected by the voters of the City.

Accounting principles generally accepted in the United States of America requires that the City's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the City. In addition, the City's financial statements are to include all component units – entities for which the City is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds, and the component units for which the City of Glencoe is financially accountable.

Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation.

Discrete Presentation

Light and Power Commission

The Light and Power Commission provides electric services to the citizens of Glencoe. The Light and Power Commission is governed by a five-member board of commissioners appointed by the city council.

The entity meets the criteria to be included as a discrete presentation and, accordingly, has been included as a component unit in the government-wide financial statements. Copies of the financial reports for the Light and Power Commission are available at the Light and Power Commission's office at 305 11th Street East, Glencoe, MN 55336.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A Financial Reporting Entity (Continued)

Discrete Presentation (Continued)

Excluded Units -

Glencoe Fire Department Relief Association - This association is organized as a nonprofit organization to provide pension and other benefits to its members in accordance with Minnesota Statutes. The board of directors is appointed by the membership of the organization. All funding is conducted in accordance with Minnesota Statutes, whereby state aids flow to the association and the association pays benefits directly to its members. The entity is excluded from the financial statement presentation as it is not fiscally dependent on the City, the economic resources of the entity are not held for the direct benefit of the City and the City is not entitled to nor does it have the ability to access the entity's economic resources.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column in the financial section of the basic financial statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. 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 the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the City considers all revenues to be available if they are collected within 60 days after year-end, with the exception of nonexchange revenues which are considered available if received within 180 days after year-end. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as the amount of the expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – This is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

2023 Improvement Project – This is the City’s fund for tracking 2023 street improvement project expenditures. It accounts for all financial resources of the 2023 street improvement project.

The City reports the following major proprietary funds:

Water Fund – This accounts for the water service charges, which are used to finance the water system operating expenses.

Wastewater Treatment Plant Fund – This accounts for the wastewater treatment plant service charges, which are used to finance the wastewater treatment plant operating expenses.

Sanitation Fund – This accounts for the sanitation service charges, which are used to finance sanitation operating expenses.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

City Center Fund – This accounts for revenues from functions, rent and donations, which are used to finance the city center operating expenses.

Municipal Liquor Fund – This accounts for revenues from sales to customers, which are used to finance the municipal liquor store operating expenses.

Airport Fund – This accounts for fuel sales to customers and rent revenues from customers, which are used to finance the airport operating expenses.

Storm Water Management Fund – This accounts for storm water management service charges, which are used to finance the storm water management operating expenses.

Additionally, the City reports nonmajor funds in the following categories:

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for long-term debt principal, interest and other activity.

Capital Project Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents of the City consist of cash on hand and demand deposits.

Taxes and Special Assessments

Current taxes and special assessments receivable at December 31, 2023, represents taxes and special assessments currently remitted by the County Auditor. Delinquent taxes and special assessments receivable consist of tax levies and special assessments collectible in 2023 and prior years and are offset by unavailable revenues in the governmental fund financial statements.

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with Minnesota statutes. Assessments are collectible over a term of years at an interest rate established by the City Council upon adoption of each assessment roll. Any annual installments remaining unpaid as of November 30th of each year are certified to the County for collection with property taxes during the following year. Property owners are allowed to prepay future installments without interest or prepayment penalties.

In the governmental fund financial statements, special assessment levies are recorded as a receivable and as unavailable revenue at the time of the levy. Unavailable revenue is recognized as current revenue as the annual assessment installments become measurable and available. Interest on special assessments is also recognized when it becomes measurable and available.

Accounts Receivable - Utilities

The utilities provide an allowance for bad debts using the allowance method based on management's estimates. Services are sold on an unsecured basis. Payment is generally required within 30 days of the date of the billing. Accounts past due are individually analyzed for collectability. The amount of uncollectible accounts is not considered significant.

Noncurrent Special Assessments

In the governmental fund financial statements, noncurrent special assessments receivable represents the principal payments due in future years.

Inventory

Inventory is valued using the latest invoice price, which approximates the first-in, first-out (FIFO) method. The cost of inventories are recorded as an expenditure/expense when consumed rather than when purchased.

Land Held for Resale

Purchased land held for resale is recorded in the fund that purchased the property at the lower of cost or market value.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Capital Assets

Capital and right-to-use assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, street lights, water and sewer lines and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets acquired prior to the implementation of GASB 34 have been reported. Capital and right-to-use assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value as of the date of the donation. Capital and right-to-use assets are defined by the City as assets with an initial cost of more than \$5,000. The cost of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation and amortization on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation and amortization reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line, half-year method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public use by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 50 years on buildings, 10 to 100 years on improvements other than buildings, six to 20 years on vehicles and machinery and seven years on office equipment. Useful lives on infrastructure capital assets vary from 20 to 90 years.

Capital assets not being depreciated include land and construction in progress.

Deferred Outflows of Resources

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the portion of sick pay allowable as severance pay is accrued as incurred in the government-wide and proprietary fund financial statements. The current portion for these amounts is calculated based on historical trends.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Other Postemployment Benefit Liability

For purposes of measuring the other postemployment benefit liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the City and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Bond issuance costs are reported as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued and premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's requirement to contribute to the Glencoe Fire Department Relief Association Plan, information about the Plan's fiduciary net position and additions to/deductions from the Glencoe Fire Department Relief Association Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Deferred Inflows of Resources

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

Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable portions of fund balance are related to land held for resale and a note receivable. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the City imposes upon itself by high-level formal action prior to the close of the fiscal period. The City Council authorizes all assigned fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund, only.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the City's policy to use committed first, then assigned and finally unassigned fund balance.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Tax Revenue Recognition

The City levies its property tax for the subsequent year in October. This levy is certified to the County of McLeod, as they are the collection agency for taxes within the County. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Taxes are due and payable at the County on May 15 and October 15 of each year and collections are remitted to the City in June and November. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)
Property Tax Revenue Recognition (Continued)

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and state credits received by the City in July, December and the following January are recognized as revenue for the current year. Taxes and credits not received at the year-end are classified as delinquent. The portion of delinquent taxes not collected by the City in January is fully offset by unavailable revenue because it is not available to finance current expenditures. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

Net Position

Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Leases

The City determines if an arrangement is a lease at inception. Leases for which the City is the lessor are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements. The City currently does have arrangements for which it is a lessor.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

G. Newly Adopted Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard defines a subscription-based information technology arrangement (SBITA); established that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The implementation of GASB Statement No. 96 did not affect the City's financial statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Each fall, the City Council adopts an annual budget for the General Fund. Any modifications in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Legal budgetary control is at the fund level. The resolutions and ordinances issuing bonds control the expenditures in the Debt Service Funds and contractual agreements control expenditures in the Capital Project Funds.

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were supplemental appropriations in 2023.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 5,198,608	\$ 5,655,629

The excess expenditures were covered by increased revenues and use of fund balance.

C. Deficit Fund Balances

The following funds had deficit fund balances as of December 31, 2023:

2023 Street Improvement Fund	\$ (40,919)
Nonmajor - 2021 Street Improvement Bond Fund	(200,860)
Nonmajor - Tax Increment #20 Bus Garage	(9,345)

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. The City’s deposits were not exposed to custodial credit risk at December 31, 2023.

In accordance with Minnesota Statutes, the City maintains deposits at a depository bank as authorized by the City Council.

The City maintains a cash pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the balance sheet and statement of net position as “Cash and Cash Equivalents.”

Minnesota statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

The City's deposits in the depository banks at December 31, 2023 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. Government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. It is required that the City sign authorizations releasing collateral once it is pledged.

Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; Revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States bank, corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed Investment Contracts guaranteed by United States commercial banks or domestic branches of foreign banks, or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The City had no investments at December 31, 2023.

The deposits are presented in the financial statements as follows:

Deposits	\$ 8,462,110
Total	<u>\$ 8,462,110</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

These amounts reported are presented on the statement of net position as follows:

Cash and Cash Equivalents - Governmental Activities	\$ 2,873,437
Cash and Cash Equivalents - Business-Type Activities	5,588,673
Total	<u>\$ 8,462,110</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 1,221,150	\$ -	\$ -	\$ -	\$ 1,221,150
Construction in Progress	-	43,000	-	-	43,000
Total Capital Assets, Not Being Depreciated	1,221,150	43,000	-	-	1,264,150
Capital Assets, Being Depreciated:					
Buildings	4,737,990	19,368	-	17,343	4,774,701
Improvements Other than Buildings	3,379,202	108,770	(25,135)	-	3,462,837
Office Equipment and Furniture	18,698	-	-	-	18,698
Vehicles	2,362,213	1,014,968	(313,471)	-	3,063,710
Machinery and Shop Equipment	1,349,199	116,822	(58,687)	-	1,407,334
Infrastructure	22,553,057	3,942,871	(278,981)	-	26,216,947
Total Capital Assets, Being Depreciated	34,400,359	5,202,799	(676,274)	17,343	38,944,227
Accumulated Depreciation:					
Buildings	(1,853,459)	(107,767)	-	-	(1,961,226)
Improvements Other than Buildings	(2,404,054)	(119,658)	23,460	-	(2,500,252)
Office Equipment and Furniture	(7,487)	(2,277)	-	-	(9,764)
Vehicles	(1,841,936)	(160,256)	313,471	-	(1,688,721)
Machinery and Shop Equipment	(691,899)	(79,625)	23,344	-	(748,180)
Infrastructure	(9,289,924)	(1,031,546)	278,981	-	(10,042,489)
Total Accumulated Depreciation	(16,088,759)	(1,501,129)	639,256	-	(16,950,632)
Total Capital Assets, Being Depreciated, Net	18,311,600	3,701,670	(37,018)	17,343	21,993,595
Right-to-Use Assets, Being Amortized:					
Vehicles and Equipment	132,793	-	(19,987)	-	112,806
Accumulated Amortization					
Vehicles and Equipment	(48,057)	(45,850)	19,987	-	(73,920)
Total Right-to-Use Assets, Being Amortized, Net	84,736	(45,850)	-	-	38,886
Governmental Activities Capital Assets, Net	<u>\$ 19,617,486</u>	<u>\$ 3,698,820</u>	<u>\$ (37,018)</u>	<u>\$ 17,343</u>	<u>\$ 23,296,631</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$ 69,767
Public Safety	147,174
Public Works	1,170,525
Culture and Recreation	<u>159,513</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,546,979</u>

Capital asset activity for business-type activities for the year ended December 31, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-Type Activities:					
Capital Assets, not Being Depreciated					
Land	\$ 992,925	\$ -	\$ -	\$ -	\$ 992,925
Construction in Progress	138,016	304,167	(138,016)	-	304,167
Total Capital Assets, not Being Depreciated	1,130,941	304,167	(138,016)	-	1,297,092
Capital Assets, Being Depreciated:					
Buildings	23,175,854	1,328,976	-	(17,343)	24,487,487
Improvements Other than Buildings	13,120,137	-	-	-	13,120,137
Vehicles	831,578	54,255	-	-	885,833
Office Equipment and Furniture	90,514	-	-	-	90,514
Machinery and Shop Equipment	418,698	-	-	-	418,698
Infrastructure	20,629,646	667,406	(2,442)	-	21,294,610
Total Capital Assets, Being Depreciated	58,266,427	2,050,637	(2,442)	(17,343)	60,297,279
Accumulated Depreciation:					
Buildings	(3,599,140)	(578,742)	14,080	-	(4,163,802)
Improvements Other than Buildings	(3,040,225)	(663,809)	-	-	(3,704,034)
Vehicles	(152,858)	(55,048)	-	-	(207,906)
Office Equipment and Furniture	(38,971)	(7,888)	-	-	(46,859)
Machinery and Shop Equipment	(239,833)	(22,335)	-	-	(262,168)
Infrastructure	(6,614,571)	(488,270)	2,442	-	(7,100,399)
Total Accumulated Depreciation	(13,685,598)	(1,816,092)	16,522	-	(15,485,168)
Total Capital Assets, Being Depreciated, Net	44,580,829	234,545	14,080	(17,343)	44,812,111
Business-Type Capital Assets, Net	<u>\$ 45,711,770</u>	<u>\$ 538,712</u>	<u>\$ (123,936)</u>	<u>\$ (17,343)</u>	<u>\$ 46,109,203</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to proprietary activities as follows:

Proprietary Activities:	
Water Fund	\$ 162,528
Wastewater Treatment Plant Fund	936,057
City Center Fund	77,210
Municipal Liquor Fund	42,053
Airport Fund	372,761
Storm Water Management Fund	<u>225,483</u>
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 1,816,092</u></u>

NOTE 5 LEASES RECEIVABLE

The City, acting as lessor, leases space for cellular services under a long-term, non-cancelable lease agreements. The leases expire in varying intervals between 2025 in 2062. During the year ended December 31, 2023, the City recognized \$89,940 and \$69,820 in lease revenue and interest revenue, respectively, pursuant to this contract.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 100,602	\$ 66,846
2025	99,390	63,310
2026	78,639	60,465
2027	88,445	57,585
2028	98,981	54,320
2029 - 2033	114,083	248,346
2034 - 2038	145,267	225,980
2039 - 2043	296,022	174,565
2044 - 2048	360,344	84,110
2049 - 2053	40,826	45,818
2054 - 2058	80,133	30,451
2059 - 2063	89,268	6,037
Total	<u><u>\$ 1,592,000</u></u>	<u><u>\$ 1,117,833</u></u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2023:

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities -							
<u>General Obligation Bonds</u>							
\$453,000 G.O. Tax Increment Revenue Bonds - Series 2018B	3.50% - 4.00%	Interest due semi-annually on 6/1 and 12/1 and principal due annually on 6/1 until 6/1/34	\$ 375,000	\$ -	\$ (25,000)	\$ 350,000	\$ 26,000
\$1,905,000 G.O. Refunding Bonds - Series 2021A \$415,000 Portion	0.077%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	352,000	-	(57,000)	295,000	57,000
\$1,905,000 G.O. Refunding Bonds - Series 2021A \$831,000 Portion	0.077%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/25	629,000	-	(204,000)	425,000	212,000
\$700,000 G.O. Improvement Bonds - Series 2021B	1.15%	Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/26	622,000	-	(380,000)	242,000	82,000
\$4,360,000 G.O. Improvement Bonds - Series 2023A	3.57%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	-	4,360,000	-	4,360,000	315,000
Total General Obligation Bonds			1,978,000	4,360,000	(666,000)	5,672,000	692,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - (Continued)							
<u>Special Assessment Bonds</u>							
\$6,735,000 G.O. Improvement Bonds - Series 2015A	2.00% - 3.50%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/30	\$ 3,815,000	\$ -	\$ (440,000)	\$ 3,375,000	\$ 455,000
\$4,025,000 G.O. Bonds - Series 2016A	2.00% - 3.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/31	2,590,000	-	(265,000)	2,325,000	270,000
\$875,000 G.O. Refunding Bonds - Series 2016B	2.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/24	230,000	-	(105,000)	125,000	125,000
\$4,935,000 G.O. Bonds - Series 2017B	2.00% - 3.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/32	3,540,000	-	(310,000)	3,230,000	315,000
\$6,985,000 G.O. Bonds - Series 2018A	3.00% - 4.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/39	5,995,000	-	(280,000)	5,715,000	300,000
Total Special Assessment Bonds			16,170,000	-	(1,400,000)	14,770,000	1,465,000
Total Bonds Payable			18,148,000	4,360,000	(2,066,000)	20,442,000	2,157,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning			Ending	Amount
			Balance	Issuances	Payments	Balance	Due Within
							One Year
Governmental Activities - (Continued)							
<u>Loans</u>							
DEED Loan	2.00%	Interest due semi-annually on 2/15 and 8/15 and principal due annually on 2/15 until 2/15/30	\$ 51,032	\$ -	\$ (6,379)	\$ 44,653	\$ 6,379
2018 Case Puma Tractor Loan	4.50%	Interest and principal due annually on 4/15 until 4/15/23	21,951	-	(21,951)	-	-
Total Loans			72,983	-	(28,330)	44,653	6,379
<u>Finance Purchase Agreements</u>							
2018 Rosenbauer Commander	4.35%	Payments of \$90,267 due annually until 3/1/23	\$ 86,502	\$ -	\$ (86,502)	\$ -	\$ -
2023 Pierce Enforcer	4.19%	Payments of \$169,544 due annually until 2/1/28	-	764,939	-	764,939	153,163
Total Finance Purchases			86,502	764,939	(86,502)	764,939	153,163
Unamortized Bond Premium			313,488	-	(50,174)	263,314	-
Compensated Absences Payable			379,159	157,159	(142,016)	394,302	394,302
Lease Liability			85,216	-	(45,665)	39,551	30,581
Total Governmental Activities Long-Term Liabilities			<u>\$ 19,085,348</u>	<u>\$ 5,282,098</u>	<u>\$ (2,418,687)</u>	<u>\$ 21,948,759</u>	<u>\$ 2,741,425</u>

Compensated absences in Governmental Activities are generally liquidated by the General Fund.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities							
\$626,000 Gross Revenue Event Facility Refunding Bonds - Series 2013A	2.50% - 4.75%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	\$ 290,000	\$ -	\$ (43,000)	\$ 247,000	\$ 45,000
\$517,000 Liquor Store Revenue Bonds - Series 2014	2.30% - 4.25%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/29	279,000	-	(35,000)	244,000	37,000
\$1,516,000 G.O. Capital Improvement Plan Refunding Bonds - Series 2017A	2.60%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/31	1,103,000	-	(108,000)	995,000	113,000
\$1,905,000 G.O. Refunding Bonds - Series 2021A \$659,000 Portion	0.077%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	569,000	-	(94,000)	475,000	93,000
Total Bonds Payable			2,241,000	-	(280,000)	1,961,000	288,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities - (Continued)							
Loan Payable - Marsh Creek Project	2.00%	Interest and principal due annually on 5/10 until 5/10/27	\$ 94,603	\$ -	\$ (18,180)	\$ 76,423	\$ 18,539
Direct Borrowing - G.O. Sewer Revenue Note	1.00%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/20/38	12,062,410	-	(698,410)	11,364,000	706,000
Total			14,398,013	-	(996,590)	13,401,423	1,012,539
Unamortized Bond Discount			(576)	-	187	(389)	-
Total Business-Type Long-Term Liabilities			<u>\$ 14,397,437</u>	<u>\$ -</u>	<u>\$ (996,403)</u>	<u>\$ 13,401,034</u>	<u>\$ 1,012,539</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for the City's bonded indebtedness are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,157,000	\$ 639,737	\$ 288,000	\$ 48,456	\$ 2,445,000	\$ 688,193
2025	2,674,000	561,117	294,000	41,321	2,968,000	602,438
2026	2,622,000	484,666	300,000	33,676	2,922,000	518,342
2027	2,716,000	402,924	310,000	25,688	3,026,000	428,612
2028	2,444,000	326,235	322,000	17,466	2,766,000	343,701
2029 - 2033	5,521,000	879,317	447,000	18,006	5,968,000	897,323
2034 - 2038	2,258,000	255,036	-	-	2,258,000	255,036
2039 - 2043	50,000	1,750	-	-	50,000	1,750
Total	<u>\$ 20,442,000</u>	<u>\$ 3,550,782</u>	<u>\$ 1,961,000</u>	<u>\$ 184,613</u>	<u>\$ 22,403,000</u>	<u>\$ 3,735,395</u>

On June 20, 2018, the City of Glencoe issued \$6,985,000 of General Obligation Bonds, Series 2018A. The proceeds of the issue were used to pay the costs associated with the 2018 Storm Water Improvement Project. Assets of the City, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On November 19, 2018, the City of Glencoe issued \$453,000 of General Obligation Tax Increment Revenue Bonds, Series 2018B. The proceeds of the issue were used to pay the costs associated with the Panther Heights Development. Assets of the City, together with tax increment revenues, are dedicated to retire these bonds.

In 2015, the City of Glencoe entered into a loan agreement with the Minnesota Department of Employment and Economic Development in the amount of \$82,927. The proceeds of the loan were used to pay the costs associated with the demolition of the former Economart Building for future economic development within the City. Assets of the City are dedicated to retire this loan. The agreement contains the following provisions: (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) DEED may terminate the agreement (b) suspend or terminate any future disbursements made under this agreement (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

In 2018, the City of Glencoe entered into a loan agreement with Security Bank & Trust Co. in the amount of \$100,540. The proceeds of the loan were used to pay for a 2018 Case Puma Tractor. Assets of the City are dedicated to retire this loan. The agreement contains the following provisions: (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised (b) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment, and (c) exercise any other remedy availability under law.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

In 2018, the City of Glencoe entered into a loan agreement with the Buffalo Creek Watershed District in the amount of \$183,186. The proceeds of the loan were used to pay the costs associated with the Marsh Water Project. Assets of the City are dedicated to retire this loan. The agreement does not contain and provisions related to default, any remedies in the case of default would be limited based on the laws of the State of Minnesota.

In January 2021, the City issued General Obligation Refunding Bonds, Series 2021A in the amount of \$1,905,000 for a current refunding of the remaining maturities of the General Obligation Refunding Bonds, Series 2012A and the General Obligation Improvement Bonds, Series 2014A. This current refunding is expected to save \$82,552 in cash payments, having a present value of \$80,482.

In 2019, the City of Glencoe entered into a loan agreement (direct borrowing) through the Minnesota Public Facilities Authority Clean Water State Revolving Loan Fund for the rehabilitation of existing facilities and advanced treatment improvements to meet phosphorus limits. The City is authorized to borrow up to \$15,397,062 under the loan agreement. As of December 31, 2023, the City has borrowed \$13,491,938. The agreement contains the following provisions: (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) withhold approval of any disbursement request (b) reject any pending application by the City for financial assistance (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

On June 29, 2023, the City of Glencoe issued \$4,360,000 of General Obligation Bonds, Series 2023A. The proceeds of the issue were used to pay the costs associated with the 2023 Street Improvement Project. Assets of the City, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

The minimum annual principal and interest payments required to retire these loans are as follows:

Year Ending December 31,	DEED Loan		Marsh Creek Project Loan		MN PFA CWRF Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,379	\$ 829	\$ 18,539	\$ 1,533	\$ 706,000	\$ 113,640	\$ 730,918	\$ 116,002
2025	6,379	702	18,914	1,158	713,000	106,580	738,293	108,440
2026	6,379	574	19,292	779	720,000	99,450	745,671	100,803
2027	6,379	447	19,678	394	727,000	92,250	753,057	93,091
2028	6,379	319	-	-	735,000	84,380	741,379	84,699
2029 - 2033	12,758	255	-	-	3,784,000	313,220	3,796,758	313,475
2034 - 2038	-	-	-	-	3,979,000	120,160	3,979,000	120,160
Total	<u>\$ 44,653</u>	<u>\$ 3,126</u>	<u>\$ 76,423</u>	<u>\$ 3,864</u> *	<u>\$ 11,364,000</u>	<u>\$ 929,680</u>	<u>\$ 11,485,076</u>	<u>\$ 936,670</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

In 2023 and prior years, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of four vehicles and two pieces of equipment. The right of use assets related to the leases have a cost of \$112,806 and \$73,920 of accumulated amortization at December 31, 2023. The agreements for the vehicles have terms ending in 2024 through 2025 with rates of 3 or 3.25%. The agreements for the two pieces of equipment have terms ending between 2024 and 2027 and rates of 3 and 3.25%.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,581	\$ 768
2025	6,408	144
2026	2,190	48
2027	372	1
Total	<u>\$ 39,551</u>	<u>\$ 961</u>

The City has one agreement that qualifies a financed purchase arrangement under GASB Statement No. 87. This agreement is for an Enforcer truck for the Fire Department. This agreement matures in 2028 and has principal of \$153,162 interest of \$16,381 due during 2024.

In 2023, the City entered into a financed purchase arrangement for Pierce Enforcer, with an annual interest rate of 4.19%, with a final maturity of February 2028. The minimum principal and interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Financed Purchase</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$153,163	\$ 16,381
2025	143,483	26,061
2026	149,650	19,894
2027	156,008	13,536
2028	162,635	6,909
Total	<u>\$764,939</u>	<u>\$ 82,781</u>

Conduit Debt

On August 1, 2005, the City issued Health Care Facilities Revenue Bonds, Series 2005 in the amount of \$25,075,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2001 and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. On February 1, 2013, the City issued Health Care Facilities Revenue Refunding Bonds, Series 2013 in the amount of \$22,190,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2005. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. As of December 31, 2023, the principal amount outstanding was \$6,305,000.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 RESTRICTED FUND BALANCES

Certain portions of fund balance are restricted to provide for funding on certain long-term liabilities or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds.

A. Restricted for Public Safety

This restricted fund balance represents unspent monies received from the State of Minnesota restricted for public safety expenditures.

B. Restricted for Debt Service

This restricted fund balance represents accumulated resources available for the payment of future principal and interest on the City's bonded debt based on debt agreements.

C. Restricted for Capital Projects

This restricted fund balance represents accumulated resources available for the payment of costs associated with the City's various ongoing capital projects based on tax increment financing agreements.

NOTE 8 COMMITTED FUND BALANCES

Certain portions of fund balance are committed by high-level formal action prior to the close of the fiscal period to place constraints on spending that the City imposes upon itself to provide for the future operation of certain City provided services. The following is a summary of the committed fund balances for the governmental funds.

A. Committed for Aquatic Center

This committed fund balance represents accumulated resources available for the future operations of the City Aquatic Center.

B. Committed for Cable TV

This committed fund balance represents accumulated resources available for the future acquisition of equipment to broadcast City Council meetings and to be able to provide Cable TV services to the citizens of the City.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 ASSIGNED FUND BALANCES

Certain portions of fund balance are assigned based on City Council action. The following is a summary of the assigned fund balances for the governmental funds.

A. Assigned for Park Improvement

The General Fund includes an assignment of fund balance for future park and recreational facility improvements.

B. Assigned for Cemetery

The General Fund includes an assignment of fund balance for the future land acquisition, upkeep, and maintenance of the City's Cemetery.

C. Assigned for Engineering and Inspection Services

The General Fund includes an assignment of fund balance for the future engineering and inspection of private developments.

NOTE 10 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part-time employees of the City of Glencoe. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$130,732. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.8% and employer rates were 17.7% in fiscal year 2023. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$130,982. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$1,224,623 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2023. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$33,753 for a total of \$1,258,377. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers.

The City's proportionate share was .0219% at the end of the measurement period and .0225% for the beginning of the period.

For the year ended December 31, 2023, the City recognized pension expense of \$194,890 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$152 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2023, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 40,218	\$ 8,436
Changes in Actuarial Assumptions	198,248	335,659
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	45,797
Changes in Proportion	21,288	32,744
Contributions Paid to PERA Subsequent to the Measurement Date	64,365	-
Total	<u>\$ 324,119</u>	<u>\$ 422,636</u>

The \$64,365 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 39,535
2025	(195,382)
2026	19,531
2027	(26,566)

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$973,955 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers.

City's Proportionate Share of the Net Pension Liability	\$ 973,955
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	39,184
Total	<u>\$ 1,013,139</u>

The City's proportionate share was .0564% at the end of the measurement period and .0526% for the beginning of the period.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9.0 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9.0 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$298,908 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$(2,360) as negative pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9.0 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$5,076 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of the Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 268,552	\$ -
Changes in Actuarial Assumptions	1,130,196	1,369,392
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	46,755
Changes in Proportion	78,098	13,719
Contributions Paid to PERA Subsequent to the Measurement Date	62,062	-
Total	<u>\$ 1,538,908</u>	<u>\$ 1,429,866</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

\$62,062 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 59,397
2025	19,247
2026	252,213
2027	(51,683)
2028	(232,194)

E. Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2023, was \$493,720.

F. Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>
Inflation	2.25% per Year	2.25% per Year
Active Member Payroll Growth	3.00% per Year	3.00% per Year
Investment Rate of Return	7.00%	7.00%

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10%
International Equity	16.5	5.30%
Fixed Income	25.0	0.75%
Private Markets	25.0	5.90%
Totals	100 %	

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the GERF Net Pension Liability	\$ 2,166,457	\$ 1,224,623	\$ 449,929
City's Proportionate Share of the PEPFP Net Pension Liability	1,932,442	973,955	185,950

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED CONTRIBUTION PLAN

Five council members of the City of Glencoe are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City during 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,475	\$ 1,475	5%	5%	5%

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

Plan Description

Firefighters of the City are members of the Glencoe Fire Department Relief Association. The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2022, membership includes 39 active participants, five terminated members entitled to benefit but not yet receiving them and six retired members currently receiving benefits. The plan issues a stand-alone financial statement which can be obtained from the Association at 509 10th Street, Glencoe, MN 55336.

Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 20 years of active service with such department before retirement, and has been a member of the Association in good standing at least five years prior to such retirement shall be entitled to a lump sum service pension in the amount of \$3,500 for each year of active Fire Department service (including each year over 20) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (CONTINUED)

Benefits Provided (Continued)

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with more than 10 years but less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum of \$3,500 for each year the member was an active member of the Glencoe Fire Department. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension. A death benefit is also available, which is payable to a survivor.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

Contributions

Minnesota Statutes Chapter 69.772 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). The minimum contribution from the City of Glencoe and state aid is determined as follows:

	Normal Cost
+	Amortization Payment on Unfunded Accrued Liability Prior to Any Change
+	Amortization Contribution on Unfunded Accrued Liability Attributed to Any Change
+	Administrative Expenses
-	Anticipated State Aid
-	Projected Investment Earnings
=	Total Contribution Required

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$52,299 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2022 was \$0.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (CONTINUED)

Pension Costs

At December 31, 2023, the City reported an asset of \$316,028 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

As a result of its requirement not to contribute to the Relief Association, the City recognized expense of \$46,464 for the year ended December 31, 2023. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 4,210	\$ 74,526
Changes in Actuarial Assumptions	23,083	10,551
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	106,065	-
City Contributions Subsequent to the Measurement Date	44,783	-
Total	<u>\$ 178,141</u>	<u>\$ 85,077</u>

The City contributions to the Association subsequent to the measurement date, \$44,783 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Association’s pension will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ (26,459)
2024	6,372
2025	34,865
2026	62,315
2027	(5,033)
Thereafter	(23,779)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (CONTINUED)

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight Line Closed
Actuarial Assumptions:	
Discount Rate	5.50%
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	4.05%
Inflation Rate	2.50%
Age of Service Retirement	50

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%).

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon’s annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan’s asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation at December 31, 2022</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash and Equivalents	3.42 %	-0.45%	2.05%
Fixed Income	25.32	1.05%	3.55%
Domestic Equity	71.08	4.10%	6.60%
Real Estate and Alternatives	0.18	3.54%	6.04%
Total Portfolio	<u>100.00 %</u>		5.99%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.50%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Pension Liability Sensitivity

The following presents the City of Glencoe's proportionate share of the net pension asset of the Association, calculated using the discount rate of 5.50%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	<u>1% Decrease</u>	<u>Selected Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ (274,914)	\$ (316,028)	\$ (355,319)
Discount Rate	4.50%	5.50%	6.50%

Plan's Fiduciary Net Position

Information about the Plan's fiduciary net position is as follows:

ASSETS	
Cash and Cash Equivalents	\$ 35,329
Fixed Income Securities	122,241
Equity Investments	410,058
Mutual Funds	772,916
Accounts Receivable	1,000
Accrued Interest	1,010
Total Assets	\$ 1,342,554
NET POSITION	
Restricted for Fire Pensions	\$ 1,342,554
REVENUES	
Fire State Aid	\$ 51,299
State 10% Supplemental Reimbursement	1,000
Municipal Contribution	40,937
Investment Loss	(250,018)
Total Revenues	(156,782)
EXPENSES	
Pension Distributions	71,777
Administrative	13,423
Total Expenses	85,200
CHANGE IN NET POSITION	(241,982)
Net Position - Beginning of Year	1,584,536
NET POSITION - END OF YEAR	\$ 1,342,554

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (CONTINUED)

Information about the changes in the Plan’s net pension liability is as follows:

	Measurement Date December 31, 2022
<u>Total Pension Liability</u>	
Service Cost	\$ 60,936
Interest	57,966
Differences Between Expected and Actual Experience	(42,559)
Changes of Assumptions	(6,926)
Changes of Benefit Terms	-
Benefit Payments, Including Member Contribution Refunds	(71,777)
Net Change in Total Pension Liability	<u>(2,360)</u>
Total Pension Liability - Beginning of Year	<u>1,028,886</u>
Total Pension Liability - End of Year (a)	<u>1,026,526</u>
Plan Fiduciary Net Position	
Municipal Contributions	40,937
State Contributions	52,299
Net Investment Income	(250,018)
Miscellaneous	-
Transfer from General Fund	-
Benefit Payments	(71,777)
Administrative Expenses	(13,423)
Net Change in Fiduciary Net Position	<u>(241,982)</u>
Fiduciary Net Position - Beginning of Year	<u>1,584,536</u>
Fiduciary Net Position - End of Year (b)	<u>1,342,554</u>
Association’s Net Pension Liability/(Asset) - End of Year (a) - (b)	<u><u>\$ (316,028)</u></u>

NOTE 13 TOTAL OF ALL PENSION PLANS

The Combined totals for the City and Component Unit’s pension plans are as follows:

	Pension Liability (Asset)	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
Public Employees Retirement Association - City	\$ 2,198,578	\$ 1,863,027	\$ 1,852,502	\$ 491,590
Public Employees Retirement Association - Component Unit	799,640	202,387	300,495	105,885
Fire Relief Association	(316,028)	178,141	85,077	46,464
Total	<u>\$ 2,682,190</u>	<u>\$ 2,243,555</u>	<u>\$ 2,238,074</u>	<u>\$ 643,939</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 TOTAL OF ALL PENSION PLANS (CONTINUED)

Description	General Employees Plan	Police and Fire Fund	Fire Relief Association	Total
Net Pension Asset	\$ -	\$ -	\$ 316,028	\$ 316,028
Net Pension Liability	1,224,623	973,955	-	2,198,578
Deferred Outflows of Resources	324,119	1,538,908	178,141	2,041,168
Deferred Inflows of Resources	422,636	1,429,866	85,077	1,937,579
Pension Expense	195,042	296,548	46,464	538,054

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City operates a single-employer postemployment defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the City's health insurance plan. The plan covers active and retired employees who have reached age 65 or the rule of 85 or are disabled in the line of duty for police and fire employees. Benefit and eligibility provisions are established through the City's Personnel Policy. The City has the authority to change the Personnel Policy at any time. The plan does not issue a publicly available financial report.

Funding Policy

The City does not have assets designated to pay for OPEB related costs. Contribution requirements are set by the City. The City contributes 100% of the cost of current-year premiums for eligible retired plan members. Payments for these benefits are on a pay-as-you-go method under which the contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. For the year ended December 31, 2023, there were \$21,441 of contributions to the plan.

Actuarial Methods and Assumptions

The City's OPEB liability was measured as of December 31, 2022, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2021 using the alternative measurement method.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	3.00%
Health Care Trend Rates	6.2% Decreasing to 3.7% in 2075 and Later Years

Mortality rates were based on the Pub-2010 General Mortality table.

The actuarial assumptions used in December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2021.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 4.05%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2022	\$ 151,867
Changes for the Year:	
Service Cost	11,363
Interest	2,806
Assumption Changes	(18,379)
Difference Between Expected and Actual Experience	4,566
Benefit Payments	<u>(21,441)</u>
Net Change in Total OPEB Liability	<u>(21,085)</u>
Balances at December 31, 2023	<u><u>\$ 130,782</u></u>

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Decrease (5.05%)
Net OPEB Liability	\$ 138,724	\$ 130,782	\$ 123,433

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.20% decreasing to 2.7% over five years) or 1% higher (7.2% decreasing to 4.7% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.2% Decreasing to 2.7%)	Current Trend Rates (6.2% Decreasing to 3.7%)	1% Increase (7.2% Decreasing to 4.7%)
<u>Medical Trend Rate</u>			
Net OPEB Liability	\$ 120,368	\$ 130,782	\$ 142,853

For the year ended December 31, 2023, the City recognized OPEB expense of \$(21,085). At December 31, 2023, the City reported no deferred inflows of resources, and \$21,441 in deferred outflows of resources resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year December 31, 2024.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 15 FRANCHISE TO CITY

A resolution was adopted by the Light and Power Commission for a transfer of funds to the City in lieu of taxes. The total sum to be transferred to the City each year shall be equal to, or greater than, what taxes would be for a privately owned utility operating within the City limits.

In 2023, the Commission transferred \$105,000 to the City of Glencoe for the payment in lieu of taxes. In addition, the Commission provided, at no cost to the City, street lights and street light maintenance in the amount of \$19,684 for 2023.

NOTE 16 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance policies to handle any losses arising from various risks. There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City's insurance coverage in any of the prior three years.

NOTE 17 COMMITMENTS AND CONTINGENT LIABILITIES

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations, and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 18 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers

Transfers between funds during 2023 are as follows:

	Transfers In	Transfers Out
Governmental Fund Types		
General Fund	\$ 695,767	\$ (506,250)
2023 Street Improvement Fund	435,000	(69,517)
Nonmajor Governmental Funds	1,160,549	(333,549)
Total Governmental Funds	2,291,316	(909,316)
Proprietary Fund Types		
Water Fund	-	(465,500)
Wastewater Treatment Plant Fund	-	(476,500)
Sanitation Fund	-	-
City Center Fund	150,000	-
Municipal Liquor Fund	-	(200,000)
Storm Water Management Fund	-	(390,000)
Total Proprietary Funds	150,000	(1,532,000)
Total Operating Transfers	\$ 2,441,316	\$ (2,441,316)

Due to/from Other Funds

Individual fund receivable and payable balances at December 31, 2023 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,272,387	\$ -
2014 Street Improvement Bond	-	168
2015 Street Improvement Bond	-	317
2021 Street Improvement Bond	-	201,704
2023 Street Improvement	-	27,436
Tax Inc. #20 - Bus Garage	-	9,345
Airport Fund	-	534,615
City Center Fund	-	498,802
Total	\$ 1,272,387	\$ 1,272,387

All of the due from/due to other funds balances are expected to be repaid in future years.

NOTE 19 TAX ABATEMENTS

The City entered into a property tax abatement agreement (structured as pay-as-you-go tax increment financing district) with a commercial business under Minnesota Statutes 469.174. Under the statutes, the City may grant property tax abatements up to a percentage of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdiction. Under this agreement, the recipient is to perform significant soil corrections or public development costs in order to construct a 100,000 square foot expansion to the existing manufacturing and distribution facility, creating job opportunities and enhancing the local tax base of the City.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 19 TAX ABATEMENTS (CONTINUED)

The abatement is achieved based on a percentage of the captured tax capacity of the property. The Developer must continue operations for a period of five years after receiving the tax abatements. If the Developer discontinues operations prior to five years after receiving the tax abatements, the Developer will repay a prorated share of the public development costs. The commercial business agreed to build a 100,000 square foot expansion to the existing manufacturing and distribution facility, thereby creating job opportunities and enhancing the local tax base of the City.

Based on the property tax abatement agreement in place at December 31, 2018, the City is committed to reimbursing the Public Development Costs to the Developer in an amount not to exceed \$1,005,118 through available Tax Increments received by the City.

As of December 31, 2023, the Developer has not completed the requirements for the tax abatement, therefore, there were no abated property taxes by the City in 2023 under this agreement.

NOTE 20 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2024, the date the financial statements were available to be issued.

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

Deposits and Investments

Deposits

In accordance with Minnesota Statutes, the Light and Power Commission maintains deposits at financial institutions authorized by the Glencoe City Council. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Commission’s deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Deposits and Investments (Continued)

Deposits (Continued)

Authorized collateral includes U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated “A” or better; revenue obligations of a state or local government rated “AA” or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The Commission’s deposits in banks at December 31, 2023 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Investments

The Commission does not have an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated “A” or better; revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rate “A” or better.
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2023, the Light and Power Commission had only Non-Negotiable CD's.

Designated Cash

Commission resolutions have established the following designated cash funds to reflect other financial considerations:

Expansion Fund	\$ 5,260,313
Expansion Fund Cash on Deposit	1,455,000
Catastrophic Reserve Fund	<u>2,482,641</u>
Total Designated Cash	<u><u>\$ 9,197,954</u></u>

A summary of the significant purposes of the designated cash is as follows:

Expansion Fund - Designated

Five percent of gross electric sales are set aside in this fund each month. Monies from this account can be used for new expansion and for bond payments.

Catastrophic Reserve Fund - Designated

Commission designated funds for relief from unexpected catastrophic events.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

A summary of capital asset activity for the year ended December 31, 2023 is as follows:

	2023			
	Beginning Balance	Additions	Retirements	Ending Balance
PLANT IN SERVICE				
Buildings, Land, and Land Improvements	\$ 2,456,808	\$ 12,480	\$ -	\$ 2,469,288
Engines, Auxiliaries, and Switch Boards	13,935,723	-	-	13,935,723
Distribution System	8,367,987	34,685	-	8,402,672
Transmission System	11,544,191	-	-	11,544,191
Street Lights	175,454	-	-	175,454
Substation	3,050,437	62,176	-	3,112,613
Loop Feeder	468,366	-	-	468,366
Meters	992,144	-	-	992,144
Total Plant in Service	40,991,110	109,341	-	41,100,451
Less: Accumulated Depreciation	(25,392,766)	(916,342)	-	(26,309,108)
Net Plant in Service	15,598,344	(807,001)	-	14,791,343
CONSTRUCTION WORK-IN-PROGRESS				
Net Utility Plant	-	11,878	-	11,878
	15,598,344	(795,123)	-	14,803,221
NONUTILITY PROPERTY				
Building and Improvements	447,364	-	-	447,364
Transportation Equipment	1,340,830	169,260	(107,360)	1,402,730
Plant Tools and Equipment	172,655	-	-	172,655
Office Equipment	162,652	-	-	162,652
Total Nonutility Property	2,123,501	169,260	(107,360)	2,185,401
Less: Accumulated Depreciation	(1,302,713)	(105,439)	107,360	(1,300,792)
Net Nonutility Property	820,788	63,821	-	884,609
Total Net Capital Assets	\$ 16,419,132	\$ (731,302)	\$ -	\$ 15,687,830

Capital assets that are not being depreciated (including land and construction-in-progress) totaled \$542,084 at December 31, 2023.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Long-Term Liabilities

A summary of long-term debt activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated Absences Payable	\$ 79,500	\$ 106,575	\$ (103,551)	\$ 82,524	\$ -
Total	<u>\$ 79,500</u>	<u>\$ 106,575</u>	<u>\$ (103,551)</u>	<u>\$ 82,524</u>	<u>\$ -</u>

Defined Benefit Pension Plan

Pension Description

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA defined benefit pension plans are tax-qualified plans under Section 401 (a) of the Internal Revenue Code.

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan. Coordinated Plan members are covered by Social Security

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee Contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2023 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2023 were \$90,755. The Commission's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2023, the Commission reported a liability of \$799,640 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2023. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$21,902 for a total pension liability of \$821,542. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the Commission's proportionate share was .0143% at the end of the measurement period and .0149% for the beginning of the period.

For the year ended December 31, 2023, the Commission recognized pension expense of \$105,787 for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$98 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Pension Costs (Continued)

At December 31, 2023, the Commission reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 26,260	\$ 5,509
Changes in Actuarial Assumptions	129,451	219,175
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	29,904
Changes in Proportion	-	45,907
Commission Contributions Subsequent to the Measurement Date	46,676	-
Total	<u>\$ 202,387</u>	<u>\$ 300,495</u>

\$46,676 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expenses Amount
2024	\$ (2,577)
2025	(134,468)
2026	9,608
2027	(17,347)

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

	<u>General Employees Fund</u>
Inflation	2.25% per Year
Active Member Payroll Growth	3.00% per Year
Investment Rate of Return	7.00%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2023 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 6.50% to 7.00% for financial reporting purposes.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period for those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10%
International Equity	16.5	5.30%
Fixed Income	25.0	0.75%
Private Markets	25.0	5.90%
Totals	100.0 %	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Commission's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Measurement Date</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
June 30, 2023			
<u>General Employee Plan Discount Rate</u>	6.00%	7.00%	8.00%
<u>Commission's Proportionate Share of the Net Pension Liability</u>	\$ 1,414,627	\$ 799,640	\$ 293,789

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Other Postemployment Benefits

Plan Description

The Commission operates a single-employer postemployment defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the Commission's health insurance plan. The plan covers active and retired employees who have reached 20 years of service and are under the age of 62 or 15 years of service and are age 63. There are 14 active participants and 3 retired participants. Benefit and eligibility provisions are established through the Commission's Personnel Policy. The Commission has the authority to change the Personnel Policy at any time. The plan does not issue a publicly available financial report.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

Funding Policy

The Commission does not have assets designated to pay for OPEB related costs. Contribution requirements are set by the Commission. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. Payments for these benefits are on a pay-as-you-go method under which the contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. For the year ended December 31, 2023, there were \$21,441 of contributions to the plan.

Actuarial Methods and Assumptions

The Commission's OPEB liability was measured as of December 31, 2022, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to the measurement date of December 31, 2023.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	3.00%
Health Care Trend Rates	6.2% Decreasing to 3.7% Over Several Decades

Mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.

The actuarial assumptions used in December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2021.

The discount rate used to measure the total OPEB liability was 4.05%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Since the most recent valuation, the following changes have been made:

- The discount rate was changed from 1.84% to 4.05%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)
Actuarial Methods and Assumptions (Continued)

Changes in the Net OPEB Liability:

	<u>Total OPEB Liability</u>
Balances at December 31, 2022	\$ 231,395
Changes for the Year:	
Service Cost	14,523
Interest	4,209
Assumption Changes	(19,900)
Difference between Expected and Actual Experience	(17,404)
Benefit Payments	(34,341)
Net Change in Total OPEB Liability	<u>(52,913)</u>
Balances at December 31, 2023	<u>\$ 178,482</u>

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Decrease (5.05%)
Net OPEB Liability	\$ 187,103	\$ 178,482	\$ 170,473

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.20% decreasing to 4.2% over five years) or 1% higher (7.20% decreasing to 6.20% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.2% Decreasing to 2.7%)	Current Trend Rates (6.2% Decreasing to 3.7%)	1% Decrease (7.2% Decreasing to 4.7%)
<u>Medical Trend Rate</u> Net OPEB Liability	\$ 166,748	\$ 178,482	\$ 192,139

For the year ended December 31, 2023, the Commission recognized OPEB expense of (\$18,572). At December 31, 2023, the Commission reported no deferred inflows of resources, and \$33,757 in deferred outflows of resources resulting from Commission contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year December 31, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	2023 Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes -				
General Property Taxes	\$ 2,250,000	\$ 2,250,000	\$ 2,238,292	\$ (11,708)
Tax Increments	2,000	2,000	-	(2,000)
Special Assessments	110,000	110,000	44,129	(65,871)
Franchise Taxes	2,000	2,000	3,551	1,551
Total Taxes	<u>2,364,000</u>	<u>2,364,000</u>	<u>2,285,972</u>	<u>(78,028)</u>
Licenses and Permits	44,000	44,000	99,721	55,721
Intergovernmental -				
Local Government Aid	1,618,633	1,618,633	1,619,751	1,118
Market Value Credit Aid	-	-	277	277
Police State Aid	64,000	64,000	95,282	31,282
Fire State Aid	52,000	52,000	57,680	5,680
Miscellaneous State Aid	5,500	5,500	4,726	(774)
Miscellaneous Federal Aid	-	-	-	-
Total Intergovernmental	<u>1,740,133</u>	<u>1,740,133</u>	<u>1,777,716</u>	<u>37,583</u>
Charges for Services -				
Special Services, Police	60,500	60,500	30,000	(30,500)
Special Services, Fire	44,000	44,000	48,084	4,084
Miscellaneous Charges	45,500	45,500	91,347	45,847
Total Charges for Services	<u>150,000</u>	<u>150,000</u>	<u>169,431</u>	<u>19,431</u>
Fines and Forfeits	44,000	44,000	53,796	9,796
Interest	2,000	2,000	17,494	15,494
Contributions and Donations	16,000	16,000	55,254	39,254
Payments in Lieu of Taxes	105,000	105,000	105,000	-
Miscellaneous -				
Park Fees	58,000	58,000	51,595	(6,405)
Reimbursements, Refunds and Miscellaneous	59,750	59,750	-	(59,750)
Total Miscellaneous	<u>117,750</u>	<u>117,750</u>	<u>51,595</u>	<u>(66,155)</u>
Total Revenues	<u>4,582,883</u>	<u>4,582,883</u>	<u>4,615,979</u>	<u>33,096</u>

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	2023 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government -				
Administration:				
Salaries	\$ 235,420	\$ 235,420	\$ 232,722	\$ 2,698
Employee Benefits	86,085	86,085	94,049	(7,964)
Payroll Taxes	14,736	14,736	13,466	1,270
Workers' Compensation	2,100	2,100	3,083	(983)
Office Supplies	7,500	7,500	10,428	(2,928)
Printing and Binding	5,000	5,000	2,480	2,520
Repairs and Maintenance	14,000	14,000	31,068	(17,068)
Professional Services	80,000	80,000	80,559	(559)
Auditing and Accounting	45,000	45,000	47,725	(2,725)
Legal Fees	62,000	62,000	107,707	(45,707)
Chamber	6,100	6,100	6,122	(22)
Computer Software	-	-	315	(315)
Telephone	4,000	4,000	4,696	(696)
Postage	3,000	3,000	3,789	(789)
Advertising	3,500	3,500	3,840	(340)
Travel	2,000	2,000	1,713	287
Training	3,000	3,000	897	2,103
Insurance	31,000	31,000	42,172	(11,172)
Utilities	63,500	63,500	64,194	(694)
Subscriptions	500	500	229	271
Continuing Education and Dues	1,500	1,500	2,720	(1,220)
League of Minnesota Cities	18,000	18,000	17,677	323
Capital Outlay	2,000	2,000	4,987	(2,987)
Miscellaneous	750	750	2,478	(1,728)
Total Administration	690,691	690,691	779,116	(88,425)
Finance:				
Salaries	154,545	154,545	159,371	(4,826)
Employee Benefits	71,832	71,832	51,737	20,095
Payroll Taxes	9,582	9,582	9,443	139
Office Supplies	2,000	2,000	1,902	98
Printing and Binding	500	500	743	(243)
Repairs and Maintenance	500	500	-	500
Computer Software	5,400	5,400	8,418	(3,018)
Postage	-	-	22	(22)
Travel	500	500	-	500
Continuing Education and Dues	200	200	-	200
Capital Outlay	500	500	481	19
Training	500	500	-	500
Miscellaneous	600	600	200	400
Total Finance	246,659	246,659	232,317	14,342

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	2023 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
General Government - (Cont'd.)				
City Council:				
Salaries	\$ 29,700	\$ 29,700	\$ 29,300	\$ 400
Employee Benefits	1,485	1,485	1,465	20
Payroll Taxes	431	431	425	6
Workers' Compensation	-	-	105	(105)
Office Supplies	500	500	184	316
Travel	1,200	1,200	271	929
Training	2,500	2,500	2,783	(283)
Dues and Subscriptions	500	500	1,530	(1,030)
Miscellaneous	5,850	5,850	5,452	398
Total City Council	<u>42,166</u>	<u>42,166</u>	<u>41,515</u>	<u>651</u>
Unallocated	<u>64,408</u>	<u>64,408</u>	<u>103,813</u>	<u>(39,405)</u>
Total General Government	1,043,924	1,043,924	1,156,761	(112,837)
Public Safety -				
Police Department:				
Salaries	876,335	876,335	800,551	75,784
Employee Benefits	358,026	358,026	347,385	10,641
Payroll Taxes	5,493	5,493	4,765	728
Workers' Compensation	40,000	40,000	52,531	(12,531)
Supplies	11,700	12,700	13,279	(579)
Motor Fuels	30,000	30,000	26,357	3,643
Repairs and Maintenance	35,500	77,770	73,699	4,071
Training	19,000	19,000	17,436	1,564
Continuing Education and Dues	750	750	447	303
Investigation	7,750	7,750	7,270	480
Telephone	8,000	8,000	14,363	(6,363)
Insurance	19,000	19,000	31,539	(12,539)
Legal Fees	57,000	57,000	61,520	(4,520)
Uniforms	10,000	10,000	10,760	(760)
Animal Control	2,000	2,000	633	1,367
Operating Leases	66,000	66,000	45,509	20,491
Capital Outlay	25,000	25,000	57,819	(32,819)
Utilities	14,000	14,000	15,064	(1,064)
Miscellaneous	6,500	6,500	10,958	(4,458)
Total Police Department	<u>1,592,054</u>	<u>1,635,324</u>	<u>1,591,885</u>	<u>43,439</u>

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	2023 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
Public Safety - (Cont'd.)				
Fire Department:				
Salaries	\$ 5,400	\$ 5,400	\$ 5,400	\$ -
State Fire Aid	52,000	52,000	57,680	(5,680)
Municipal Fire Aid Contribution	42,000	42,000	44,783	(2,783)
Payroll Taxes	414	414	413	1
Workers' Compensation	14,500	14,500	18,758	(4,258)
Office Supplies	3,500	3,500	7,124	(3,624)
Motor Fuels	7,750	7,750	6,821	929
Repairs and Maintenance	42,500	43,122	56,081	(12,959)
Training	10,000	10,000	12,156	(2,156)
Telephone	1,000	1,000	916	84
Travel	1,500	1,500	758	742
Advertising	1,400	1,400	788	612
Insurance	4,300	4,300	5,726	(1,426)
Utilities	6,600	6,600	6,626	(26)
Continuing Education and Dues	4,000	4,000	1,702	2,298
Capital Lease Principal	86,502	86,502	86,502	-
Capital Lease Interest	3,766	3,766	14,360	(10,594)
Capital Outlay	27,000	30,875	781,107	(750,232)
Miscellaneous	21,500	21,500	7,752	13,748
Total Fire Department	<u>335,632</u>	<u>340,129</u>	<u>1,115,453</u>	<u>(775,324)</u>
Code Enforcement:				
Office Supplies	-	-	-	-
Building Inspector	36,000	36,000	131,858	(95,858)
Total Code Enforcement	<u>36,000</u>	<u>36,000</u>	<u>131,858</u>	<u>(95,858)</u>
Total Public Safety	1,963,686	2,011,453	2,839,196	(827,743)
Streets and Highways -				
Salaries	227,988	227,988	234,405	(6,417)
Employee Benefits	69,271	69,271	72,332	(3,061)
Payroll Taxes	14,198	14,198	13,807	391
Workers' Compensation	17,500	17,500	22,756	(5,256)
Supplies	1,800	1,800	2,640	(840)
Motor Fuels	30,000	30,000	33,745	(3,745)
Repairs and Maintenance	67,500	78,882	49,063	29,819
Professional Services	1,000	1,000	1,008	(8)
Street Maintenance	17,000	17,000	16,036	964
Street Overlay and Seal Coat	735,000	735,000	63,864	671,136
Landscaping	2,000	2,000	344	1,656
Telephone	1,600	1,600	1,557	43

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	2023 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
Streets and Highways - (Cont'd.)				
Mosquito Control	\$ 11,000	\$ 11,000	\$ 6,228	\$ 4,772
Insurance	8,800	8,800	21,435	(12,635)
Utilities	8,200	8,200	7,554	646
Capital Lease Principal	21,951	21,951	22,039	(88)
Capital Lease Interest	1,002	1,002	986	16
Capital Outlay	177,000	177,000	278,613	(101,613)
Miscellaneous	53,650	53,650	53,844	(194)
Total Street and Highways	1,466,460	1,477,842	902,256	575,586
Culture and Recreation -				
Parks and Recreation:				
Salaries	282,488	282,488	254,534	27,954
Employee Benefits	100,443	100,443	98,133	2,310
Payroll Taxes	17,608	17,608	15,053	2,555
Workers' Compensation	11,000	11,000	13,888	(2,888)
Supplies	15,600	15,600	10,197	5,403
Motor Fuels	13,000	13,000	17,973	(4,973)
Repairs and Maintenance	19,500	19,500	21,532	(2,032)
Telephone	1,750	1,750	1,660	90
Insurance	24,500	24,500	30,793	(6,293)
Utilities	8,700	8,700	9,691	(991)
Capital Outlay	18,000	18,000	124,459	(106,459)
Miscellaneous	9,000	9,000	6,948	2,052
Total Park and Recreation	521,589	521,589	604,861	(83,272)
Library and Community Center:				
Supplies	3,400	3,400	3,624	(224)
Repairs and Maintenance	3,100	3,100	7,347	(4,247)
Management Fees	95,000	95,000	93,600	1,400
Telephone	800	800	760	40
Insurance	2,400	2,400	13,039	(10,639)
Utilities	20,000	20,000	18,114	1,886
Capital Outlay	2,100	4,100	6,290	(2,190)
Total Library and Community Center	126,800	128,800	142,774	(13,974)
Total Culture and Recreation	648,389	650,389	747,635	(97,246)

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	2023 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
Economic Development	\$ 15,000	\$ 15,000	\$ 9,781	\$ 5,219
Total Expenditures	<u>5,137,459</u>	<u>5,198,608</u>	<u>5,655,629</u>	<u>(457,021)</u>
Deficiency of Revenues Under Expenditures	(554,576)	(615,725)	(1,039,650)	(423,925)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	710,000	710,000	695,767	(14,233)
Operating Transfers Out	(100,000)	(100,000)	(506,250)	(406,250)
Lease Proceeds	-	-	764,939	764,939
Proceeds from the Sale of Capital Assets	500	500	15,750	15,250
Insurance Proceeds	6,500	6,500	59,779	53,279
Total Other Financing Sources (Uses)	<u>617,000</u>	<u>617,000</u>	<u>1,029,985</u>	<u>412,985</u>
Net Change in Fund Balances	62,424	1,275	(9,665)	(10,940)
Fund Balances - Beginning of Year	<u>2,475,038</u>	<u>2,475,038</u>	<u>2,475,038</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,537,462</u>	<u>\$ 2,476,313</u>	<u>\$ 2,465,373</u>	<u>\$ (10,940)</u>

See accompanying Notes to the Required Supplementary Information.

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2023

	Measurement Date December 31, 2022	Measurement Date December 31, 2021	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018	Measurement Date December 31, 2017
Total OPEB Liability						
Service Cost	\$ 11,363	\$ 9,926	\$ 7,439	\$ 5,312	\$ 6,116	\$ 5,237
Interest	2,806	3,381	4,981	6,135	7,261	8,956
Difference Between Expected and Actual Experience	4,566	4,717	4,421	24,162	-	-
Assumption Changes	(18,379)	(4,956)	6,751	11,187	(30,011)	4,369
Benefit Payments	(21,441)	(40,620)	(35,740)	(30,574)	(42,526)	(27,792)
Net Change in Total OPEB Liability	(21,085)	(27,552)	(12,148)	16,222	(59,160)	(9,230)
Total OPEB Liability - Beginning	151,867	179,419	191,567	175,345	234,505	243,735
Net OPEB Liability - Ending	<u>\$ 130,782</u>	<u>\$ 151,867</u>	<u>\$ 179,419</u>	<u>\$ 191,567</u>	<u>\$ 175,345</u>	<u>\$ 234,505</u>
 Covered Payroll	 \$ 2,406,573	 \$ 2,130,550	 \$ 2,102,498	 \$ 2,084,022	 \$ 1,986,408	 \$ 2,233,168
 City's Net OPEB Liability as a Percentage of Covered Payroll	 5.4%	 7.1%	 8.5%	 9.2%	 8.8%	 10.5%

The City implemented GASB Statement No 75 in 2018, and this information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

No assets are accumulated in a trust.

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GLENCOE FIRE DEPARTMENT RELIEF
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS**

	Measurement Date December 31, 2022	Measurement Date December 31, 2021	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018	Measurement Date December 31, 2017	Measurement Date December 31, 2016	Measurement Date December 31, 2015	Measurement Date December 31, 2014
Total Pension Liability									
Service Cost	\$ 60,936	\$ 51,202	\$ 54,829	\$ 49,984	\$ 46,293	\$ 37,968	\$ 45,629	\$ 35,804	\$ 31,824
Interest	57,966	51,625	59,264	57,642	58,461	60,831	60,464	62,332	54,683
Differences Between Expected and Actual Experience	(42,559)	-	(40,396)	-	8,251	-	(43,098)	-	-
Changes in Assumptions	(6,926)	-	12,268	-	21,529	14,376	(23,628)	24,334	-
Changes in Benefit Terms	-	101,476	-	44,542	-	79,790	-	51,986	49,874
Benefit Payments, Including Member Contribution Refunds	(71,777)	(125,692)	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Net Change in Total Pension Liability	(2,360)	78,611	(137,127)	117,675	(51,202)	53,117	(115,585)	146,052	119,401
Total Pension Liability - Beginning of Year	1,028,886	950,275	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345	817,944
Total Pension Liability - End of Year (a)	1,026,526	1,028,886	950,275	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345
Plan Fiduciary Net Position									
Municipal Contributions	40,937	40,777	39,776	29,211	29,192	25,500	68,795	68,795	68,774
State Contributions	52,299	53,334	48,170	45,591	49,282	45,695	46,437	43,134	40,108
Net Investment Income	(250,018)	210,566	199,006	213,025	(51,005)	140,849	81,653	(11,916)	72,568
Miscellaneous	-	-	-	-	-	-	-	25	-
Transfer from General Fund	-	-	-	-	-	30,000	-	-	-
Benefit Payments	(71,777)	(125,692)	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Administrative Expenses	(13,423)	(15,372)	(11,130)	(12,152)	(11,860)	(17,305)	(12,535)	(14,116)	(8,658)
Net Change in Fiduciary Net Position	(241,982)	163,613	52,730	241,182	(170,127)	84,891	29,398	57,518	155,812
Fiduciary Net Position - Beginning of Year	1,584,536	1,420,923	1,368,193	1,127,011	1,297,138	1,212,247	1,182,849	1,125,331	969,519
Fiduciary Net Position - End of Year (b)	1,342,554	1,584,536	1,420,923	1,368,193	1,127,011	1,297,138	1,212,247	1,182,849	1,125,331
Association's Net Pension Liability/(Asset) - End of Year (a) - (b)	\$ (316,028)	\$ (555,650)	\$ (470,648)	\$ (280,791)	\$ (157,284)	\$ (276,209)	\$ (244,435)	\$ (99,452)	\$ (187,986)
Fiduciary Net Position as a Percentage of the Total Pension Asset	130.79%	154.01%	149.53%	125.82%	116.22%	127.05%	125.26%	109.18%	120.06%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Calendar Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
PERA - General Employees Retirement Plan - City									
City's Proportion of the Net Pension Liability	0.0219%	0.0225%	0.0227%	0.0213%	0.0212%	0.0221%	0.0220%	0.0213%	0.0218%
City's Proportionate Share of the Net Pension Liability	\$ 1,224,623	\$ 1,782,007	\$ 969,392	\$ 1,277,032	\$ 1,138,372	\$ 1,226,018	\$ 1,404,465	\$ 1,729,454	\$ 1,129,789
State's Proportionate Share of the Net Pension Liability	<u>33,753</u>	<u>52,334</u>	<u>29,612</u>	<u>39,457</u>	<u>36,498</u>	<u>40,172</u>	<u>17,628</u>	<u>22,610</u>	<u>-</u>
Total City's Proportionate Share of the Net Pension Liability	<u>\$ 1,258,376</u>	<u>\$ 1,834,341</u>	<u>\$ 999,004</u>	<u>\$ 1,316,489</u>	<u>\$ 1,174,870</u>	<u>\$ 1,266,190</u>	<u>\$ 1,422,093</u>	<u>\$ 1,752,064</u>	<u>\$ 1,129,789</u>
City's Covered Payroll	\$ 1,769,186	\$ 1,750,796	\$ 1,608,934	\$ 1,519,375	\$ 1,501,772	\$ 1,483,355	\$ 1,414,709	\$ 1,323,518	\$ 1,276,439
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	69.22%	101.78%	60.25%	84.05%	75.80%	82.65%	99.28%	130.67%	88.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.67%	87.00%	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%
PERA - Public Employees Police and Fire Plan - City									
City's Proportion of the Net Pension Liability	0.0564%	0.0526%	0.0509%	0.0501%	0.0525%	0.0496%	0.0510%	0.0530%	0.0540%
City's Proportionate Share of the Net Pension Liability	\$ 973,955	\$ 2,288,944	\$ 392,894	\$ 660,371	\$ 558,916	\$ 528,685	\$ 688,561	\$ 2,126,982	\$ 613,566
State's Proportionate Share of the Net Pension Liability	<u>39,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total City's Proportionate Share of the Net Pension Liability	<u>\$ 1,013,139</u>	<u>\$ 2,288,944</u>	<u>\$ 392,894</u>	<u>\$ 660,371</u>	<u>\$ 558,916</u>	<u>\$ 528,685</u>	<u>\$ 688,561</u>	<u>\$ 2,126,982</u>	<u>\$ 613,566</u>
City's Covered Payroll	\$ 707,639	\$ 706,112	\$ 604,552	\$ 566,326	\$ 553,556	\$ 523,215	\$ 522,873	\$ 514,958	\$ 482,740
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	137.63%	324.16%	64.99%	116.61%	100.97%	101.05%	131.69%	413.04%	127.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.47%	70.53%	93.66%	87.20%	89.30%	88.80%	85.40%	63.90%	86.60%

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PERA - General Employees Retirement Plan - City										
Contractually Required Contribution	\$ 131,957	\$ 126,654	\$ 122,719	\$ 117,098	\$ 112,633	\$ 114,378	\$ 110,431	\$ 104,130	\$ 99,983	\$ 92,542
Contributions in Relation to the Contractually Required Contribution	(131,957)	(126,654)	(122,719)	(117,098)	(112,633)	(114,378)	(110,431)	(104,130)	(99,983)	(92,542)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,759,427	\$ 1,688,720	\$ 1,636,253	\$ 1,561,307	\$ 1,501,772	\$ 1,525,035	\$ 1,472,414	\$ 1,388,399	\$ 1,333,108	\$ 1,276,439
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%
PERA - Public Employees Police and Fire Plan - City										
Contractually Required Contribution	\$ 125,252	\$ 106,504	\$ 106,504	\$ 104,054	\$ 91,721	\$ 84,873	\$ 86,985	\$ 84,340	\$ 81,649	\$ 73,859
Contributions in Relation to the Contractually Required Contribution	(125,252)	(106,504)	(106,504)	(104,054)	(91,721)	(84,873)	(86,985)	(84,340)	(81,649)	(73,859)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 707,639	\$ 606,038	\$ 606,038	\$ 587,876	\$ 553,556	\$ 523,907	\$ 536,943	\$ 520,616	\$ 504,004	\$ 482,740
Contributions as a Percentage of Covered Payroll	17.70%	17.57%	17.57%	17.70%	16.57%	16.20%	16.20%	16.20%	16.20%	15.30%
Fire Relief Association										
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,094
Contributions in Relation to the Statutorily Required Contribution	(44,783)	(40,937)	(40,777)	(39,776)	(29,211)	(29,192)	(25,500)	(68,795)	(68,795)	(68,774)
Contribution Deficiency (Excess)	<u>\$ (44,783)</u>	<u>\$ (40,937)</u>	<u>\$ (40,777)</u>	<u>\$ (39,776)</u>	<u>\$ (29,211)</u>	<u>\$ (29,192)</u>	<u>\$ (25,500)</u>	<u>\$ (68,795)</u>	<u>\$ (68,795)</u>	<u>\$ (14,680)</u>
City's Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
LIGHT AND POWER COMMISSION OF THE CITY OF GLENCOE
SCHEDULE OF THE COMMISSION'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Commission's Proportion of the Net Pension Liability	0.0143%	0.0149%	0.0153%	0.0158%	0.0153%	0.0152%	0.0160%	0.0167%	0.0160%
Commission's Proportionate Share of the Net Pension Liability	\$ 799,640	\$ 1,180,085	\$ 653,379	\$ 947,282	\$ 845,903	\$ 843,234	\$ 1,021,429	\$ 1,355,957	\$ 844,751
State's Proportionate Share of the Net Pension Liability	21,902	34,739	19,994	29,234	26,332	22,686	12,829	-	-
Total Commission's Proportionate Share of the Net Pension Liability	<u>\$ 821,542</u>	<u>\$ 1,214,824</u>	<u>\$ 673,373</u>	<u>\$ 976,516</u>	<u>\$ 872,235</u>	<u>\$ 865,920</u>	<u>\$ 1,034,258</u>	<u>\$ 1,355,957</u>	<u>\$ 844,751</u>
Commission's Covered Payroll	\$ 1,133,220	\$ 1,121,105	\$ 1,104,699	\$ 1,174,918	\$ 1,123,080	\$ 1,021,184	\$ 1,029,614	\$ 1,039,261	\$ 960,028
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	70.56%	105.26%	59.15%	80.63%	75.32%	82.57%	99.21%	130.47%	87.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.91%	78.20%

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
LIGHT AND POWER COMMISSION OF THE CITY OF GLENCOE
SCHEDULE OF COMMISSION PENSION CONTRIBUTIONS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PERA										
Contractually Required Contribution	\$ 90,755	\$ 82,192	\$ 82,853	\$ 83,899	\$ 81,583	\$ 81,158	\$ 76,083	\$ 76,316	\$ 70,549	\$ 67,852
Contributions in Relation to the Contractually Required Contribution	<u>(90,755)</u>	<u>(82,192)</u>	<u>(82,853)</u>	<u>(83,899)</u>	<u>(81,583)</u>	<u>(81,158)</u>	<u>(76,083)</u>	<u>(76,316)</u>	<u>(70,549)</u>	<u>(67,852)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Commission's Covered Payroll	 \$ 1,210,067	 \$ 1,095,893	 \$ 1,104,707	 \$ 1,118,653	 \$ 1,087,773	 \$ 1,082,107	 \$ 1,014,440	 \$ 1,017,546	 \$ 940,653	 \$ 947,462
 Contributions as a Percentage of Covered Payroll	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.16%

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
LIGHT AND POWER COMMISSION OF THE CITY OF GLENCOE
SCHEDULE OF CHANGES IN THE COMMISSION'S OPEB LIABILITY AND RELATED RATIOS**

	Measurement Date December 31 2023	Measurement Date December 31 2022	Measurement Date December 31 2021	Measurement Date December 31 2020	Measurement Date December 31 2019	Measurement Date December 31 2018
Total OPEB Liability						
Service Cost	\$ 14,523	\$ 17,383	\$ 14,481	\$ 13,106	\$ 13,062	\$ 11,159
Interest	4,209	7,268	10,155	13,296	11,818	12,599
Assumption Changes	(19,900)	(1,762)	9,241	12,306	(7,273)	7,651
Difference Between Expected and Actual Experience	(17,404)	(117,520)	(7,715)	(3,685)	-	-
Benefit Payments	(34,341)	(40,016)	(29,854)	(21,131)	(11,473)	(2,431)
Net Change in Total OPEB Liability	(52,913)	(134,647)	(3,692)	13,892	6,134	28,978
Total OPEB Liability - Beginning	231,395	366,042	369,734	355,842	349,708	320,730
Net OPEB Liability - Ending	<u>\$ 178,482</u>	<u>\$ 231,395</u>	<u>\$ 366,042</u>	<u>\$ 369,734</u>	<u>\$ 355,842</u>	<u>\$ 349,708</u>
Covered-Payroll	\$ 1,141,732	\$ 1,140,913	\$ 1,209,004	\$ 1,114,418	\$ 1,113,019	\$ 1,034,595
Commission's Net OPEB Liability as a Percentage of Covered-Payroll	16%	20%	30%	33%	32%	34%

The Commission implemented GASB Statement No. 75 in 2018, and this information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for years for which information is available.

No assets are accumulated in a trust.

See accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2023**

NOTE 1 BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Each fall, the City Council adopts an annual budget for the following year for all funds. Any modifications in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Legal budgetary control is at the fund level. The resolutions and ordinances issuing bonds control the expenditures in the Debt Service Funds and contractual agreements control expenditures in the Capital Project Funds.

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises.

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 5,198,608	\$ 5,655,629

The excess expenditures were covered by increased revenues and use of fund balance.

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

2023

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.
- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

A. General Employees Fund (Continued)

2021

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates for disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

A. General Employees Fund (Continued)

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.
- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

A. General Employees Fund (Continued)

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

B. Police and Fire Fund

2023

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.
- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

B. Police and Fire Fund (Continued)

2021

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year thereafter to 1.0% per year for all years with no trigger.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2023**

	Other Governmental Funds			Total Other Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 257,075	\$ 820,588	\$ 551,955	\$ 1,629,618
Accounts Receivable	6,875	-	-	6,875
Due from Other Governments	-	-	7,275	7,275
Taxes Receivable:				
Current	-	2,598	-	2,598
Delinquent	-	2,838	-	2,838
Special Assessments Receivable:				
Current	-	1,483	-	1,483
Noncurrent	-	1,418,952	-	1,418,952
Total Assets	\$ 263,950	\$ 2,246,459	\$ 559,230	\$ 3,069,639
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 32,454	\$ -	\$ 27,893	\$ 60,347
Due to Other Funds	-	202,189	9,345	211,534
Total Liabilities	32,454	202,189	37,238	271,881
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	1,421,790	-	1,421,790
Total Deferred Inflows	-	1,421,790	-	1,421,790
FUND BALANCES				
Restricted for:				
Public Safety	221,453	-	-	221,453
Debt Service	-	823,340	-	823,340
Capital Projects	-	-	531,337	531,337
Committed for:				
Aquatic Center	2,666	-	-	2,666
Cable TV	7,377	-	-	7,377
Unassigned	-	(200,860)	(9,345)	(210,205)
Total Fund Balances	231,496	622,480	521,992	1,375,968
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 263,950	\$ 2,246,459	\$ 559,230	\$ 3,069,639

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023**

	Other Governmental Funds			Total Other Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
REVENUES				
Taxes	\$ 9,125	\$ 794,306	\$ -	\$ 803,431
Tax Increments	-	-	274,805	274,805
Intergovernmental	252,103	-	147,975	400,078
Charges for Services	124,359	-	-	124,359
Assessments	-	752,567	-	752,567
Interest Income	(260)	(1,675)	7,067	5,132
Franchise Taxes	27,492	-	-	27,492
Miscellaneous	11,533	-	7,274	18,807
Total Revenues	<u>424,352</u>	<u>1,545,198</u>	<u>437,121</u>	<u>2,406,671</u>
EXPENDITURES				
Current:				
General Government	30,650	-	-	30,650
Highways and Streets	-	-	39,693	39,693
Culture-Recreation	237,160	-	-	237,160
Economic Development	-	-	59,288	59,288
Capital Outlay:				
Highways and Streets	-	-	3,430	3,430
Culture-Recreation	15,545	-	-	15,545
Debt Service:				
Principal	-	2,066,000	40,000	2,106,000
Interest	-	528,271	-	528,271
Fiscal Charges	-	1,485	-	1,485
Total Expenditures	<u>283,355</u>	<u>2,595,756</u>	<u>142,411</u>	<u>3,021,522</u>
Deficiency of Revenues Under Expenditures	140,997	(1,050,558)	294,710	(614,851)
OTHER FINANCING SOURCES (USES)				
Transfers In	89,000	1,071,549	-	1,160,549
Transfers Out	(10,000)	(98,000)	(225,549)	(333,549)
Total Other Financing Sources (Uses)	<u>79,000</u>	<u>973,549</u>	<u>(225,549)</u>	<u>827,000</u>
Net Change in Fund Balances	219,997	(77,009)	69,161	212,149
Fund Balances - Beginning of Year	<u>11,499</u>	<u>699,489</u>	<u>452,831</u>	<u>1,163,819</u>
Fund Balances - End of Year	<u>\$ 231,496</u>	<u>\$ 622,480</u>	<u>\$ 521,992</u>	<u>\$ 1,375,968</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2023**

	Special Revenue Funds			
	Aquatic Center	Cable TV	Public Safety Aid	Total Special Revenue
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 4,266	\$ 706	\$ 252,103	\$ 257,075
Accounts Receivable	154	6,721	-	6,875
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,420</u>	<u>\$ 7,427</u>	<u>\$ 252,103</u>	<u>\$ 263,950</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,754	\$ 50	\$ 30,650	\$ 32,454
Unearned Revenue	-	-	-	-
Total Liabilities	<u>1,754</u>	<u>50</u>	<u>30,650</u>	<u>32,454</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
FUND BALANCES				
Restricted	-	-	221,453	221,453
Committed	2,666	7,377	-	10,043
Total Fund Balances	<u>2,666</u>	<u>7,377</u>	<u>221,453</u>	<u>231,496</u>
Total Liabilities and Fund Balances	<u>\$ 4,420</u>	<u>\$ 7,427</u>	<u>\$ 252,103</u>	<u>\$ 263,950</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue Funds			
	Aquatic Center	Cable TV	Public Safety Aid	Total Special Revenue
REVENUES				
Taxes	\$ 9,125	\$ -	\$ -	\$ 9,125
Intergovernmental	-	-	252,103	252,103
Charges for Services	124,359	-	-	124,359
Interest Income	(400)	140	-	(260)
Franchise Fees	-	27,492	-	27,492
Miscellaneous	11,533	-	-	11,533
Total Revenues	<u>144,617</u>	<u>27,632</u>	<u>252,103</u>	<u>424,352</u>
EXPENDITURES				
Current:				
Culture-Recreation	235,131	2,029	-	237,160
General government	-	-	30,650	30,650
Capital Outlay:				
Culture-Recreation	-	15,545	-	15,545
Total Expenditures	<u>235,131</u>	<u>17,574</u>	<u>30,650</u>	<u>283,355</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(90,514)	10,058	221,453	140,997
OTHER FINANCING SOURCES (USES)				
Transfers In	89,000	-	-	89,000
Transfers Out	-	(10,000)	-	(10,000)
Total Other Financing Sources (Uses)	<u>89,000</u>	<u>(10,000)</u>	<u>-</u>	<u>79,000</u>
Net Change in Fund Balances	(1,514)	58	221,453	219,997
Fund Balances - Beginning of Year	<u>4,180</u>	<u>7,319</u>	<u>-</u>	<u>11,499</u>
Fund Balances - End of Year	<u>\$ 2,666</u>	<u>\$ 7,377</u>	<u>\$ 221,453</u>	<u>\$ 231,496</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2023**

	Debt Service Funds		
	City Sinking	2007 Tax Increment Bond	2008 11th Street Morningside
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 404	\$ 94	\$ 12,590
Accounts Receivable	-	-	-
Taxes Receivable			
Current	-	-	390
Delinquent	-	-	425
Special Assessments Receivable			
Current	-	-	-
Noncurrent	586	-	-
	<u>586</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 990</u>	<u>\$ 94</u>	<u>\$ 13,405</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>586</u>	<u>-</u>	<u>425</u>
FUND BALANCES			
Restricted	404	94	12,980
Unassigned	-	-	-
Total Fund Balances	<u>404</u>	<u>94</u>	<u>12,980</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 990</u>	<u>\$ 94</u>	<u>\$ 13,405</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2023**

Debt Service Funds					
2023 Street Improvement Bond	2014 Street Improvement Bond	2016 Street Improvement	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement Bond
\$ 370,586	\$ -	\$ 123,522	\$ 72	\$ 178,736	\$ -
-	-	-	-	-	-
-	578	116	-	470	86
-	633	126	-	513	96
-	-	349	-	-	758
-	80,152	437,142	-	178,096	-
<u>\$ 370,586</u>	<u>\$ 81,363</u>	<u>\$ 561,255</u>	<u>\$ 72</u>	<u>\$ 357,815</u>	<u>\$ 940</u>
\$ -	\$ 168	\$ -	\$ -	\$ -	\$ 201,704
-	168	-	-	-	201,704
-	80,786	437,268	-	178,609	96
370,586	409	123,987	72	179,206	-
-	-	-	-	-	(200,860)
<u>370,586</u>	<u>409</u>	<u>123,987</u>	<u>72</u>	<u>179,206</u>	<u>(200,860)</u>
<u>\$ 370,586</u>	<u>\$ 81,363</u>	<u>\$ 561,255</u>	<u>\$ 72</u>	<u>\$ 357,815</u>	<u>\$ 940</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Debt Service Funds		
	2015 Street Improvement Bond	2017 Street Improvement Bond	Total Debt Service
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ -	\$ 134,584	\$ 820,588
Accounts Receivable	-	-	-
Taxes Receivable			
Current	503	455	2,598
Delinquent	549	496	2,838
Special Assessments Receivable			
Current	-	376	1,483
Noncurrent	329,393	393,583	1,418,952
Total Assets	<u>\$ 330,445</u>	<u>\$ 529,494</u>	<u>\$ 2,246,459</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ 317	\$ -	\$ 202,189
Total Liabilities	<u>317</u>	<u>-</u>	<u>202,189</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>329,941</u>	<u>394,079</u>	<u>1,421,790</u>
FUND BALANCES			
Restricted	187	135,415	823,340
Unassigned	-	-	(200,860)
Total Fund Balances	<u>187</u>	<u>135,415</u>	<u>622,480</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 330,445</u>	<u>\$ 529,494</u>	<u>\$ 2,246,459</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Debt Service Funds		
	City Sinking	2007 Tax Increment Bond	2008 11th Street Morningside
REVENUES			
Taxes	\$ 152	\$ -	\$ 118,947
Assessments	-	-	-
Interest Income	98	(691)	(82)
Miscellaneous	-	-	-
Total Revenues	<u>250</u>	<u>(691)</u>	<u>118,865</u>
EXPENDITURES			
Debt Service:			
Principal	-	57,000	105,000
Interest	-	2,491	4,600
Fiscal Charges	-	-	495
Total Expenditures	<u>-</u>	<u>59,491</u>	<u>110,095</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	250	(60,182)	8,770
OTHER FINANCING SOURCES (USES)			
Transfers In	-	60,000	-
Transfers Out	<u>(8,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>60,000</u>	<u>-</u>
Net Change in Fund Balances	(7,750)	(182)	8,770
Fund Balances - Beginning of Year	<u>8,154</u>	<u>276</u>	<u>4,210</u>
Fund Balances - End of Year	<u>\$ 404</u>	<u>\$ 94</u>	<u>\$ 12,980</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Debt Service Funds					
2023 Street Improvement Bond	2014 Street Improvement Bond	2016 Street Improvement Bond	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement Bond
\$ -	\$ 177,184	\$ 35,353	\$ -	\$ 143,638	\$ 26,693
459,585	16,641	72,254	-	34,179	18,873
1,001	(1,533)	139	(236)	(77)	1,441
-	-	-	-	-	-
<u>460,586</u>	<u>192,292</u>	<u>107,746</u>	<u>(236)</u>	<u>177,740</u>	<u>47,007</u>
-	204,000	265,000	25,000	280,000	380,000
-	4,058	61,775	13,125	212,944	7,153
-	-	495	-	-	-
<u>-</u>	<u>208,058</u>	<u>327,270</u>	<u>38,125</u>	<u>492,944</u>	<u>387,153</u>
460,586	(15,766)	(219,524)	(38,361)	(315,204)	(340,146)
-	-	207,549	38,000	286,000	-
<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(90,000)</u>	<u>-</u>	<u>207,549</u>	<u>38,000</u>	<u>286,000</u>	<u>-</u>
370,586	(15,766)	(11,975)	(361)	(29,204)	(340,146)
-	16,175	135,962	433	208,410	139,286
<u>-</u>	<u>16,175</u>	<u>135,962</u>	<u>433</u>	<u>208,410</u>	<u>139,286</u>
<u>\$ 370,586</u>	<u>\$ 409</u>	<u>\$ 123,987</u>	<u>\$ 72</u>	<u>\$ 179,206</u>	<u>\$ (200,860)</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Debt Service Funds		
	2015 Street Improvement Bond	2017 Street Improvement Bond	Total Debt Service
REVENUES			
Taxes	\$ 153,598	\$ 138,741	\$ 794,306
Assessments	79,865	71,170	752,567
Interest Income	(2,226)	491	(1,675)
Miscellaneous	-	-	-
Total Revenues	<u>231,237</u>	<u>210,402</u>	<u>1,545,198</u>
EXPENDITURES			
Debt Service:			
Principal	440,000	310,000	2,066,000
Interest	115,925	106,200	528,271
Fiscal Charges	495	-	1,485
Total Expenditures	<u>556,420</u>	<u>416,200</u>	<u>2,595,756</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(325,183)	(205,798)	(1,050,558)
OTHER FINANCING SOURCES (USES)			
Transfers In	315,000	165,000	1,071,549
Transfers Out	-	-	(98,000)
Total Other Financing Sources (Uses)	<u>315,000</u>	<u>165,000</u>	<u>973,549</u>
Net Change in Fund Balances	(10,183)	(40,798)	(77,009)
Fund Balances - Beginning of Year	<u>10,370</u>	<u>176,213</u>	<u>699,489</u>
Fund Balances - End of Year	<u>\$ 187</u>	<u>\$ 135,415</u>	<u>\$ 622,480</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2023**

	Capital Project Funds		
	Tax Increment #4- Industrial Park	Tax Increment #20- Bus Garage	Tax Increment #17- Miller Mfg.
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 431,667	\$ -	\$ 23,739
Due from Other Governments	-	-	-
Total Assets	<u>\$ 431,667</u>	<u>\$ -</u>	<u>\$ 23,739</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	9,345	-
Total Liabilities	-	9,345	-
FUND BALANCES			
Restricted	431,667	-	23,739
Unassigned	-	(9,345)	-
Total Fund Balances	<u>431,667</u>	<u>(9,345)</u>	<u>23,739</u>
Total Liabilities and Fund Balances	<u>\$ 431,667</u>	<u>\$ -</u>	<u>\$ 23,739</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS (CONTINUED)
DECEMBER 31, 2023**

Capital Project Funds			
Tax Increment #18- West Industrial Park	Tax Increment #19- Panther Heights	Municipal State Aid	Total Capital Projects
\$ 33	\$ 1,568	\$ 94,948	\$ 551,955
-	-	7,275	7,275
\$ 33	\$ 1,568	\$ 102,223	\$ 559,230
\$ 33	\$ -	\$ 27,860	\$ 27,893
-	-	-	9,345
33	-	27,860	37,238
-	1,568	74,363	531,337
-	-	-	(9,345)
-	1,568	74,363	521,992
\$ 33	\$ 1,568	\$ 102,223	\$ 559,230

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Capital Project Funds		
	Tax Increment #4- Industrial Park	Tax Increment #20- Bus Garage	Tax Increment #17- Miller Mfg.
REVENUES			
Tax Increments	\$ 152,919	\$ -	\$ 43,516
Intergovernmental	-	-	-
Interest Income	4,777	(57)	247
Miscellaneous	-	-	-
Total Revenues	<u>157,696</u>	<u>(57)</u>	<u>43,763</u>
EXPENDITURES			
Current:			
Highways and Streets	-	-	-
Economic Development	-	9,288	50,000
Capital Outlay:			
Highways and Streets	-	-	-
Debt Service:			
Principal	-	-	-
Total Expenditures	<u>-</u>	<u>9,288</u>	<u>50,000</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	157,696	(9,345)	(6,237)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(60,000)	-	-
Proceeds from Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	97,696	(9,345)	(6,237)
Fund Balances - Beginning	<u>333,971</u>	<u>-</u>	<u>29,976</u>
Fund Balances - End of Year	<u>\$ 431,667</u>	<u>\$ (9,345)</u>	<u>\$ 23,739</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – CAPITAL PROJECT FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Capital Project Funds			
Tax Increment #18- West Industrial Park	Tax Increment #19- Panther Heights	Municipal State Aid	Total Capital Projects
\$ -	\$ 78,370	\$ -	\$ 274,805
-	-	147,975	147,975
-	293	1,807	7,067
-	-	7,274	7,274
-	78,663	157,056	437,121
-	-	39,693	39,693
-	-	-	59,288
-	-	3,430	3,430
-	40,000	-	40,000
-	40,000	43,123	142,411
-	38,663	113,933	294,710
-	(38,000)	(127,549)	(225,549)
-	-	-	-
-	(38,000)	(127,549)	(225,549)
-	663	(13,616)	69,161
-	905	87,979	452,831
\$ -	\$ 1,568	\$ 74,363	\$ 521,992

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2023**

	\$6,735,000 G.O. Improvement Bonds - Series 2015A		\$4,025,000 G.O. Bonds - Series 2016A		\$875,000 G.O. Refunding Bonds - Series 2016B	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 455,000	\$ 98,325	\$ 270,000	\$ 56,475	\$ 125,000	\$ 2,500
2025	465,000	88,997	275,000	51,075	-	-
2026	470,000	78,535	280,000	45,575	-	-
2027	480,000	64,435	280,000	39,975	-	-
2028	490,000	52,675	290,000	33,675	-	-
2029	500,000	35,525	300,000	27,150	-	-
2030	515,000	18,025	305,000	18,900	-	-
2031	-	-	325,000	9,750	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 3,375,000</u>	<u>\$ 436,517</u>	<u>\$ 2,325,000</u>	<u>\$ 282,575</u>	<u>\$ 125,000</u>	<u>\$ 2,500</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2023

	\$4,935,000 G.O. Bonds Series 2017B		\$6,985,000 G.O. Bonds Series 2018A		\$453,000 G.O. Tax Increment Revenue Bonds - Series 2018B	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 315,000	\$ 96,900	\$ 300,000	\$ 201,744	\$ 26,000	\$ 12,637
2025	325,000	87,450	305,000	189,744	27,000	11,644
2026	335,000	77,700	315,000	177,544	28,000	10,612
2027	350,000	67,650	330,000	168,094	29,000	9,544
2028	360,000	57,150	335,000	158,193	31,000	8,680
2029	365,000	46,350	345,000	148,143	32,000	7,720
2030	380,000	35,400	355,000	137,794	33,000	6,420
2031	395,000	24,000	380,000	126,700	34,000	5,080
2032	405,000	12,150	385,000	114,825	35,000	3,700
2033	-	-	395,000	99,425	37,000	2,260
2034	-	-	410,000	83,625	38,000	761
2035	-	-	425,000	67,225	-	-
2036	-	-	445,000	50,225	-	-
2037	-	-	460,000	34,650	-	-
2038	-	-	480,000	18,550	-	-
2039	-	-	50,000	1,750	-	-
	<u>\$ 3,230,000</u>	<u>\$ 504,750</u>	<u>\$ 5,715,000</u>	<u>\$ 1,778,231</u>	<u>\$ 350,000</u>	<u>\$ 79,058</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2023**

	Finance Purchase Agreement		DEED Loan		2018 Marsh Creek	
	2023 Pierce Enforcer				Project Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 153,163	\$ 16,381	\$ 6,379	\$ 829	\$ 18,539	\$ 1,533
2025	143,483	26,061	6,379	702	18,914	1,158
2026	149,650	19,894	6,379	574	19,292	779
2027	156,008	13,536	6,379	447	19,678	394
2028	162,635	6,909	6,379	319	-	-
2029	-	-	6,379	191	-	-
2030	-	-	6,379	64	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 764,939</u>	<u>\$ 82,781</u>	<u>\$ 44,653</u>	<u>\$ 3,126</u>	<u>\$ 76,423</u>	<u>\$ 3,864</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2023

	\$4,360,000 G.O. Capital Improvement Plan		\$626,000 Gross Revenue Event Facility Refunding	
	Bonds - Series 2023A		Bonds - Series 2013A	
	Principal	Interest	Principal	Interest
2024	\$ 315,000	\$ 163,865	\$ 45,000	\$ 10,664
2025	922,000	127,949	47,000	8,479
2026	1,055,000	92,659	49,000	6,199
2027	1,193,000	52,533	52,000	3,800
2028	875,000	15,619	54,000	1,282
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
	<u>\$ 4,360,000</u>	<u>\$ 452,625</u>	<u>\$ 247,000</u>	<u>\$ 30,424</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2023**

	\$517,000 Liquor Store Revenue		\$1,516,000 G.O. Capital Improvement Plan Refunding		\$14,281,300 MN PFA G.O. Sewer Revenue Note		\$700,000 G.O. Capital Improvement Plan	
	Bonds - Series 2014		Bonds - Series 2017A				Bonds - Series 2021B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 37,000	\$ 10,092	\$ 113,000	\$ 24,401	\$ 706,000	\$ 113,640	\$ 82,000	\$ 2,783
2025	38,000	8,798	112,000	21,476	713,000	106,580	81,000	1,840
2026	40,000	7,182	121,000	18,447	720,000	99,450	79,000	909
2027	41,000	5,483	124,000	15,262	727,000	92,250	-	-
2028	43,000	3,740	123,000	12,051	735,000	84,380	-	-
2029	45,000	1,912	126,000	8,814	742,000	77,630	-	-
2030	-	-	134,000	5,434	749,000	70,210	-	-
2031	-	-	142,000	1,846	757,000	62,720	-	-
2032	-	-	-	-	764,000	55,150	-	-
2033	-	-	-	-	772,000	47,510	-	-
2034	-	-	-	-	780,000	39,790	-	-
2035	-	-	-	-	788,000	31,990	-	-
2036	-	-	-	-	796,000	24,110	-	-
2037	-	-	-	-	803,000	16,150	-	-
2038	-	-	-	-	812,000	8,120	-	-
2039	-	-	-	-	-	-	-	-
	<u>\$ 244,000</u>	<u>\$ 37,207</u>	<u>\$ 995,000</u>	<u>\$ 107,731</u>	<u>\$ 11,364,000</u>	<u>\$ 929,680</u>	<u>\$ 242,000</u>	<u>\$ 5,532</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2023

	\$1,905,000 G.O. Refunding Bonds - Series 2021A \$415,000 Portion		\$1,905,000 G.O. Refunding Bonds - Series 2021A \$831,000 Portion		\$1,905,000 G.O. Refunding Bonds - Series 2021A \$659,000 Portion		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 57,000	\$ 2,052	\$ 212,000	\$ 2,456	\$ 93,000	\$ 3,299	\$ 3,329,081
2025	61,000	1,598	213,000	820	97,000	2,568	3,849,776	736,939
2026	60,000	1,132	-	-	90,000	1,848	3,817,321	639,039
2027	54,000	693	-	-	93,000	1,143	3,935,065	535,239
2028	63,000	243	-	-	102,000	393	3,670,014	435,309
2029	-	-	-	-	-	-	2,461,379	353,435
2030	-	-	-	-	-	-	2,477,379	292,247
2031	-	-	-	-	-	-	2,033,000	230,096
2032	-	-	-	-	-	-	1,589,000	185,825
2033	-	-	-	-	-	-	1,204,000	149,195
2034	-	-	-	-	-	-	1,228,000	124,176
2035	-	-	-	-	-	-	1,213,000	99,215
2036	-	-	-	-	-	-	1,241,000	74,335
2037	-	-	-	-	-	-	1,263,000	50,800
2038	-	-	-	-	-	-	1,292,000	26,670
2039	-	-	-	-	-	-	50,000	1,750
	<u>\$ 295,000</u>	<u>\$ 5,718</u>	<u>\$ 425,000</u>	<u>\$ 3,276</u>	<u>\$ 475,000</u>	<u>\$ 9,251</u>	<u>\$ 34,653,015</u>	<u>\$ 4,754,846</u>

SINGLE AUDIT AND OTHER REPORTS

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Grant Name Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Department of Transportation Pass-Through Programs from:				
Minnesota Department of Transportation				
Airport Improvement Program	20.106	1049562, 1048577S.P, 1053662S.P, 1053691S.P, 1053677S.P	\$ 1,205,081	\$ -
Total Airport Improvement Program			<u>1,205,081</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,205,081</u>	<u>\$ -</u>

CITY OF GLENCOE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Glencoe, Minnesota (the City) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City does not have a direct negotiated indirect cost rate and has therefore elected to use the 10 percent de minimus indirect cost rate where applicable.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Member of the City Council
City of Glencoe
Glencoe, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Glencoe's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Glencoe's major federal programs for the year ended December 31, 2023. City of Glencoe's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Glencoe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Glencoe and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Glencoe's compliance with the compliance requirements referred to above.

Honorable Mayor and
Member of the City Council
City of Glencoe

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Glencoe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Glencoe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Glencoe's internal control over compliance. Accordingly, no such opinion is expressed.

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

Honorable Mayor and
Member of the City Council
City of Glencoe

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Austin, Minnesota
June 27, 2024



**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**

Honorable Mayor and
Members of the City Council
City of Glencoe
Glencoe, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Glencoe (the City), Minnesota as of and for the year ended December 31, 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 June 27, 2024.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Honorable Mayor and
Members of the City Council
City of Glencoe

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Glencoe's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Austin, Minnesota
June 27, 2024



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and
Members of the City Council
City of Glencoe, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Glencoe (the City), Minnesota, as of and for the year ended December 31, 2023 and the related notes to the financial statements and have issued our report thereon dated June 27, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
June 27, 2024

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Part I: Summary of the Independent Auditor's Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) yes no

Identification of Major Federal Programs

Assistance Listing Number(s)

20.106

Name of Federal Program or Cluster

Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Part II: Findings Related to the Basic Financial Statements

FINDING: 2023-001 – FINANCIAL STATEMENT PREPARATION

Type of Finding: Material weakness in internal control over financial reporting

Condition: The Council and management share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.

The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Criteria: City management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements in accordance with Governmental Accounting Standards Board Statement No. 34.

Effect: The design of the controls over the financial reporting process would affect the ability of the City to report its financial data consistently with the assertions of management in the financial statements.

Cause: The City's limited personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures.

Repeat Finding: The finding was identified in the prior year. See 2022-001.

Recommendation: The City should evaluate the cost/benefit of obtaining further training for the Finance Director in order to enhance financial reporting abilities.

Views of Responsible Officials and Planned Corrective Action: Management agrees with this comment. The City will continue to evaluate whether an internal control policy over financial reporting would be beneficial.

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Part II: Findings Related to the Basic Financial Statements

FINDING: 2023-002 – PROPOSED ADJUSTING JOURNAL ENTRIES

Type of Finding: Material weakness in internal control over financial reporting

Condition: The audit firm proposed and the City posted to its general ledger journal entries to correct certain year-end account balances.

Criteria: The City is responsible for establishing and maintaining a system of internal controls in which it enables City personnel to be able to fully adjust all relevant accounts.

Context: While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.

Effect: The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected by the City's internal controls.

Cause: The City engages the audit firm to propose such adjustments as are necessary to adjust accounts in accordance with accounting principles generally accepted in the United States of America. However, the entries are reviewed and approved prior to recording them.

Repeat Finding: The finding was identified in the prior year. See 2022-002.

Recommendation: The City should continue to evaluate their internal processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Officials and Planned Corrective Action: Management agrees with this finding. The City will evaluate whether additional internal control policies should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America.

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Part III: Federal Award Findings and Questioned Costs

There were no Federal Award findings in the current year.

Part IV: Minnesota Legal Compliance Findings

There were no Minnesota Legal Compliance findings in the current year.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.