

CITY OF GLENCOE, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2009

**CITY OF GLENCOE, MINNESOTA
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DECEMBER 31, 2009**

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INTRODUCTORY SECTION

**CITY OF GLENCOE, MINNESOTA
CITY OFFICIALS
DECEMBER 31, 2009**

Elected Officials

Term Expires

Mayor	12/31/2012	Randal Wilson
Council Member	12/31/2010	John Schrupp
Council Member	12/31/2010	Charles R. Shamla
Council Member	12/31/2010	Gary C. Ziemer
Council Member	12/31/2012	Gregory D. Copas
Council Member	12/31/2012	Daniel F. Perschau

Appointed Officials

City Administrator	Mark Larson
Finance Director	Todd Trippel
Street Superintendent	Terry Buska
Public Works Director	Gary Schreifels
Chief of Police	Jeffrey Cummins
Park Superintendent	Michael Drew

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

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, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Glencoe's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative data has been derived from the City of Glencoe, Minnesota's 2008 financial statements and in our report dated May 19, 2009, we expressed unqualified opinions on the respective financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 of Glencoe, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the City of Glencoe, Minnesota adopted the provisions of Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of and for the year ended December 31, 2009. This statement results in the city of Glencoe, Minnesota reporting a liability for postemployment benefits other than pensions that the City of Glencoe, Minnesota provides to its employees and retirees.

Honorable Mayor and
Members of the City Council
City of Glencoe

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The City of Glencoe has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The budgetary comparison information on pages 45 through 50 and the Schedule of Funding Progress for Postemployment Benefit Plan on page 51 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glencoe's basic financial statements. The combining fund statements and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



LarsonAllen LLP

Austin, Minnesota
April 15, 2010

BASIC FINANCIAL STATEMENTS

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**CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
ASSETS				
Cash and Cash Equivalents	\$ 2,946,335	\$ 1,237,061	\$ 4,183,396	\$ 929,251
Taxes Receivable	64,395	-	64,395	-
Accounts Receivable	94,619	82,991	177,610	623,352
Pledges Receivable	-	1,242,809	1,242,809	-
Special Assessments Receivable	197,731	2,095	199,826	-
Lease Receivable	-	-	-	52,231
Other Receivables	-	-	-	185,437
Prepaid Expenses	-	-	-	91,424
Inventory	-	99,857	99,857	183,732
Land Held for Resale	372,220	-	372,220	-
Due from Component Unit	-	173,190	173,190	-
Deferred Charges	-	-	-	22,216
Restricted Assets	-	-	-	4,347,407
Capital Assets:				
Land	1,391,268	238,677	1,629,945	-
Construction in Progress	37,520	2,353,195	2,390,715	-
Other Capital Assets, Net of Depreciation	5,760,543	8,469,084	14,229,627	14,068,341
Deferred Bond Issuance Costs	106,211	40,862	147,073	-
Total Assets	<u>10,970,842</u>	<u>13,939,821</u>	<u>24,910,663</u>	<u>20,503,391</u>
LIABILITIES				
Accounts Payable	223,389	332,397	555,786	367,319
Retainages Payable	-	25,175	25,175	-
Accrued Interest Payable	123,578	38,397	161,975	-
Accrued Expenses	21,026	103,693	124,719	146,211
Customer Deposits Payable	-	-	-	50,825
Other Deposits Payable	-	-	-	15
Due to the Primary Government	-	-	-	173,190
Non-Current Liabilities:				
Due Within One Year	1,274,330	295,000	1,569,330	469,780
Due in More Than One Year	8,163,289	3,134,010	11,297,299	6,113,821
Total Liabilities	<u>9,805,612</u>	<u>3,928,672</u>	<u>13,734,284</u>	<u>7,321,161</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	155,479	8,623,534	8,779,013	7,667,087
Restricted for:				
Library Improvement	10,683	-	10,683	-
Debt Service	141,780	-	141,780	1,019,745
Unrestricted	857,288	1,387,615	2,244,903	4,495,398
Total Net Assets	<u>\$ 1,165,230</u>	<u>\$ 10,011,149</u>	<u>\$ 11,176,379</u>	<u>\$ 13,182,230</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 922,302	\$ 252,508	\$ -	\$ 100
Public Safety	1,332,461	152,513	122,839	16,588
Highways and Streets	978,523	34,215	-	377,740
Culture and Recreation	596,306	120,033	-	4,500
Economic Development	93,511	43,945	-	-
Interest on Long-Term Debt	415,300	-	-	-
Total Governmental Activities	<u>4,338,403</u>	<u>603,214</u>	<u>122,839</u>	<u>398,928</u>
Business-Type Activities:				
Water Fund	804,655	837,608	-	82,893
Wastewater Treatment Plant Fund	897,418	1,082,025	-	84,398
Sanitation Fund	41,535	34,821	-	-
City Center Fund	29,062	6,299	-	2,036,046
Municipal Liquor Fund	1,133,277	1,268,135	-	-
Airport Fund	146,021	48,564	83,087	-
Storm Water Management Fund	135,087	112,985	-	39,290
Total Business-Type Activities	<u>3,187,055</u>	<u>3,390,437</u>	<u>83,087</u>	<u>2,242,627</u>
Total Primary Government	<u>\$ 7,525,458</u>	<u>\$ 3,993,651</u>	<u>\$ 205,926</u>	<u>\$ 2,641,555</u>
Total Component Unit	<u>\$ 7,664,782</u>	<u>\$ 7,684,007</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes
Franchise Fees
Grants and Contributions Not
 Restricted to Certain Purposes
Unrestricted Investment Earnings
Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets-Ending

See accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
\$ (669,694)	\$ -	\$ (669,694)	\$ -
(1,040,521)	-	(1,040,521)	-
(566,568)	-	(566,568)	-
(471,773)	-	(471,773)	-
(49,566)	-	(49,566)	-
(415,300)	-	(415,300)	-
<u>(3,213,422)</u>	<u>-</u>	<u>(3,213,422)</u>	<u>-</u>
-	115,846	115,846	-
-	269,005	269,005	-
-	(6,714)	(6,714)	-
-	2,013,283	2,013,283	-
-	134,858	134,858	-
-	(14,370)	(14,370)	-
-	17,188	17,188	-
<u>-</u>	<u>2,529,096</u>	<u>2,529,096</u>	<u>-</u>
(3,213,422)	2,529,096	(684,326)	-
			19,225
1,983,483	-	1,983,483	-
26,562	-	26,562	-
1,379,553	-	1,379,553	-
41,624	7,799	49,423	104,726
57,968	-	57,968	-
(122,309)	122,309	-	-
<u>3,366,881</u>	<u>130,108</u>	<u>3,496,989</u>	<u>104,726</u>
153,459	2,659,204	2,812,663	123,951
<u>1,011,771</u>	<u>7,351,945</u>	<u>8,363,716</u>	<u>13,058,279</u>
<u>\$ 1,165,230</u>	<u>\$ 10,011,149</u>	<u>\$ 11,176,379</u>	<u>\$ 13,182,230</u>

**CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	2009		2008	
	General	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,002,446	\$ 943,889	\$ 2,946,335	\$ 3,885,222
Investments	-	-	-	560,887
Accounts Receivable	63,199	31,420	94,619	53,534
Interest Receivable	-	-	-	4,376
Taxes Receivable				
Current	15,949	6,131	22,080	2,141
Delinquent	30,296	12,019	42,315	35,767
Special Assessments Receivable				
Current	140	10,810	10,950	785
Deferred	12,534	174,247	186,781	190,823
Due from Other Funds	64,682	-	64,682	218,492
Land Held for Resale	-	372,220	372,220	455,157
Total Assets	\$ 2,189,246	\$ 1,550,736	\$ 3,739,982	\$ 5,407,184
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 113,223	\$ 110,166	\$ 223,389	\$ 1,462,035
Retainages Payable	-	-	-	902
Accrued Expenses	21,026	-	21,026	16,783
Due to Other Funds	-	64,682	64,682	79,824
Deferred Revenue	42,830	186,266	229,096	226,590
Total Liabilities	177,079	361,114	538,193	1,786,134
FUND BALANCES				
Reserved for Library Improvement	-	10,683	10,683	259,011
Reserved for Land Held for Resale	-	372,220	372,220	455,157
Unreserved				
Designated for				
Cash Flows	1,500,000	-	1,500,000	1,500,000
Undesignated Reported in				
General Fund	512,167	-	512,167	535,248
Special Revenue Funds	-	171,728	171,728	210,062
Debt Service Funds	-	60,560	60,560	114,831
Capital Projects Funds	-	574,431	574,431	546,741
Total Fund Balances	2,012,167	1,189,622	3,201,789	3,621,050
Total Liabilities and Fund Balances	\$ 2,189,246	\$ 1,550,736	\$ 3,739,982	\$ 5,407,184

See accompanying Notes to Financial Statements

**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Amounts Reported for Governmental Activities in the Statement of Net Assets
are Different Because:

Total Fund Balances for Governmental Funds		\$ 3,201,789
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 1,391,268	
Construction in Progress	37,520	
Buildings, Net of Accumulated Depreciation	1,269,651	
Office Equipment and Furniture, Net of Accumulated Depreciation	17,003	
Vehicles, Net of Accumulated Depreciation	268,703	
Machinery and Shop Equipment, Net of Accumulated Depreciation	377,847	
Improvements Other than Buildings, Net of Accumulated Depreciation	1,877,862	
Infrastructure, Net of Accumulated Depreciation	<u>1,949,477</u>	7,189,331
Some of the City's property taxes and special assessments will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.		
		229,096
Bond issuance costs are reported as expenditures in the governmental funds.		
		106,211
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(123,578)
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 Assets. Balances at year-end are:		
Bonds, Leases, Loans and		
Certificates of Participation Payable	(9,160,515)	
Other Postemployment Benefits Payable	(20,077)	
Compensated Absences Payable	<u>(257,027)</u>	<u>(9,437,619)</u>
Total Net Assets of Governmental Activities		<u>\$ 1,165,230</u>

See accompanying Notes to Financial Statements

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	2009		2008	
	General	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,274,763	\$ 706,214	\$ 1,980,977	\$ 1,910,654
Licenses and Permits	58,683	-	58,683	79,573
Intergovernmental	1,431,694	197,712	1,629,406	1,529,779
Charges for Services	185,247	105,518	290,765	341,045
Fines and Forfeits	32,339	-	32,339	45,977
Assessments	-	60,839	60,839	65,234
Interest Income	35,701	5,923	41,624	85,775
Contributions and Donations	20,265	44,236	64,501	274,962
Payment in Lieu of Taxes	50,000	-	50,000	50,000
Franchise Fees	-	26,562	26,562	28,161
Miscellaneous	123,301	14,600	137,901	113,431
Total Revenues	<u>3,211,993</u>	<u>1,161,604</u>	<u>4,373,597</u>	<u>4,524,591</u>
EXPENDITURES				
Current:				
General Government	781,296	15,134	796,430	970,666
Public Safety	1,238,968	715	1,239,683	1,289,149
Highways and Streets	438,451	21,779	460,230	591,797
Culture-Recreation	348,999	139,615	488,614	526,176
Economic Development	6,334	63,441	69,775	101,174
Miscellaneous	97,378	-	97,378	116,526
Capital Outlay:				
General Government	6,798	-	6,798	5,881
Public Safety	21,993	18,345	40,338	44,808
Highways and Streets	23,452	124,038	147,490	1,721,518
Culture-Recreation	47,131	23,501	70,632	55,276
Economic Development	-	23,736	23,736	1,080
Debt Service:				
Principal	190,480	700,000	890,480	979,368
Interest	75,359	347,370	422,729	397,594
Fiscal Charges	1,250	1,681	2,931	1,681
Total Expenditures	<u>3,277,889</u>	<u>1,479,355</u>	<u>4,757,244</u>	<u>6,802,694</u>
Deficiency of Revenues Under Expenditures	(65,896)	(317,751)	(383,647)	(2,278,103)
OTHER FINANCING SOURCES (USES)				
Transfers In	201,500	336,407	537,907	612,583
Transfers Out	(170,740)	(457,067)	(627,807)	(315,082)
Bond Proceeds	-	-	-	2,528,000
Proceeds from the Sale of Capital Assets	-	-	-	14,950
Proceeds from Land Held for Resale	-	42,231	42,231	-
Insurance Proceeds	12,055	-	12,055	-
Payments to Bond Escrow Agent	-	-	-	(845,000)
Total Other Financing Sources (Uses)	<u>42,815</u>	<u>(78,429)</u>	<u>(35,614)</u>	<u>1,995,451</u>
Net Change in Fund Balances	(23,081)	(396,180)	(419,261)	(282,652)
Fund Balance - Beginning	2,035,248	1,585,802	3,621,050	3,903,702
Fund Balance - Ending	<u>\$ 2,012,167</u>	<u>\$ 1,189,622</u>	<u>\$ 3,201,789</u>	<u>\$ 3,621,050</u>

See accompanying Notes to Financial Statements

**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (419,261)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset.

Capital Outlay	\$ 139,831	
Donated Capital Assets	183,782	
Depreciation Expense	<u>(650,943)</u>	(327,330)

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 Assets, 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 issuance costs, 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.

Repayment of Bond, Lease, and Loan Principal	890,480	
Change in Accrued Interest	15,772	
Amortization of Bond Issuance Costs	(9,303)	
Amortization of Bond Premiums	87	
Amortization of Bond Discounts	<u>(1,960)</u>	895,076

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

Deferred Revenue - December 31, 2008	226,590	
Deferred Revenue - December 31, 2009	<u>229,096</u>	2,506

In the Statement of Activities, compensated absences and other postemployment benefits 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 (essentially, the amounts actually paid).

2,468

Change in Net Assets of Governmental Activities \$ 153,459

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2009
 (WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 253,386	\$ 435,583	\$ -
Interest Receivable	-	-	-
Accounts Receivable	3,147	9,121	5,168
Pledges Receivable	-	-	-
Special Assessments Receivable	983	1,112	-
Note Receivable	-	-	-
Inventory	-	-	-
Due from Other Funds	78,411	-	-
Due from Component Unit	65,574	93,511	2,556
Total Current Assets	<u>401,501</u>	<u>539,327</u>	<u>7,724</u>
NON-CURRENT ASSETS			
Capital Assets			
Land	46,628	41,500	-
Construction in Progress	505,041	534,619	-
Other Fixed Assets (Net of Accumulated Depreciation)	2,185,688	4,431,638	-
Total Capital Assets	<u>2,737,357</u>	<u>5,007,757</u>	<u>-</u>
Other Assets			
Bond Issuance Costs	7,236	-	-
Total Other Assets	<u>7,236</u>	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>2,744,593</u>	<u>5,007,757</u>	<u>-</u>
Total Assets	<u>\$ 3,146,094</u>	<u>\$ 5,547,084</u>	<u>\$ 7,724</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 125,179	\$ 56,045	\$ 128
Retainages Payable	-	-	-
Accrued Interest Payable	8,463	10,951	-
Compensated Absences Payable	16,473	65,083	-
Accrued Expenses	3,788	3,419	-
Due to Other Funds	-	-	12,712
Revenue Bonds Payable	35,000	220,000	-
Total Current Liabilities	<u>188,903</u>	<u>355,498</u>	<u>12,840</u>
NON-CURRENT LIABILITIES			
Other Postemployment Benefits Payable	2,955	4,004	-
Revenue Bonds Payable	452,106	1,323,074	-
Total Noncurrent Liabilities	<u>455,061</u>	<u>1,327,078</u>	<u>-</u>
Total Liabilities	<u>643,964</u>	<u>1,682,576</u>	<u>12,840</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,250,251	3,464,683	-
Unrestricted	251,879	399,825	(5,116)
Total Net Assets	<u>2,502,130</u>	<u>3,864,508</u>	<u>(5,116)</u>
Total Liabilities and Net Assets	<u>\$ 3,146,094</u>	<u>\$ 5,547,084</u>	<u>\$ 7,724</u>

See accompanying Notes to Financial Statements

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2009 Total Proprietary Funds	2008 Total Proprietary Funds
\$ 496,561	\$ 51,531	\$ -	\$ -	\$ 1,237,061	\$ 911,432
-	-	-	-	-	47
-	49	65,485	21	82,991	133,585
1,242,809	-	-	-	1,242,809	-
-	-	-	-	2,095	2,619
-	-	-	-	-	4,188
-	99,857	-	-	99,857	103,878
-	-	-	-	78,411	-
-	-	-	11,549	173,190	176,001
<u>1,739,370</u>	<u>151,437</u>	<u>65,485</u>	<u>11,570</u>	<u>2,916,414</u>	<u>1,331,750</u>
-	-	150,549	-	238,677	238,677
766,547	-	-	546,988	2,353,195	1,647,247
-	256,635	217,431	1,377,692	8,469,084	8,335,324
<u>766,547</u>	<u>256,635</u>	<u>367,980</u>	<u>1,924,680</u>	<u>11,060,956</u>	<u>10,221,248</u>
-	-	-	33,626	40,862	69,609
-	-	-	<u>33,626</u>	<u>40,862</u>	<u>69,609</u>
<u>766,547</u>	<u>256,635</u>	<u>367,980</u>	<u>1,958,306</u>	<u>11,101,818</u>	<u>10,290,857</u>
<u>\$ 2,505,917</u>	<u>\$ 408,072</u>	<u>\$ 433,465</u>	<u>\$ 1,969,876</u>	<u>\$ 14,018,232</u>	<u>\$ 11,622,607</u>
\$ 94,364	\$ 49,761	\$ 6,729	\$ 191	\$ 332,397	\$ 274,267
25,175	-	-	-	25,175	3,751
-	162	-	18,821	38,397	39,886
-	13,670	-	-	95,226	86,714
-	1,260	-	-	8,467	6,045
-	-	58,669	7,030	78,411	138,668
-	40,000	-	-	295,000	305,000
<u>119,539</u>	<u>104,853</u>	<u>65,398</u>	<u>26,042</u>	<u>873,073</u>	<u>854,331</u>
-	580	-	-	7,539	-
-	-	-	1,351,291	3,126,471	3,416,331
-	580	-	<u>1,351,291</u>	<u>3,134,010</u>	<u>3,416,331</u>
<u>119,539</u>	<u>105,433</u>	<u>65,398</u>	<u>1,377,333</u>	<u>4,007,083</u>	<u>4,270,662</u>
766,547	216,635	367,980	1,557,438	8,623,534	7,483,966
1,619,831	86,004	87	(964,895)	1,387,615	(132,021)
<u>2,386,378</u>	<u>302,639</u>	<u>368,067</u>	<u>592,543</u>	<u>10,011,149</u>	<u>7,351,945</u>
<u>\$ 2,505,917</u>	<u>\$ 408,072</u>	<u>\$ 433,465</u>	<u>\$ 1,969,876</u>	<u>\$ 14,018,232</u>	<u>\$ 11,622,607</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 YEAR ENDED DECEMBER 31, 2009
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
OPERATING REVENUES			
Charges for Services	\$ 832,722	\$ 1,073,225	\$ 9,052
Other Operating Revenues	4,886	8,800	25,769
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>837,608</u>	<u>1,082,025</u>	<u>34,821</u>
OPERATING EXPENSES			
Personal Services	274,874	291,347	11,768
Materials and Supplies	58,649	26,078	-
Repairs and Maintenance	44,499	139,879	-
Management Fees	46,813	2,861	27,295
Professional Services	24,366	49,223	-
Insurance	18,407	19,116	169
Utilities	59,686	77,921	470
Depreciation	70,750	199,816	-
Other	184,332	22,507	1,833
Total Operating Expenses	<u>782,376</u>	<u>828,748</u>	<u>41,535</u>
Operating Income (Loss)	55,232	253,277	(6,714)
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	2,281	2,156	-
State Grants	-	-	-
Donations	-	-	-
Interest on Investments	2,517	3,470	(35)
Interest Expense and Fiscal Charges	(21,584)	(68,670)	-
Amortization Expense	(695)	-	-
Loss on Sale of Capital Assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(17,481)</u>	<u>(63,044)</u>	<u>(35)</u>
Net Income (Loss) Before Contributions and Transfers	37,751	190,233	(6,749)
CONTRIBUTIONS AND TRANSFERS			
Contributions	80,612	82,242	-
Transfers In	857	19,528	-
Transfers Out	(57,286)	(56,346)	-
Total Contributions and Transfers	<u>24,183</u>	<u>45,424</u>	<u>-</u>
Change in Net Assets	61,934	235,657	(6,749)
Net Assets - Beginning	<u>2,440,196</u>	<u>3,628,851</u>	<u>1,633</u>
Net Assets - Ending	<u>\$ 2,502,130</u>	<u>\$ 3,864,508</u>	<u>\$ (5,116)</u>

See accompanying Notes to Financial Statements.

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2009 Total Proprietary Funds	2008 Total Proprietary Funds
\$ -	\$ -	\$ 47,562	\$ 112,985	\$ 2,075,546	\$ 1,976,761
6,299	-	1,002	-	46,756	33,006
-	1,268,135	-	-	1,268,135	1,206,094
-	(971,389)	-	-	(971,389)	(923,093)
<u>6,299</u>	<u>296,746</u>	<u>48,564</u>	<u>112,985</u>	<u>2,419,048</u>	<u>2,292,768</u>
-	90,638	-	-	668,627	623,317
102	15,837	13,742	470	114,878	138,130
66	3,585	76,949	-	264,978	257,360
-	-	862	-	77,831	80,380
21,033	2,825	17,082	7,456	121,985	182,008
1,917	5,005	13,961	-	58,575	54,463
-	10,540	3,719	-	152,336	178,394
-	18,566	17,035	69,021	375,188	355,259
2,744	11,118	2,671	-	225,205	156,093
<u>25,862</u>	<u>158,114</u>	<u>146,021</u>	<u>76,947</u>	<u>2,059,603</u>	<u>2,025,404</u>
(19,563)	138,632	(97,457)	36,038	359,445	267,364
-	-	-	-	4,437	621
-	-	83,087	-	83,087	131,886
2,036,046	-	-	-	2,036,046	-
1,595	416	(540)	376	7,799	31,672
(3,200)	(3,774)	-	(56,237)	(153,465)	(159,229)
-	-	-	(1,903)	(2,598)	(2,598)
-	-	-	-	-	(512)
<u>2,034,441</u>	<u>(3,358)</u>	<u>82,547</u>	<u>(57,764)</u>	<u>1,975,306</u>	<u>1,840</u>
2,014,878	135,274	(14,910)	(21,726)	2,334,751	269,204
-	-	-	39,290	202,144	2,732,334
371,500	-	18,100	50,783	460,768	409,778
-	(124,727)	-	(100,100)	(338,459)	(1,323,656)
<u>371,500</u>	<u>(124,727)</u>	<u>18,100</u>	<u>(10,027)</u>	<u>324,453</u>	<u>1,818,456</u>
2,386,378	10,547	3,190	(31,753)	2,659,204	2,087,660
-	292,092	364,877	624,296	7,351,945	5,264,285
<u>\$ 2,386,378</u>	<u>\$ 302,639</u>	<u>\$ 368,067</u>	<u>\$ 592,543</u>	<u>\$ 10,011,149</u>	<u>\$ 7,351,945</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2009
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers	\$ 765,335	\$ 1,078,213	\$ 31,752
Cash Paid to Suppliers	(406,303)	(290,087)	(19,949)
Cash Paid to Employees	(314,888)	(287,343)	(11,768)
Net Cash Provided (Used) by Operating Activities	44,144	500,783	35
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(48,300)	(52,300)	-
Cash Received on Note Receivable	-	4,188	-
Net Cash Provided (Used) by Noncapital Financing Activities	(48,300)	(48,112)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Bonds	(30,000)	(235,000)	-
Collection of Special Assessments	1,298	3,663	-
Interest and Agent Fees on Revenue Bonds	(21,285)	(65,082)	-
Acquisition of Capital Assets	(68,985)	(118,569)	-
Capital Contributions Received	-	-	-
State Grants Received	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(118,972)	(414,988)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	2,517	3,517	(35)
Net Increase (Decrease) in Cash and Cash Equivalents	(120,611)	41,200	-
Cash and Cash Equivalents - January 1	373,997	394,383	-
Cash and Cash Equivalents - December 31	\$ 253,386	\$ 435,583	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 55,232	\$ 253,277	\$ (6,714)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	70,750	199,816	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	4,693	(6,023)	(2,963)
(Increase) Decrease in Due from Other Funds	(78,411)	-	-
(Increase) Decrease in Due from Component Unit	1,445	2,211	(106)
(Increase) Decrease in Inventory	-	-	-
(Increase) Decrease in Customer Deposits	-	26,148	-
Increase (Decrease) in Accounts Payable	(16,364)	18,489	89
Increase (Decrease) in Retainages Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	2,722	1,873	-
Increase (Decrease) in Due to Other Funds	-	-	9,729
Increase in OPEB Payable	2,955	4,004	-
Increase (Decrease) in Accrued Expenses	1,122	988	-
Net Cash Provided (Used) by Operating Activities	\$ 44,144	\$ 500,783	\$ 35
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of Bond Issuance Costs	\$ 695	\$ -	\$ -
Transfer of Capital Assets	\$ (8,129)	\$ 15,482	\$ -
Increase in Retainage and Construction Payable	\$ -	\$ -	\$ -
Capital Contributions	\$ 80,612	\$ 82,242	\$ -
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2009	2008
				Total Proprietary Funds	Total Proprietary Funds
\$ 6,299	\$ 1,268,192	\$ 103,394	\$ 112,246	\$ 3,365,431	\$ 3,228,578
(25,862)	(1,003,813)	(202,663)	(58,037)	(2,006,714)	(1,846,585)
-	(85,829)	(862)	-	(700,690)	(717,141)
<u>(19,563)</u>	<u>178,550</u>	<u>(100,131)</u>	<u>54,209</u>	<u>658,027</u>	<u>664,852</u>
371,500	-	18,100	-	389,600	42,107
-	(99,000)	-	(100,100)	(299,700)	(339,607)
-	-	-	-	4,188	8,743
<u>371,500</u>	<u>(99,000)</u>	<u>18,100</u>	<u>(100,100)</u>	<u>94,088</u>	<u>(288,757)</u>
-	(40,000)	-	-	(305,000)	(357,000)
-	-	-	-	4,961	2,628
(3,200)	(3,936)	-	(56,309)	(149,812)	(152,562)
(647,008)	(25,727)	(516)	-	(860,805)	(442,932)
793,237	-	-	-	793,237	80,000
-	-	83,087	-	83,087	131,886
<u>143,029</u>	<u>(69,663)</u>	<u>82,571</u>	<u>(56,309)</u>	<u>(434,332)</u>	<u>(737,980)</u>
1,595	416	(540)	376	7,846	31,788
496,561	10,303	-	(101,824)	325,629	(330,097)
-	41,228	-	101,824	911,432	1,241,529
<u>\$ 496,561</u>	<u>\$ 51,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,237,061</u>	<u>\$ 911,432</u>
\$ (19,563)	\$ 138,632	\$ (97,457)	\$ 36,038	\$ 359,445	\$ 267,364
-	18,566	17,035	69,021	375,188	355,259
-	57	54,830	-	50,594	(40,089)
-	-	-	-	(78,411)	-
-	-	-	(739)	2,811	52,806
-	4,021	-	-	4,021	(14,563)
-	-	-	-	26,148	(26,148)
-	12,465	6,228	(57,141)	(36,234)	(15,056)
-	-	(3,751)	-	(3,751)	(39,945)
-	3,917	-	-	8,512	(93)
-	-	(77,016)	7,030	(60,257)	138,668
-	580	-	-	7,539	-
-	312	-	-	2,422	(13,351)
<u>\$ (19,563)</u>	<u>\$ 178,550</u>	<u>\$ (100,131)</u>	<u>\$ 54,209</u>	<u>\$ 658,027</u>	<u>\$ 664,852</u>
\$ -	\$ -	\$ -	\$ 1,903	\$ 2,598	\$ 2,598
\$ -	\$ (25,727)	\$ -	\$ 50,783	\$ 32,409	\$ (616,378)
\$ 119,539	\$ -	\$ -	\$ -	\$ 119,539	\$ -
\$ -	\$ -	\$ -	\$ 39,290	\$ 202,144	\$ 2,652,334
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 512

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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Glencoe 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 (GAAP) require that the City's financial statements include all funds, account groups, 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, account groups 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 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.

Excluded Units -

Glencoe Fire Department Relief Association - This association is organized as a non-profit 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, tax levies are determined by the association and are only reviewed by the City, and the association pays benefits directly to its members.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 Assets 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 1) 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 2) 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 enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of 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.

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as 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.

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 waste water treatment plant service charges, which are used to finance the waste water treatment plant operating expenses.

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

City Center Fund – The City Center Fund was established to raise funds to construct a new City Center. This fund will also account for revenues from 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.

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports non-major funds in the following categories:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Project Funds – Capital Project Funds are used to account for the purchase or construction of major capital facilities, which were not financed by proprietary funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance except those that conflict with or contradict GASB guidance.

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 enterprise 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the City's enterprise 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 non-operating revenues and expenses.

If both restricted and unrestricted resources are available for use for the same purpose, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities and Net Assets or Equity
Deposits and Investments

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit as authorized by resolution of the City Council. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Deposits and Investments (Continued)

Investments consisted of non-negotiable certificates of deposit. Investments are stated at cost, which approximates fair value. Also, land held for resale is valued at cost, which approximates fair value.

For purposes of the statement of cash flows, the enterprise funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

Taxes and Special Assessments

Current taxes and special assessments receivable at December 31, 2009, 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 2009 and prior years and are offset by deferred 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 deferred revenue at the time of the levy. Deferred 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 collectibility. The amount of uncollectible accounts is not considered significant.

Pledges Receivable

Pledges receivable consist of donations committed for the completion of the City Center Project. These pledges receivable are due in 2010 and 2011. There is no allowance for uncollectible pledges as this amount is not considered significant.

Deferred Special Assessments

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

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.

Capital Assets

Capital 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 assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value as of the date of the donation. Capital 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 on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. 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, 6 to 20 years on vehicles and machinery and 7 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 Revenues

Deferred revenues are those revenues where asset recognition criteria have been met but for which revenue recognition criteria have not been met. Deferred revenues have been reported, in the governmental funds for deferred and delinquent special assessments and delinquent taxes.

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, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the City provides health care coverage for three years provided the participant has reached the earlier of age 65 or the Rule of 85. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 45, at December 31, 2009. GASB 45 was implemented prospectively, meaning that the net OPEB obligation was zero at transition.

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities and Net Assets (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 deferred revenue because it is not available to finance current expenditures. Deferred revenue in governmental activities is susceptible to full accrual on the government-wide statements.

Net Assets

Net assets represents the difference between assets and liabilities in the entity-wide financial statements. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted in the entity-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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.

F. Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of the changes in the City's financial position and operations.

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 following year for the General Fund and certain Special Revenue 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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 2009.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 3,215,097	\$ 3,277,889

C. Deficit Fund Equities

Certain funds had deficit fund balances at December 31, 2009, as follows:

Special Revenue Funds		
Engineering Inspection Service Fund		\$ (32,950)
Proprietary Fund		
Sanitation Fund		(5,116)

The deficit in the Engineering Inspection Service Fund will be reduced as charges for services are received. The deficit in the Sanitation Fund will be reduced by future operations.

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 in the financial institutions at December 31, 2009 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

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 bonds.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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 thirteen 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.

Interest Rate Risk

The City does not have a formal investment policy for interest rate risk and follows Minnesota Statutes for investments.

The deposits and investments of the City are presented in the financial statements as follows:

Deposits	\$ 4,183,396
Total Cash, Cash Equivalents and Investments	\$ 4,183,396
These amounts are reported are presented on the statement of net assets as follows:	
Cash and Cash Equivalents - Governmental Activities	\$ 2,946,335
Cash and Cash Equivalents - Business-Type Activities	1,237,061
	\$ 4,183,396

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,366,061	\$ 25,207	\$ -	\$ 1,391,268
Construction in Progress	130,832	-	(93,312)	37,520
Total Capital Assets, Not Being Depreciated	1,496,893	25,207	(93,312)	1,428,788
Capital Assets, Being Depreciated:				
Buildings	2,176,404	19,019	-	2,195,423
Improvements Other than Buildings	2,759,727	83,868	(10,000)	2,833,595
Office Equipment and Furniture	32,741	10,400	-	43,141
Vehicles	1,471,686	10,400	-	1,482,086
Machinery and Shop Equipment	740,489	-	-	740,489
Infrastructure	7,425,550	268,031	-	7,693,581
Total Capital Assets, Being Depreciated	14,606,597	391,718	(10,000)	14,988,315
Accumulated Depreciation:				
Buildings	(882,131)	(43,641)	-	(925,772)
Improvements Other than Buildings	(861,372)	(104,361)	10,000	(955,733)
Office Equipment and Furniture	(20,955)	(5,183)	-	(26,138)
Vehicles	(1,154,920)	(58,463)	-	(1,213,383)
Machinery and Shop Equipment	(317,409)	(45,233)	-	(362,642)
Infrastructure	(5,350,042)	(394,062)	-	(5,744,104)
Total Accumulated Depreciation	(8,586,829)	(650,943)	10,000	(9,227,772)
Total Capital Assets, Being Depreciated, Net	6,019,768	(259,225)	-	5,760,543
Governmental Activities Capital Assets, Net	<u>\$ 7,516,661</u>	<u>\$ (234,018)</u>	<u>\$ (93,312)</u>	<u>\$ 7,189,331</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 26,237
Public Safety	61,405
Public Works	474,311
Culture and Recreation	88,990
Total Depreciation Expense, Governmental Activities	<u>\$ 650,943</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended December 31, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 238,677	\$ -	\$ -	\$ 238,677
Construction in Progress	1,647,247	911,910	(205,962)	2,353,195
Total Capital Assets, Not Being Depreciated	1,885,924	911,910	(205,962)	2,591,872
Capital Assets, Being Depreciated:				
Buildings	7,037,186	-	-	7,037,186
Improvements Other than Buildings	1,053,985	93,909	-	1,147,894
Vehicles	161,572	-	-	161,572
Office Equipment and Furniture	26,634	-	-	26,634
Machinery and Shop Equipment	1,181,651	99,160	-	1,280,811
Infrastructure	6,914,809	315,880	-	7,230,689
Total Capital Assets, Being Depreciated	16,375,837	508,949	-	16,884,786
Accumulated Depreciation:				
Buildings	(3,218,167)	(147,819)	-	(3,365,986)
Improvements Other than Buildings	(926,144)	(13,339)	-	(939,483)
Vehicles	(139,142)	(4,078)	-	(143,220)
Office Equipment and Furniture	(15,275)	(3,085)	-	(18,360)
Machinery and Shop Equipment	(797,766)	(66,812)	-	(864,578)
Infrastructure	(2,944,019)	(140,056)	-	(3,084,075)
Total Accumulated Depreciation	(8,040,513)	(375,189)	-	(8,415,702)
Total Capital Assets, Being Depreciated, Net	8,335,324	133,760	-	8,469,084
Business-Type Capital Assets, Net	<u>\$ 10,221,248</u>	<u>\$ 1,045,670</u>	<u>\$ (205,962)</u>	<u>\$ 11,060,956</u>

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

The balances at December 31, 2009 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 64,682	\$ -
Nonmajor Governmental Funds	-	64,682
Water Fund	78,411	-
Sanitation Fund	-	12,712
Airport Fund	-	58,669
Storm Water Management Fund	-	7,030
Total	<u>\$ 143,093</u>	<u>\$ 143,093</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2009:

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - General Obligation Bonds					
\$700,000 G.O. Tax Increment Bonds of Series 2003G	\$ 600,000	\$ -	(50,000)	\$ 550,000	\$ 75,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$974,000 Portion	651,000	-	(64,000)	587,000	61,000
\$610,000 G.O. Taxable Tax Increment Bonds of 2007- Series 2007B	610,000	-	(35,000)	575,000	40,000
\$945,000 G.O. Refunding Bonds - Series 2008B \$730,000 Portion	685,000	-	(45,000)	640,000	50,000
	2,546,000	-	(194,000)	2,352,000	226,000
Total General Obligation Bonds					

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>General Obligation Equipment Certificates of Indebtedness</u>					
\$153,000 G.O. Equipment Certificate of Indebtedness Series 2008	\$ 139,205	\$ -	(28,514)	\$ 110,691	\$ 29,855
	139,205	-	(28,514)	110,691	29,855
<u>Special Assessment Bonds</u>					
\$605,000 G.O. Improvement Bonds of 2001	340,000	-	(60,000)	280,000	65,000
\$215,000 G.O. Improvement Bonds of 2002	120,000	-	(20,000)	100,000	25,000
\$335,000 G.O. Improvement Bonds of 2003 - Series 2003A	220,000	-	(30,000)	190,000	35,000
\$745,000 G.O. Improvement Bonds of 2003 - Series 2003F	585,000	-	(45,000)	540,000	45,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>Special Assessment Bonds (Continued)</u>					
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$230,000 Portion	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000	\$ 35,000
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$1,360,000 Portion	940,000	-	(100,000)	840,000	100,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$346,000 Portion	26,000	-	(26,000)	-	-
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$389,000 Portion	198,000	-	(35,000)	163,000	39,000
\$595,000 G.O. Street Reconstruction Bonds of 2004 - Series 2004A	445,000	-	(55,000)	390,000	60,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>Special Assessment Bonds (Continued)</u>					
\$505,000 G.O. Street Improvement Bonds of 2004 - Series 2004B	\$ 375,000	-	\$ (50,000)	\$ 325,000	\$ 50,000
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,015,000 Portion	1,015,000	-	-	1,015,000	50,000
\$1,430,000 G.O. Street Reconstruction Bonds - Series 2008A	1,430,000	-	-	1,430,000	65,000
\$945,000 G.O. Refunding Bonds - Series 2008B \$215,000 Portion	185,000	-	(30,000)	155,000	25,000
	<u>5,949,000</u>	<u>-</u>	<u>(486,000)</u>	<u>5,463,000</u>	<u>594,000</u>
Total Special Assessment Bonds	8,634,205	-	(708,514)	7,925,691	849,855
Total Bonds Payable					

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Capital Leases Payable						
Contender Tanker	4.19%	\$ 71,912	\$ -	\$ (35,218)	\$ 36,694	\$ 36,694
Johnson Control Project	4.38%	611,059	-	(37,646)	573,413	39,313
2007 Bobcat Toolcat	7.45%	22,156	-	(4,887)	17,269	5,340
2007 John Deere Wheel Loader	6.25%	76,407	-	(17,354)	59,053	18,471
		<u>781,534</u>	<u>-</u>	<u>(95,105)</u>	<u>686,429</u>	<u>99,818</u>
Total Capital Leases Payable						
Certificates of Participation - Street Maintenance	4.40% - 6.10%					
Contract for Deed Schimelpfenig Contract	6.50%	535,000	-	(30,000)	505,000	35,000
		24,491	-	(11,861)	12,630	12,630

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
\$465,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003D	\$ 425,000	\$ -	\$ (10,000)	\$ 415,000	\$ 20,000
\$105,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003E	25,000	-	(25,000)	-	-
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion	1,350,000	-	(200,000)	1,150,000	200,000
\$580,000 G.O. Water Revenue Bonds of 2005 - 2005A	525,000	-	(30,000)	495,000	35,000
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,350,000 Portion	1,350,000	-	-	1,350,000	-
Other Postemployment Benefits Payable	-	7,539	-	7,539	-
Unamortized Bond Premium	1,365	-	(74)	1,291	-
Unamortized Bond Discount	(35,034)	-	5,214	(29,820)	-
Total Business-Type Long-Term Liabilities	\$ 3,721,331	\$ 7,539	\$ (299,860)	\$ 3,429,010	\$ 295,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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
2010	\$ 849,855	\$ 320,497	\$ 295,000	\$ 134,683	\$ 1,144,855	\$ 455,180
2011	856,241	288,072	330,000	125,297	1,186,241	413,369
2012	927,685	253,701	335,000	113,668	1,262,685	367,369
2013	896,910	215,864	365,000	101,505	1,261,910	317,369
2014	735,000	181,617	370,000	87,886	1,105,000	269,503
2015 - 2019	2,540,000	516,667	705,000	309,295	3,245,000	825,962
2020 - 2024	870,000	147,040	650,000	151,405	1,520,000	298,445
2025 - 2028	250,000	22,388	400,000	35,864	650,000	58,252
Total	\$ 7,925,691	\$ 1,945,846	\$ 3,450,000	\$ 1,059,603	\$ 11,375,691	\$ 3,005,449

Subsequent to December 31, 2009, the City of Glencoe issued General Obligation Taxable Capital Improvement Plan Bonds, Series 2010A in the amount of \$2,000,000 on March 1, 2010. These bonds will bear interest at annual rates ranging from 1.85% to 6.30% and will mature on February 1, 2031. These bonds were issued to complete construction of the City Center in 2010.

The City of Glencoe has various lease agreements that qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital assets related to the leases have a cost of \$622,327 and \$141,526 of accumulated depreciation.

The future minimum lease obligations and the net present value of the City's minimum lease payments as of December 31, 2009 are as follows:

Year Ending December 31	Capital Leases Payable
2010	\$ 131,129
2011	92,896
2012	92,896
2013	64,003
2014	64,002
2015 - 2019	320,011
2020 - 2021	96,003
Total Minimum Lease Payments	860,940
Less Amount Representing Interest	174,511
Present Value of Minimum Lease Payments	\$ 686,429

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for the City's certificates of participation are as follows:

Year Ending December 31	Certificates of Participation	
	Principal	Interest
2010	\$ 35,000	\$ 30,240
2011	35,000	28,315
2012	40,000	26,355
2013	45,000	23,955
2014	45,000	21,255
2015 - 2019	305,000	59,425
	<u>\$ 505,000</u>	<u>\$ 189,545</u>

In 2005, the City of Glencoe entered into a contract for deed for financing the acquisition of certain real property. This contract will mature in 2010 with an annual interest rate of 6.50%.

In 2007, the City of Glencoe entered into a contract for deed for financing the acquisition of certain real property. This contract will mature in 2011 with no annual interest rate.

Annual debt service requirements to maturity for the City's contract for deeds are as follows:

Year Ending December 31	Contract for Deed	
	Principal	Interest
2010	\$ 32,630	\$ 821
2011	20,000	-
	<u>\$ 52,630</u>	<u>\$ 821</u>

Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. These bonds were paid off in 2009.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Conduit Debt (Continued)

On April 1, 2001, the City issued Healthcare Facilities Revenue Bonds, Series 2001. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to pay off existing debt 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 August 1, 2005, the City issued Healthcare 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. As of December 31, 2009, the principal amount outstanding was \$24,195,000.

NOTE 7 OPERATING LEASES

The City has entered into agreements to lease police cars. The lease terms are for periods of 3-4 years. The following is a schedule by years of future minimum rental payments required under the operating leases.

Year Ending December 31,		
2010	\$	50,032
2011		28,109
2012		18,567
2013		3,694
		\$ 100,402

The City had \$54,261 of expenditures for these leases in 2009.

NOTE 8 RESERVED AND DESIGNATED FUND BALANCES

Reserved for Library Improvement - Reserves to be Used for Purposes of Improving the Library as Deemed Appropriate by the City Council or Library Board	\$ 10,683
Reserved for Land Held for Resale - Represents the Cost of Land Held for Sale in the Industrial Park Created Under Tax Increment Financing District #15 and in the Downtown Redevelopment District Created Under Tax Increment Financing District #14	\$ 372,220
Unreserved, Designated Fund Balance is to be Used for Operations in 2010 Until the City Receives Their State Aid and County Tax Settlements	\$ 1,500,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 9 DEFINED BENEFIT PENSION PLANS

Plan Descriptions

All full-time and certain part-time employees of the City of Glencoe are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by State Statute and vest after three years of credited service. PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters, and peace officers who qualify for membership by statute are covered by the PEPFF. PERA issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

Minnesota Statutes Chapter 353 sets rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.40% of their annual covered salary in 2009. The City of Glencoe is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.75% for Coordinated Plan PERF members, and 14.10% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2009, 2008, and 2007 were \$146,619, \$144,704, and \$126,669, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Glencoe Fire Department Relief Association

Plan Description -

Public Employee Retirement System (PERS) is a single-employer defined benefit pension plan administered by the Glencoe Fire Department Relief Association. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Glencoe Fire Department Relief Association has an annual audit. The audit report may be obtained by contacting the City's Fire Hall.

Funding Policy -

The funding policy provides for periodic City contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. City contribution rates are determined using the entry age normal cost actuarial funding method. Total City contributions were \$58,342 for the years ended December 31, 2009, 2008, and 2007.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 10 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees at termination, retirement, death, or unforeseeable emergency.

The City has implemented GASB Statement No. 32, "Accounting and Financial Reporting, for the Internal Revenue Code Section 457 Deferred Compensation Plans." Previously all amounts deferred by the plan participants were reported as assets of the employer until made available to the participants or their beneficiaries. Now all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Under these new requirements, the City no longer owns the amounts deferred by the employees or related income on those amounts. Therefore, the City is no longer reporting the assets of the plan nor the related liability on its combined balance sheet.

NOTE 11 OTHER POSTEMPLOYMENT BENEFIT PLAN

At December 31, 2009, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2009.

A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Plan"). The plan provides healthcare insurance for eligible retirees for a period of three years through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and various unions representing employees. The Plan does not issue a publicly available financial report.

B. Funding Policy

Contributions requirements are also negotiated between the City and union representatives. The City contributes 100 percent of the cost of current-year premiums for eligible retired plan members. For fiscal year 2009, the City contributed \$0 to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 11 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual Required Contribution	\$ 27,616
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	27,616
Contributions Made	-
Increase in Net OPEB Obligation	27,616
Net OPEB Obligation - Beginning of Year	-
Net OPEB Obligation - End of Year	\$ 27,616

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 27,616	0.00%	\$ 27,616

D. Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$176,054. The annual payroll for active employees covered by the plan in the actuarial valuation was \$1,851,808, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.51 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 11 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Retirement Age for Active Employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at the earlier of age 65 or the Rule of 85.

Mortality – Life expectancies are based on mortality tables at the National Center for Health Statistics website. The 2000 United States Life Tables for Males and United States Life Tables for Females were used.

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in Paragraph 35b of GASB 45.

Healthcare Cost Trend Rate – The expected rate of increase in healthcare insurance premiums used was 10% initially, reduced to an ultimate rate of 5% after ten years.

Health Insurance Premiums - For insured plans, the premiums represent a blended average cost of both active and retired individuals. Since older, pre-65 retirees generally incur higher claims than younger active employees, GASB requires employers to value retiree liability based on estimated retiree costs rather than premiums. Age-adjusted claims are developed and used to value the OPEB liability.

Participation Rate – It is assumed that 67% of active participants will continue coverage. Participants are assumed to continue in single coverage.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4 percent was used. In addition, the Projected Unit Credit cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years on an open basis. The remaining amortization period at December 31, 2009, was thirty years.

NOTE 12 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.

For years beginning in 1998, the Commission and the City of Glencoe agreed that the annual transfers in lieu of taxes will be \$50,000. In addition, the Commission provided street lights and street light maintenance in the amount of \$79,591 for 2009.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 13 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 14 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.

NOTE 15 CONSTRUCTION COMMITMENT

The City has entered into several construction contracts for a new City Center. The estimated costs to completion of the approximately \$5.1 million project are \$4.3 million as of December 31, 2009. Accounts payable and retainages payable at December 31, 2009 include \$119,539 in contracts and retainages payable.

NOTE 16 RECONCILIATION OF OPERATING TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types		
General Fund	\$ 240,259	\$ (170,740)
Nonmajor Governmental Funds	336,407	(528,235)
Total Governmental Funds	<u>576,666</u>	<u>(698,975)</u>
Proprietary Fund Types		
Water Fund	857	(57,286)
Waste Water Treatment Plant	19,528	(56,346)
City Center	371,500	-
Liquor Store	-	(124,727)
Airport	18,100	-
Storm Water Management	50,783	(100,100)
Total Proprietary Funds	<u>460,768</u>	<u>(338,459)</u>
Total Operating Transfers	<u>\$ 1,037,434</u>	<u>\$ (1,037,434)</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 16 RECONCILIATION OF OPERATING TRANSFERS (CONTINUED)

Throughout the year, the City has to make occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate. Other transfers were made between funds for financing various purchases, funding debt payments, closing out funds that are no longer required to be maintained and transferring of capital assets. \$71,168 of the transfers out from the Nonmajor Governmental Funds was for the contributions of capital assets to other funds. Accordingly, these are recorded as transfers in of \$857 in the Water Fund, \$19,528 in the Wastewater Treatment Plant Fund and \$50,783 in the Storm Water Management Fund, respectively. \$8,896 of the transfers out from the Water Fund, \$4,046 from the Wastewater Treatment Plant Fund, and \$25,727 from the Storm Water Management Fund, respectively, was for the contributions of capital assets to other funds. Accordingly, there is no transfer or contribution of \$38,759 recorded in the General Fund because it is a governmental fund.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Original Budget	Final Budget	2009 Actual	Variance with Final Budget Positive (Negative)	2008 Actual
REVENUES					
Taxes -					
General Property Taxes	\$ 1,382,153	\$ 1,382,153	\$ 1,260,127	\$ (122,026)	\$ 1,244,996
Special Assessments	-	-	4,088	4,088	-
Franchise Taxes	12,000	12,000	10,548	(1,452)	10,764
Total Taxes	<u>1,394,153</u>	<u>1,394,153</u>	<u>1,274,763</u>	<u>(119,390)</u>	<u>1,255,760</u>
Licenses and Permits	49,000	49,000	58,683	9,683	79,573
Intergovernmental -					
Local Government Aid	1,276,000	1,113,751	1,169,474	55,723	1,043,126
Market Value Credit Aid	3,500	3,500	133,225	129,725	138,695
PERA Rate Increase Aid	4,500	4,500	4,491	(9)	4,491
Police State Aid	58,000	58,000	67,512	9,512	64,349
Fire State Aid	35,000	35,000	30,156	(4,844)	29,095
Miscellaneous State Aid	1,200	1,200	2,096	896	4,573
Miscellaneous Federal Aid	-	-	24,740	24,740	66,803
Total Intergovernmental	<u>1,378,200</u>	<u>1,215,951</u>	<u>1,431,694</u>	<u>215,743</u>	<u>1,351,132</u>
Charges for Services -					
Special Services, Police	65,000	65,000	65,248	248	62,691
Special Services, Fire	40,000	40,000	45,900	5,900	42,159
Miscellaneous Charges	32,600	32,600	74,099	41,499	80,833
Total Charges for Services	<u>137,600</u>	<u>137,600</u>	<u>185,247</u>	<u>47,647</u>	<u>185,683</u>
Fines and Forfeits	45,000	45,000	32,339	(12,661)	45,977
Interest	68,000	68,000	35,701	(32,299)	46,264
Contributions and Donations	6,000	6,000	20,265	14,265	31,860
Payments in Lieu of Taxes	68,000	68,000	50,000	(18,000)	50,000
Miscellaneous -					
Park Fees	11,000	11,000	10,192	(808)	11,313
Reimbursements and Refunds	106,100	107,900	113,109	5,209	84,788
Total Miscellaneous	<u>117,100</u>	<u>118,900</u>	<u>123,301</u>	<u>4,401</u>	<u>96,101</u>
Total Revenues	<u>3,263,053</u>	<u>3,102,604</u>	<u>3,211,993</u>	<u>109,389</u>	<u>3,142,350</u>

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Original Budget	Final Budget	2009 Actual	Variance with Final Budget Positive (Negative)	2008 Actual
EXPENDITURES					
General Government -					
Administration:					
Salaries	\$ 174,018	\$ 164,018	\$ 161,954	\$ 2,064	\$ 152,139
Employee Benefits	52,223	52,223	49,651	2,572	44,801
Payroll Taxes	10,789	10,789	9,428	1,361	9,074
Workers' Compensation	2,500	2,500	1,823	677	2,068
Office Supplies	13,000	13,000	9,376	3,624	10,481
Printing and Binding	3,500	3,500	4,707	(1,207)	2,375
Repairs and Maintenance	13,500	12,500	14,229	(1,729)	10,781
Professional Services	70,000	47,000	63,565	(16,565)	169,449
Auditing and Accounting	31,000	31,000	34,864	(3,864)	33,876
Legal Fees	50,000	50,000	54,415	(4,415)	45,585
Chamber	40,000	27,000	26,810	190	30,215
Computer Software	2,500	2,500	603	1,897	1,871
Telephone	7,000	7,000	9,274	(2,274)	8,629
Postage	4,000	4,000	3,527	473	3,843
Advertising	3,000	3,000	5,164	(2,164)	2,986
Travel	3,700	3,700	4,864	(1,164)	5,351
Training	4,000	4,000	3,806	194	1,553
Insurance	17,600	17,600	18,937	(1,337)	17,633
Utilities	87,000	87,000	90,977	(3,977)	142,389
Subscriptions	250	250	68	182	146
Continuing Education and Dues	3,000	3,000	8,860	(5,860)	8,901
League of Minnesota Cities	13,500	13,500	14,338	(838)	14,260
Capital Lease Principal	37,646	37,646	37,646	-	36,049
Capital Lease Interest	26,357	26,357	26,357	-	27,953
Capital Outlay	3,500	3,500	4,154	(654)	3,236
Miscellaneous	850	850	391	459	487
Total Administration	674,433	627,433	659,788	(32,355)	786,131
Finance:					
Salaries	109,702	108,702	107,345	1,357	109,343
Employee Benefits	34,996	34,996	35,407	(411)	31,701
Payroll Taxes	6,802	6,802	6,109	693	6,152
Office Supplies	2,000	2,000	720	1,280	1,052
Printing and Binding	500	500	615	(115)	659
Repairs and Maintenance	400	400	89	311	-
Computer Software	5,500	4,000	4,066	(66)	4,220
Postage	50	50	5	45	15
Travel	500	500	83	417	123
Continuing Education & Dues	500	500	35	465	35
Subscriptions	50	50	-	50	-
Capital Outlay	2,000	2,000	2,644	(644)	360
Training	500	500	-	500	138
Miscellaneous	500	500	455	45	362
Total Finance	164,000	161,500	157,573	3,927	154,160

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Original Budget	Final Budget	2009 Actual	Variance with Final Budget Positive (Negative)	2008 Actual
Expenditures: - (Cont'd.)					
General Government - (Cont'd.)					
City Council:					
Salaries	\$ 29,200	\$ 29,200	\$ 28,052	\$ 1,148	\$ 28,648
Employee Benefits	1,518	1,518	1,498	20	1,515
Payroll Taxes	769	769	412	357	439
Workers' Compensation	100	100	47	53	54
Insurance	400	400	323	77	359
Office Supplies	600	600	144	456	1,761
Travel	1,500	1,500	1,599	(99)	1,245
Training	3,000	3,000	1,056	1,944	868
Dues and Subscriptions	200	200	20	180	1,074
Capital Outlay	-	-	-	-	1,416
Miscellaneous	1,000	1,000	1,585	(585)	9,012
Total City Council	<u>38,287</u>	<u>38,287</u>	<u>34,736</u>	<u>3,551</u>	<u>46,391</u>
Total General Government	876,720	827,220	852,097	(24,877)	986,682
Public Safety -					
Police Department:					
Salaries	616,994	616,994	610,349	6,645	621,338
Employee Benefits	240,043	240,043	240,738	(695)	223,732
Payroll Taxes	3,387	3,387	3,099	288	3,165
Unemployment Insurance	-	-	2	(2)	15
Workers' Compensation	31,000	31,000	22,051	8,949	24,401
Supplies	13,700	12,700	7,870	4,830	10,750
Motor Fuels	1,000	1,000	120	880	526
Repairs and Maintenance	36,500	36,000	32,519	3,481	34,543
Training	23,500	19,000	11,552	7,448	14,357
Continuing Education and Dues	2,000	1,000	785	215	840
Investigation	4,250	4,250	2,176	2,074	2,025
Vaccinations	500	500	120	380	119
Telephone	15,000	15,000	11,544	3,456	14,162
Printing and Binding	1,000	1,000	80	920	873
Insurance	12,223	12,223	12,218	5	12,223
Legal Fees	1,000	1,000	-	1,000	-
Uniforms	11,000	11,000	9,959	1,041	7,204
Animal Control	2,500	2,500	2,761	(261)	2,413
Operating Leases	71,500	71,500	57,539	13,961	62,492
Capital Lease Principal	-	-	-	-	4,950
Capital Lease Interest	-	-	-	-	266
Capital Outlay	18,000	12,000	10,899	1,101	21,078
Miscellaneous	5,600	5,600	3,502	2,098	2,549
Total Police Department	<u>1,110,697</u>	<u>1,097,697</u>	<u>1,039,883</u>	<u>57,814</u>	<u>1,064,021</u>

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Original Budget	Final Budget	2009 Actual	Variance with Final Budget Positive (Negative)	2008 Actual
Expenditures: - (Cont'd.)					
Public Safety - (Cont'd.)					
Fire Department:					
Salaries	\$ 22,195	\$ 19,695	\$ 19,039	\$ 656	\$ 21,866
State Fire Aid	35,000	35,000	25,156	9,844	29,095
Municipal Fire Aid Contribution	59,000	59,000	58,342	658	58,342
Payroll Taxes	1,698	1,698	1,457	241	1,673
Workers' Compensation	7,000	7,000	5,689	1,311	6,101
Office Supplies	500	500	941	(441)	180
Motor Fuels	4,800	4,800	2,988	1,812	4,792
Repairs and Maintenance	16,700	16,700	12,956	3,744	16,287
Training	9,000	10,800	8,636	2,164	9,000
Telephone	1,700	1,700	1,422	278	1,854
Travel	1,650	1,650	1,566	84	1,612
Advertising	600	600	480	120	629
Insurance	10,000	10,000	10,829	(829)	9,392
Utilities	11,300	11,300	5,217	6,083	8,545
Continuing Education and Dues	6,000	6,000	4,653	1,347	6,671
Capital Lease Principal	35,218	35,218	35,218	-	33,802
Capital Lease Interest	3,013	3,013	3,013	-	4,429
Capital Outlay	11,000	11,000	11,094	(94)	10,846
Miscellaneous	5,568	4,068	10,327	(6,259)	6,097
Total Fire Department	241,942	239,742	219,023	20,719	231,213
Code Enforcement:					
Office Supplies	500	500	743	(243)	610
Building Inspector	20,000	20,000	39,543	(19,543)	66,359
Total Code Enforcement	20,500	20,500	40,286	(19,786)	66,969
Total Public Safety	1,373,139	1,357,939	1,299,192	58,747	1,362,203
Streets and Highways -					
Salaries	204,288	204,288	201,366	2,922	198,602
Employee Benefits	66,414	66,414	56,504	9,910	57,153
Payroll Taxes	12,666	12,666	12,073	593	12,086
Workers' Compensation	17,500	17,500	14,620	2,880	15,194
Supplies	200	200	1,055	(855)	246
Motor Fuels	22,000	22,000	21,942	58	29,561
Repairs and Maintenance	30,100	30,100	29,152	948	29,847
Street Maintenance	13,000	13,000	12,199	801	16,551
Street Overlay and Seal Coat	40,000	40,000	37,229	2,771	44,535
Landscaping	1,000	1,000	1,320	(320)	1,411
Telephone	900	900	1,188	(288)	1,229

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Original Budget	Final Budget	2009 Actual	Variance with Final Budget Positive (Negative)	2008 Actual
Expenditures: - (Cont'd.)					
Streets and Highways - (Cont'd.)					
Mosquito Control	\$ 2,000	\$ 2,000	\$ -	\$ 2,000	\$ 518
Insurance	6,500	6,500	9,089	(2,589)	6,767
Utilities	14,000	14,000	12,501	1,499	12,982
Capital Lease Principal	45,885	45,885	45,868	17	30,100
Capital Lease Interest	10,781	10,782	10,799	(17)	9,367
Maintenance Facility Principal	30,000	30,000	30,000	-	25,000
Maintenance Facility Interest	31,860	31,860	31,860	-	33,185
Fiscal Agent Fees	1,250	1,250	1,250	-	1,250
Capital Outlay	9,000	5,000	23,452	(18,452)	157,345
Miscellaneous	17,100	14,600	28,213	(13,613)	18,823
Total Street and Highways	576,444	569,945	581,680	(11,735)	701,752
Culture and Recreation -					
Parks and Recreation:					
Salaries	141,097	133,597	128,326	5,271	141,275
Employee Benefits	39,208	39,208	43,998	(4,790)	38,740
Payroll Taxes	8,748	8,748	8,834	(86)	8,472
Workers' Compensation	5,000	5,000	4,881	119	4,373
Supplies	10,050	10,050	6,335	3,715	6,437
Motor Fuels	7,000	7,000	7,819	(819)	11,793
Repairs and Maintenance	20,400	20,400	31,672	(11,272)	23,798
Management Fees	2,600	100	-	100	2,757
Telephone	1,700	1,700	1,223	477	1,622
Insurance	13,200	13,200	15,638	(2,438)	13,373
Utilities	9,800	9,800	5,383	4,417	8,371
Capital Lease Principal	4,970	4,970	4,887	83	6,004
Capital Lease Interest	1,655	1,655	1,738	(83)	621
Capital Outlay	40,400	25,400	41,741	(16,341)	25,387
Miscellaneous	6,000	4,400	4,431	(31)	6,505
Total Park and Recreation	311,828	285,228	306,906	(21,678)	299,528
Library and Community Center:					
Supplies	2,288	2,288	1,767	521	1,207
Repairs and Maintenance	1,040	1,040	1,651	(611)	1,568
Management Fees	71,716	71,716	71,716	-	68,958
Janitorial	2,160	2,160	1,357	803	1,200
Telephone	2,160	2,160	2,046	114	1,901
Insurance	1,352	1,352	1,491	(139)	1,237
Utilities	10,816	10,816	10,416	400	11,518
Capital Outlay	19,240	5,500	5,390	110	12,756
Continuing Education and Dues	260	260	-	260	-
Miscellaneous	520	520	15	505	798
Total Library and Community Center	111,552	97,812	95,849	1,963	101,143
Total Culture and Recreation	423,380	383,040	402,755	(19,715)	400,671

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Original Budget	Final Budget	2009 Actual	Variance with Final Budget Positive (Negative)	2008 Actual
Expenditures: - (Cont'd.)					
Economic Development	\$ -	\$ -	\$ 6,334	\$ (6,334)	\$ 33,141
Miscellaneous -					
Sales Tax	2,000	2,000	1,997	3	2,224
State Surcharge	1,000	1,000	2,529	(1,529)	3,333
Vehicle Towing	6,000	6,000	8,368	(2,368)	15,279
Refunds and Reimbursements	42,000	42,000	84,484	(42,484)	95,690
Capital Lease Principal	11,861	24,361	36,861	(12,500)	65,463
Capital Lease Interest	1,592	1,592	1,592	-	4,978
Total Miscellaneous	<u>64,453</u>	<u>76,953</u>	<u>135,831</u>	<u>(58,878)</u>	<u>186,967</u>
Total Expenditures	3,314,136	3,215,097	3,277,889	(62,792)	3,671,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,083)	(112,493)	(65,896)	46,597	(529,066)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	200,000	212,500	201,500	(11,000)	246,000
Operating Transfers Out	(100,000)	(50,000)	(170,740)	(120,740)	(65,010)
Bond Proceeds	-	-	-	-	153,000
Insurance Proceeds	-	-	12,055	12,055	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>162,500</u>	<u>42,815</u>	<u>(119,685)</u>	<u>333,990</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	48,917	50,007	(23,081)	(73,088)	(195,076)
Fund Balance - Beginning	<u>2,035,248</u>	<u>2,035,248</u>	<u>2,035,248</u>	<u>-</u>	<u>2,230,324</u>
Fund Balance - Ending	<u>\$ 2,084,165</u>	<u>\$ 2,085,255</u>	<u>\$ 2,012,167</u>	<u>\$ (73,088)</u>	<u>\$ 2,035,248</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2009	\$ -	\$ 176,054	\$ 176,054	0.00%	\$ 1,851,808	9.51%

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009

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 the General Fund and certain Special Revenue 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. There were supplemental appropriations in 2009.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 3,215,097	\$ 3,277,889

COMBINING FUND STATEMENTS

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

		Other Governmental Funds		
		2009		
		Special Revenue	Debt Service	Capital Projects
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$	249,191	\$ 50,917	\$ 643,781
Accounts Receivable		31,420	-	-
Taxes Receivable				
Current		-	6,131	-
Delinquent		-	12,019	-
Special Assessments Receivable				
Current		-	10,810	-
Deferred		-	174,247	-
Land Held for Resale		-	-	372,220
		-	-	-
Total Assets	\$	<u>280,611</u>	<u>\$ 254,124</u>	<u>\$ 1,016,001</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$	40,816	\$ -	\$ 69,350
Due to Other Funds		57,384	7,298	-
Deferred Revenue		-	186,266	-
Total Liabilities		<u>98,200</u>	<u>193,564</u>	<u>69,350</u>
FUND BALANCES				
Reserved for Library Improvement		10,683	-	-
Reserved for Land Held for Resale		-	-	372,220
Unreserved, Reported in				
Special Revenue		171,728	-	-
Debt Service		-	60,560	-
Capital Projects		-	-	574,431
Total Fund Balances		<u>182,411</u>	<u>60,560</u>	<u>946,651</u>
		-	-	-
Total Liabilities and Fund Balances	\$	<u>280,611</u>	<u>\$ 254,124</u>	<u>\$ 1,016,001</u>

<u>2009</u>	<u>2008</u>
Total Other Governmental Funds	Total Other Governmental Funds
\$ 943,889	\$ 2,568,798
31,420	43,327
6,131	541
12,019	9,227
10,810	785
174,247	190,823
372,220	455,157
<u>\$ 1,550,736</u>	<u>\$ 3,268,658</u>
\$ 110,166	\$ 1,402,982
64,682	79,824
186,266	200,050
<u>361,114</u>	<u>1,682,856</u>
10,683	259,011
372,220	455,157
171,728	179,389
60,560	114,831
574,431	577,414
<u>1,189,622</u>	<u>1,585,802</u>
<u>\$ 1,550,736</u>	<u>\$ 3,268,658</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Other Governmental Funds		
	2009		
	Special Revenue	Debt Service	Capital Projects
REVENUES			
Taxes	\$ 5,669	\$ 497,888	\$ 202,657
Intergovernmental	145,619	51,735	358
Charges for Services	105,518	-	-
Assessments	-	60,839	-
Interest Income	3,014	(1,959)	4,868
Contributions and Donations	4,100	-	40,136
Franchise Taxes	26,562	-	-
Miscellaneous	14,600	-	-
Total Revenues	<u>305,082</u>	<u>608,503</u>	<u>248,019</u>
EXPENDITURES			
Current:			
General Government	15,134	-	-
Public Safety	715	-	-
Highways and Streets	15,251	-	6,528
Culture-Recreation	139,615	-	-
Economic Development	-	-	63,441
Capital Outlay:			
General Government	-	-	-
Public Safety	18,345	-	-
Highways and Streets	40,000	-	84,038
Culture-Recreation	23,501	-	-
Economic Development	-	-	23,736
Debt Service:			
Principal	64,000	636,000	-
Interest	23,510	323,860	-
Fiscal Charges	-	1,681	-
Total Liabilities	<u>340,071</u>	<u>961,541</u>	<u>177,743</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(34,989)	(353,038)	70,276
OTHER FINANCING SOURCES (USES)			
Transfers In	29,000	298,767	8,640
Transfers Out	(250,000)	-	(207,067)
Bond Proceeds	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Proceeds from Land Held for Resale	-	-	42,231
Payments to Bond Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>(221,000)</u>	<u>298,767</u>	<u>(156,196)</u>
Net Change in Fund Balances	(255,989)	(54,271)	(85,920)
Fund Balances - Beginning	<u>438,400</u>	<u>114,831</u>	<u>1,032,571</u>
Fund Balances - Ending	<u>\$ 182,411</u>	<u>\$ 60,560</u>	<u>\$ 946,651</u>

2009		2008	
Total	Total	Total	Total
Other	Other	Other	Other
Governmental	Governmental	Governmental	Governmental
Funds	Funds	Funds	Funds
\$ 706,214	\$ 654,894		
197,712	178,647		
105,518	155,362		
60,839	65,234		
5,923	39,511		
44,236	243,102		
26,562	28,161		
14,600	17,330		
<u>1,161,604</u>	<u>1,382,241</u>		
15,134	52,998		
715	2,317		
21,779	146,292		
139,615	170,273		
63,441	68,033		
-	869		
18,345	12,884		
124,038	1,564,173		
23,501	17,133		
23,736	1,080		
700,000	778,000		
347,370	316,795		
1,681	431		
<u>1,479,355</u>	<u>3,131,278</u>		
(317,751)	(1,749,037)		
336,407	366,583		
(457,067)	(250,072)		
-	2,375,000		
-	14,950		
42,231	-		
-	(845,000)		
<u>(78,429)</u>	<u>1,661,461</u>		
(396,180)	(87,576)		
<u>1,585,802</u>	<u>1,673,378</u>		
<u>\$ 1,189,622</u>	<u>\$ 1,585,802</u>		

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Special Revenue Funds				
	2009				
	Library Improvement	Park Improvement	Crime Prevention	Charitable Gambling	Aquatic Center
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 11,315	\$ 39,155	\$ 14,520	\$ 5,397	\$ 1,369
Accounts Receivable	-	4,800	-	-	-
Total Assets	\$ 11,315	\$ 43,955	\$ 14,520	\$ 5,397	\$ 1,369
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 12	\$ -	\$ 337
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	12	-	337
FUND BALANCES					
Reserved for Library Improvement	10,683	-	-	-	-
Unreserved, Undesignated	632	43,955	14,508	5,397	1,032
Total Fund Balances	11,315	43,955	14,508	5,397	1,032
Total Liabilities and Fund Balances	\$ 11,315	\$ 43,955	\$ 14,520	\$ 5,397	\$ 1,369

Special Revenue Funds					
2009					2008
Cable TV	Cemetery	Municipal State Aid	Engineering Inspection Service Fund	Total Special Revenue	Total Special Revenue
\$ 38,994	\$ 95,427	\$ 43,014	\$ -	\$ 249,191	\$ 514,908
2,037	149	-	24,434	31,420	31,656
<u>\$ 41,031</u>	<u>\$ 95,576</u>	<u>\$ 43,014</u>	<u>\$ 24,434</u>	<u>\$ 280,611</u>	<u>\$ 546,564</u>
\$ 100	\$ 367	\$ 40,000	\$ -	\$ 40,816	\$ 50,342
-	-	-	57,384	57,384	57,822
<u>100</u>	<u>367</u>	<u>40,000</u>	<u>57,384</u>	<u>98,200</u>	<u>108,164</u>
-	-	-	-	10,683	259,011
40,931	95,209	3,014	(32,950)	171,728	179,389
<u>40,931</u>	<u>95,209</u>	<u>3,014</u>	<u>(32,950)</u>	<u>182,411</u>	<u>438,400</u>
<u>\$ 41,031</u>	<u>\$ 95,576</u>	<u>\$ 43,014</u>	<u>\$ 24,434</u>	<u>\$ 280,611</u>	<u>\$ 546,564</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Special Revenue Funds				
	2009				
	Library Improvement	Park Improvement	Crime Prevention	Charitable Gambling	Aquatic Center
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,669
Intergovernmental	-	-	-	-	-
Charges for Services	-	4,882	-	-	85,507
Interest Income	1,672	457	175	42	5
Contributions and Donations	100	4,000	-	-	-
Franchise Fees	-	-	-	-	-
Miscellaneous	-	1,119	7,487	-	5,994
Total Revenues	<u>1,772</u>	<u>10,458</u>	<u>7,662</u>	<u>42</u>	<u>97,175</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	715	-	-
Highways and Streets	-	-	-	-	-
Culture-Recreation	2,120	7,464	-	-	128,038
Economic Development	-	-	-	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	18,345	-	-
Highways and Streets	-	-	-	-	-
Culture-Recreation	-	20,787	-	-	2,714
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>2,120</u>	<u>28,251</u>	<u>19,060</u>	<u>-</u>	<u>130,752</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(348)	(17,793)	(11,398)	42	(33,577)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	29,000
Transfers Out	(250,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,000</u>
Net Change in Fund Balances	(250,348)	(17,793)	(11,398)	42	(4,577)
Fund Balance - Beginning	261,663	61,748	25,906	5,355	5,609
Fund Balances - Ending	<u>\$ 11,315</u>	<u>\$ 43,955</u>	<u>\$ 14,508</u>	<u>\$ 5,397</u>	<u>\$ 1,032</u>

Special Revenue Funds					
2009					2008
Cable TV	Cemetery	Municipal State Aid	Engineering Inspection Service Fund	Total Special Revenue	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 5,669	\$ 6,856
-	-	145,619	-	145,619	131,316
-	11,320	-	3,809	105,518	155,362
150	779	185	(451)	3,014	12,247
-	-	-	-	4,100	4,645
26,562	-	-	-	26,562	28,161
-	-	-	-	14,600	13,446
<u>26,712</u>	<u>12,099</u>	<u>145,804</u>	<u>3,358</u>	<u>305,082</u>	<u>352,033</u>
-	15,134	-	-	15,134	7,412
-	-	-	-	715	2,317
-	-	15,251	-	15,251	8,693
1,993	-	-	-	139,615	170,273
-	-	-	-	-	4,961
-	-	-	-	-	869
-	-	-	-	18,345	12,884
-	-	40,000	-	40,000	50,000
-	-	-	-	23,501	17,133
-	-	64,000	-	64,000	57,000
-	-	23,510	-	23,510	25,049
<u>1,993</u>	<u>15,134</u>	<u>142,761</u>	<u>-</u>	<u>340,071</u>	<u>356,591</u>
24,719	(3,035)	3,043	3,358	(34,989)	(4,558)
-	-	-	-	29,000	94,210
-	-	-	-	(250,000)	(92,944)
-	-	-	-	(221,000)	1,266
<u>24,719</u>	<u>(3,035)</u>	<u>3,043</u>	<u>3,358</u>	<u>(255,989)</u>	<u>(3,292)</u>
<u>16,212</u>	<u>98,244</u>	<u>(29)</u>	<u>(36,308)</u>	<u>438,400</u>	<u>441,692</u>
<u>\$ 40,931</u>	<u>\$ 95,209</u>	<u>\$ 3,014</u>	<u>\$ (32,950)</u>	<u>\$ 182,411</u>	<u>\$ 438,400</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Debt Service Funds		
	2009		
	City Sinking	1995 Storm Sewer Bond	1997 Storm Sewer Bond
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ -	\$ 33	\$ 430
Accounts Receivable	-	-	-
Taxes Receivable			
Current	-	-	-
Delinquent	-	-	-
Special Assessments Receivable			
Current	4,467	-	-
Deferred	18,694	-	-
	<u>23,161</u>	<u>33</u>	<u>430</u>
Total Assets	<u>\$ 23,161</u>	<u>\$ 33</u>	<u>\$ 430</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	4,374	-	-
Deferred Revenue	18,694	-	-
Total Liabilities	<u>23,068</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Unreserved, Undesignated	93	33	430
Total Fund Balances	<u>93</u>	<u>33</u>	<u>430</u>
Total Liabilities and Fund Balances	<u>\$ 23,161</u>	<u>\$ 33</u>	<u>\$ 430</u>

Debt Service Funds

2009

1997 McLeod/N.C. Pond Bond	1997 N. Country III/ Morningside	1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition	2001 N. Country V/Popelka
\$ -	\$ -	\$ 4,185	\$ 855	\$ 59	\$ -
-	-	-	-	-	-
1,449	374	709	378	369	500
2,850	728	1,381	738	723	986
-	-	-	-	763	756
-	147	-	2,839	2,617	54,703
<u>\$ 4,299</u>	<u>\$ 1,249</u>	<u>\$ 6,275</u>	<u>\$ 4,810</u>	<u>\$ 4,531</u>	<u>\$ 56,945</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,369	316	-	-	-	1,239
2,850	875	1,381	3,577	3,340	55,689
<u>4,219</u>	<u>1,191</u>	<u>1,381</u>	<u>3,577</u>	<u>3,340</u>	<u>56,928</u>
80	58	4,894	1,233	1,191	17
<u>80</u>	<u>58</u>	<u>4,894</u>	<u>1,233</u>	<u>1,191</u>	<u>17</u>
<u>\$ 4,299</u>	<u>\$ 1,249</u>	<u>\$ 6,275</u>	<u>\$ 4,810</u>	<u>\$ 4,531</u>	<u>\$ 56,945</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Debt Service Funds		
	2009		
	2002 Willow Ridge Estates 2nd Addition	2003 Tax Increment Bond	County State Aid Hwy #3 Bond
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 838	\$ 169	\$ 4,168
Accounts Receivable	-	-	-
Taxes Receivable			
Current	80	-	676
Delinquent	153	-	1,315
Special Assessments Receivable			
Current	-	-	383
Deferred	-	-	18,179
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,071</u>	<u>\$ 169</u>	<u>\$ 24,721</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Deferred Revenue	153	-	19,494
Total Liabilities	<u>153</u>	<u>-</u>	<u>19,494</u>
FUND BALANCES			
Unreserved, Undesignated	918	169	5,227
Total Fund Balances	<u>918</u>	<u>169</u>	<u>5,227</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,071</u>	<u>\$ 169</u>	<u>\$ 24,721</u>

Debt Service Funds

		2009			2008	
2004 N. Country/ Glenknoll Area	2004 Street Improvement Bond	2007 Tax Increment Bond	2008 11th Street Morningside	Total Debt Service	Total Debt Service	
\$ 4,139	\$ 366	\$ 3,096	\$ 32,579	\$ 50,917	\$ 128,426	
-	-	-	-	-	11,671	
106	825	-	665	6,131	541	
197	1,611	-	1,337	12,019	9,227	
4,441	-	-	-	10,810	785	
77,068	-	-	-	174,247	190,823	
<u>\$ 85,951</u>	<u>\$ 2,802</u>	<u>\$ 3,096</u>	<u>\$ 34,581</u>	<u>\$ 254,124</u>	<u>\$ 341,473</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,590	
-	-	-	-	7,298	22,002	
77,265	1,611	-	1,337	186,266	200,050	
<u>77,265</u>	<u>1,611</u>	<u>-</u>	<u>1,337</u>	<u>193,564</u>	<u>226,642</u>	
8,686	1,191	3,096	33,244	60,560	114,831	
<u>8,686</u>	<u>1,191</u>	<u>3,096</u>	<u>33,244</u>	<u>60,560</u>	<u>114,831</u>	
<u>\$ 85,951</u>	<u>\$ 2,802</u>	<u>\$ 3,096</u>	<u>\$ 34,581</u>	<u>\$ 254,124</u>	<u>\$ 341,473</u>	

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Debt Service Funds		
	2009		
	City Sinking	1995 Storm Sewer Bond	1997 Storm Sewer Bond
REVENUES			
Taxes	\$ 118	\$ -	\$ -
Intergovernmental	-	-	-
Assessments	8,455	-	-
Interest Income	4	(16)	(11)
Miscellaneous	-	-	-
Total Revenues	<u>8,577</u>	<u>(16)</u>	<u>(11)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Debt Service:			
Principal	20,000	35,000	26,000
Interest	-	2,170	780
Fiscal Charges	-	-	-
Total Expenditures	<u>20,000</u>	<u>37,170</u>	<u>26,780</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(11,423)	(37,186)	(26,791)
OTHER FINANCING SOURCES (USES)			
Transfers In	10,700	37,000	27,000
Transfers Out	-	-	-
Bond Proceeds	-	-	-
Payments to Bond Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>10,700</u>	<u>37,000</u>	<u>27,000</u>
Net Change in Fund Balances	(723)	(186)	209
Fund Balances - Beginning	<u>816</u>	<u>219</u>	<u>221</u>
Fund Balances - Ending	<u>\$ 93</u>	<u>\$ 33</u>	<u>\$ 430</u>

Debt Service Funds

2009

1997 McLeod/N.C. Pond Bond	1997 N. Country III/ Morningside	1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition	2001 N. Country V/Popelka
\$ 117,898	\$ 30,248	\$ 57,369	\$ 30,636	\$ 29,983	\$ 40,740
12,264	3,134	5,943	3,176	3,113	4,245
-	49	-	3,237	1,640	23,845
(36)	27	107	26	(150)	(357)
-	-	-	-	-	-
<u>130,126</u>	<u>33,458</u>	<u>63,419</u>	<u>37,075</u>	<u>34,586</u>	<u>68,473</u>
-	-	-	-	-	-
100,000	35,000	45,000	30,000	30,000	60,000
33,697	6,540	24,723	5,980	8,510	13,570
-	-	625	625	-	-
<u>133,697</u>	<u>41,540</u>	<u>70,348</u>	<u>36,605</u>	<u>38,510</u>	<u>73,570</u>
(3,571)	(8,082)	(6,929)	470	(3,924)	(5,097)
16,100	6,800	-	-	-	4,800
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,100</u>	<u>6,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,800</u>
12,529	(1,282)	(6,929)	470	(3,924)	(297)
(12,449)	1,340	11,823	763	5,115	314
<u>\$ 80</u>	<u>\$ 58</u>	<u>\$ 4,894</u>	<u>\$ 1,233</u>	<u>\$ 1,191</u>	<u>\$ 17</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Debt Service Funds		
	2009		
	2002 Willow Ridge Estates 2nd Addition	2003 Tax Increment Bond	County State Aid Hwy #3 Bond
REVENUES			
Taxes	\$ 6,398	\$ -	\$ 54,642
Intergovernmental	661	-	5,661
Assessments	-	-	5,797
Interest Income	6	(453)	(239)
Miscellaneous	-	-	-
Total Revenues	<u>7,065</u>	<u>(453)</u>	<u>65,861</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Debt Service:			
Principal	20,000	50,000	45,000
Interest	5,140	29,675	25,074
Fiscal Charges	-	431	-
Total Expenditures	<u>25,140</u>	<u>80,106</u>	<u>70,074</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(18,075)	(80,559)	(4,213)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	80,500	-
Transfers Out	-	-	-
Bond Proceeds	-	-	-
Payments to Bond Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>80,500</u>	<u>-</u>
Net Change in Fund Balances	(18,075)	(59)	(4,213)
Fund Balances - Beginning	18,993	228	9,440
Fund Balances - Ending	<u>\$ 918</u>	<u>\$ 169</u>	<u>\$ 5,227</u>

Debt Service Funds

2009						2008
2004 N. Country/ Glenknoll Area	2004 Street Improvement Bond	2007 Tax Increment Bond	2008 11th Street Morningside	Total Debt Service	Total Debt Service	
\$ 8,359	\$ 66,700	\$ -	\$ 54,797	\$ 497,888	\$ 443,384	
849	6,934	-	5,755	51,735	46,961	
17,816	-	-	-	60,839	65,234	
9	(337)	(558)	19	(1,959)	(515)	
-	-	-	-	-	3,884	
<u>27,033</u>	<u>73,297</u>	<u>(558)</u>	<u>60,571</u>	<u>608,503</u>	<u>558,948</u>	
-	-	-	-	-	45,586	
50,000	55,000	35,000	-	636,000	721,000	
14,363	17,160	77,269	59,209	323,860	291,746	
-	-	-	-	1,681	431	
<u>64,363</u>	<u>72,160</u>	<u>112,269</u>	<u>59,209</u>	<u>961,541</u>	<u>1,058,763</u>	
(37,330)	1,137	(112,827)	1,362	(353,038)	(499,815)	
-	-	115,867	-	298,767	256,723	
-	-	-	-	-	(30,252)	
-	-	-	-	-	976,730	
-	-	-	-	-	(845,000)	
<u>-</u>	<u>-</u>	<u>115,867</u>	<u>-</u>	<u>298,767</u>	<u>358,201</u>	
(37,330)	1,137	3,040	1,362	(54,271)	(141,614)	
46,016	54	56	31,882	114,831	256,445	
<u>\$ 8,686</u>	<u>\$ 1,191</u>	<u>\$ 3,096</u>	<u>\$ 33,244</u>	<u>\$ 60,560</u>	<u>\$ 114,831</u>	

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2009
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2008)**

	Capital Project Funds			
	2009			
	Tax Increment #2- Littfin	Tax Increment #3- Lakeland	Tax Increment #4- Industrial Park	Tax Increment #13- Kestrel Properties
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ -	\$ 196,330	\$ 240,107	\$ 9,401
Land Held for Resale	-	-	-	-
Total Assets	\$ -	\$ 196,330	\$ 240,107	\$ 9,401
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 9,392
Total Liabilities	-	-	-	9,392
FUND BALANCES				
Reserved for Land Held for Resale	-	-	-	-
Unreserved, Undesignated	-	196,330	240,107	9
Total Fund Balances	-	196,330	240,107	9
Total Liabilities and Fund Balances	\$ -	\$ 196,330	\$ 240,107	\$ 9,401

Capital Project Funds

2009					2008	
Tax Increment #14- Downtown Redevelopment	Tax Increment #15- Industrial Park	Panther Heights 2nd Addition	Tax Increment #16- Grand Meadows	2008 11th Street Morningside	Total Capital Projects	Total Capital Projects
\$ 22,720	\$ 144,201	\$ 58	\$ 5	\$ 30,959	\$ 643,781	\$ 1,925,464
125,157	247,063	-	-	-	372,220	455,157
<u>\$ 147,877</u>	<u>\$ 391,264</u>	<u>\$ 58</u>	<u>\$ 5</u>	<u>\$ 30,959</u>	<u>\$ 1,016,001</u>	<u>\$ 2,380,621</u>
\$ -	\$ 29,958	\$ -	\$ -	\$ 30,000	\$ 69,350	\$ 1,348,050
-	29,958	-	-	30,000	69,350	1,348,050
125,157	247,063	-	-	-	372,220	455,157
22,720	114,243	58	5	959	574,431	577,414
<u>147,877</u>	<u>361,306</u>	<u>58</u>	<u>5</u>	<u>959</u>	<u>946,651</u>	<u>1,032,571</u>
<u>\$ 147,877</u>	<u>\$ 391,264</u>	<u>\$ 58</u>	<u>\$ 5</u>	<u>\$ 30,959</u>	<u>\$ 1,016,001</u>	<u>\$ 2,380,621</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Capital Project Funds			
	2009			
	Tax Increment #2- Littfin	Tax Increment #3- Lakeland	Tax Increment #4- Industrial Park	Tax Increment #13- Kestrel Properties
REVENUES				
Taxes	\$ 43,327	\$ 45,201	\$ 93,392	\$ 9,359
Intergovernmental	-	358	-	-
Interest Income	1,340	1,270	1,448	10
Contributions and Donations	-	-	-	-
Total Revenues	<u>44,667</u>	<u>46,829</u>	<u>94,840</u>	<u>9,369</u>
EXPENDITURES				
Current:				
Highways and Streets	-	-	-	-
Economic Development	-	6,089	4,262	9,393
Capital Outlay:				
Highways and Streets	-	-	-	-
Economic Development	-	-	23,736	-
Total Expenditures	<u>-</u>	<u>6,089</u>	<u>27,998</u>	<u>9,393</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	44,667	40,740	66,842	(24)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	390
Transfers Out	(207,067)	-	-	-
Bond Proceeds	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Proceeds from Land Held for Resale	-	-	-	-
Total Other Financing Sources (Uses)	<u>(207,067)</u>	<u>-</u>	<u>-</u>	<u>390</u>
Net Change in Fund Balances	(162,400)	40,740	66,842	366
Fund Balances - Beginning	<u>162,400</u>	<u>155,590</u>	<u>173,265</u>	<u>(357)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 196,330</u>	<u>\$ 240,107</u>	<u>\$ 9</u>

Capital Project Funds

2009						2008
Tax Increment #14- Downtown Redevelopment	Tax Increment #15- Industrial Park	Panther Heights 2nd Addition	Tax Increment #16- Grand Meadows	2008 11th Street Morningside	Total Capital Projects	Total Capital Projects
\$ 11,378	\$ -	\$ -	\$ -	\$ -	\$ 202,657	\$ 204,654
-	-	-	-	-	358	370
104	282	135	(7)	286	4,868	27,779
-	-	40,136	-	-	40,136	238,457
<u>11,482</u>	<u>282</u>	<u>40,271</u>	<u>(7)</u>	<u>286</u>	<u>248,019</u>	<u>471,260</u>
-	-	6,528	-	-	6,528	137,599
-	41,791	-	1,906	-	63,441	63,072
-	-	54,038	-	30,000	84,038	1,514,173
-	-	-	-	-	23,736	1,080
<u>-</u>	<u>41,791</u>	<u>60,566</u>	<u>1,906</u>	<u>30,000</u>	<u>177,743</u>	<u>1,715,924</u>
11,482	(41,509)	(20,295)	(1,913)	(29,714)	70,276	(1,244,664)
-	-	6,500	1,750	-	8,640	15,650
-	-	-	-	-	(207,067)	(126,876)
-	-	-	-	-	-	1,398,270
-	-	-	-	-	-	14,950
<u>-</u>	<u>42,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,231</u>	<u>-</u>
<u>-</u>	<u>42,231</u>	<u>6,500</u>	<u>1,750</u>	<u>-</u>	<u>(156,196)</u>	<u>1,301,994</u>
11,482	722	(13,795)	(163)	(29,714)	(85,920)	57,330
136,395	360,584	13,853	168	30,673	1,032,571	975,241
<u>\$ 147,877</u>	<u>\$ 361,306</u>	<u>\$ 58</u>	<u>\$ 5</u>	<u>\$ 959</u>	<u>\$ 946,651</u>	<u>\$ 1,032,571</u>

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SUPPLEMENTARY INFORMATION

**CITY OF GLENCOE, MINNESOTA
 SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
 DECEMBER 31, 2009**

	\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G		\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$974,000 Portion	
	Principal	Interest	Principal	Interest
2010	\$ 75,000	\$ 26,950	\$ 61,000	\$ 21,590
2011	75,000	23,462	70,000	19,638
2012	100,000	19,162	70,000	17,328
2013	100,000	14,087	71,000	14,948
2014	50,000	10,163	75,000	12,428
2015	25,000	8,094	75,000	9,615
2016	25,000	6,656	75,000	6,690
2017	25,000	5,219	90,000	3,690
2018	25,000	3,750	-	-
2019	25,000	2,250	-	-
2020	25,000	750	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 550,000</u>	<u>\$ 120,543</u>	<u>\$ 587,000</u>	<u>\$ 105,927</u>

\$610,000 G.O. Taxable Tax Increment Bonds of 2007 - Series 2007B		\$945,000 G.O. Refunding Bonds - Series 2008B \$730,000 Portion		\$153,000 G.O. Equipment Certificate of Indebtedness Series 2008	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 40,000	\$ 33,126	\$ 50,000	\$ 23,485	\$ 29,855	\$ 4,543
45,000	30,732	55,000	21,985	31,241	3,157
50,000	28,001	55,000	20,335	32,685	1,714
50,000	25,089	60,000	18,465	16,910	306
55,000	21,991	60,000	16,425	-	-
60,000	18,569	65,000	14,205	-	-
60,000	14,969	70,000	11,800	-	-
65,000	11,178	70,000	9,000	-	-
70,000	7,044	75,000	6,200	-	-
80,000	2,450	80,000	3,200	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 575,000</u>	<u>\$ 193,149</u>	<u>\$ 640,000</u>	<u>\$ 145,100</u>	<u>\$ 110,691</u>	<u>\$ 9,720</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2009**

	\$605,000 G.O. Improvement Bonds of 2001		\$215,000 G.O. Improvement Bonds of 2002	
	Principal	Interest	Principal	Interest
2010	\$ 65,000	\$ 10,943	\$ 25,000	\$ 4,125
2011	65,000	8,147	25,000	2,975
2012	75,000	5,062	25,000	1,800
2013	75,000	1,688	25,000	600
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 280,000</u>	<u>\$ 25,840</u>	<u>\$ 100,000</u>	<u>\$ 9,500</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2009**

	\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$1,360,000 Portion		\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$389,000 Portion	
	Principal	Interest	Principal	Interest
2010	\$ 100,000	\$ 30,698	\$ 39,000	\$ 5,490
2011	105,000	27,497	40,000	4,242
2012	125,000	24,033	40,000	2,922
2013	85,000	19,783	44,000	1,562
2014	100,000	16,765	-	-
2015	100,000	13,015	-	-
2016	110,000	9,115	-	-
2017	115,000	4,714	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 840,000</u>	<u>\$ 145,620</u>	<u>\$ 163,000</u>	<u>\$ 14,216</u>

\$595,000 G.O. Street Reconstruction Bonds of 2004 - Series 2004A		\$505,000 G.O. Street Improvement Bonds of 2004 - Series 2004B		\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,015,000 Portion	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 60,000	\$ 15,135	\$ 50,000	\$ 12,613	\$ 50,000	\$ 41,080
60,000	12,735	50,000	10,612	50,000	39,080
60,000	10,335	50,000	8,613	50,000	37,080
65,000	7,721	50,000	6,525	50,000	35,080
70,000	4,785	60,000	4,132	50,000	33,080
75,000	1,631	65,000	1,414	50,000	31,080
-	-	-	-	50,000	29,080
-	-	-	-	50,000	27,080
-	-	-	-	50,000	25,055
-	-	-	-	50,000	23,005
-	-	-	-	50,000	20,942
-	-	-	-	50,000	18,867
-	-	-	-	55,000	16,675
-	-	-	-	55,000	14,365
-	-	-	-	55,000	12,028
-	-	-	-	60,000	9,555
-	-	-	-	60,000	6,960
-	-	-	-	60,000	4,350
-	-	-	-	70,000	1,523
<u>\$ 390,000</u>	<u>\$ 52,342</u>	<u>\$ 325,000</u>	<u>\$ 43,909</u>	<u>\$ 1,015,000</u>	<u>\$ 425,965</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2009**

	\$1,430,000 G.O. Street Reconstruction Bonds - Series 2008A		\$945,000 G.O. Refunding Bonds - Series 2008B \$215,000 Portion	
	Principal	Interest	Principal	Interest
2010	\$ 65,000	\$ 53,729	\$ 25,000	\$ 5,155
2011	75,000	51,734	30,000	4,405
2012	80,000	49,365	30,000	3,505
2013	80,000	46,765	35,000	2,485
2014	85,000	43,935	35,000	1,295
2015	85,000	40,875	-	-
2016	90,000	37,545	-	-
2017	90,000	33,945	-	-
2018	100,000	30,145	-	-
2019	100,000	26,145	-	-
2020	105,000	21,993	-	-
2021	110,000	17,585	-	-
2022	115,000	12,915	-	-
2023	115,000	8,085	-	-
2024	135,000	2,835	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 1,430,000</u>	<u>\$ 477,596</u>	<u>\$ 155,000</u>	<u>\$ 16,845</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2009**

	Capital Lease John Deere Wheel Loader		Certificates of Participation Street Maintenance	
	Principal	Interest	Principal	Interest
2010	\$ 18,471	\$ 3,798	\$ 35,000	\$ 30,240
2011	19,659	2,610	35,000	28,315
2012	20,923	1,346	40,000	26,355
2013	-	-	45,000	23,955
2014	-	-	45,000	21,255
2015	-	-	50,000	18,555
2016	-	-	55,000	15,555
2017	-	-	60,000	12,200
2018	-	-	65,000	8,540
2019	-	-	75,000	4,575
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 59,053</u>	<u>\$ 7,754</u>	<u>\$ 505,000</u>	<u>\$ 189,545</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2009**

	\$460,000 Liquor Store Revenue Bonds of 1995		\$465,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003D	
	Principal	Interest	Principal	Interest
2010	\$ 40,000	\$ 1,968	\$ 20,000	\$ 18,458
2011	-	-	20,000	17,732
2012	-	-	25,000	16,858
2013	-	-	25,000	15,845
2014	-	-	25,000	14,801
2015	-	-	25,000	13,720
2016	-	-	30,000	12,495
2017	-	-	30,000	11,130
2018	-	-	30,000	9,735
2019	-	-	35,000	8,190
2020	-	-	35,000	6,493
2021	-	-	35,000	4,777
2022	-	-	35,000	3,063
2023	-	-	45,000	1,102
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 40,000</u>	<u>\$ 1,968</u>	<u>\$ 415,000</u>	<u>\$ 154,399</u>

\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion		\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion	
Principal	Interest	Principal	Interest
\$ 200,000	\$ 39,725	\$ 35,000	\$ 20,190
225,000	33,325	35,000	18,930
225,000	25,900	30,000	17,700
250,000	18,250	35,000	16,400
250,000	9,375	35,000	15,000
-	-	45,000	13,355
-	-	40,000	11,570
-	-	40,000	9,890
-	-	50,000	7,925
-	-	50,000	5,675
-	-	45,000	3,526
-	-	55,000	1,251
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,150,000</u>	<u>\$ 126,575</u>	<u>\$ 495,000</u>	<u>\$ 141,412</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2009**

	\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,350,000 Portion		Total	
	Principal	Interest	Principal	Interest
2010	\$ -	\$ 56,310	\$ 1,312,303	\$ 519,520
2011	50,000	55,310	1,307,691	468,130
2012	55,000	53,210	1,372,670	416,635
2013	55,000	51,010	1,351,680	360,557
2014	60,000	48,710	1,196,752	308,008
2015	60,000	46,310	883,822	258,805
2016	60,000	43,910	770,984	223,006
2017	70,000	41,310	818,241	187,957
2018	70,000	38,475	650,599	150,172
2019	70,000	35,605	693,061	118,751
2020	70,000	32,718	390,632	89,792
2021	75,000	29,709	356,315	72,875
2022	80,000	26,472	285,000	59,125
2023	85,000	23,007	300,000	46,559
2024	90,000	19,287	280,000	34,150
2025	95,000	15,310	155,000	24,865
2026	95,000	11,201	155,000	18,161
2027	100,000	6,960	160,000	11,310
2028	110,000	2,393	180,000	3,916
	<u>\$ 1,350,000</u>	<u>\$ 637,217</u>	<u>\$ 12,619,750</u>	<u>\$ 3,372,294</u>

OTHER REPORTS SECTION

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REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited the financial statements of the City of Glencoe as of and for the year ended December 31, 2009, and have issued our report thereon dated April 15, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government promulgated by the State Auditor pursuant to Minn. Stat. §6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Minnesota Legal Compliance Audit Guide for Local Government covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, county and city miscellaneous provisions and tax increment financing. Our study included all of the listed categories.

The results of our tests indicate that for the items tested the City of Glencoe complied with the material terms and conditions of applicable legal provisions, except as described in the accompanying schedule of findings.

This report is intended solely for the information and use of the City of Glencoe and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

LarsonAllen LLP

LarsonAllen LLP

Austin, Minnesota
April 15, 2010

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF FINDINGS
DECEMBER 31, 2009**

Finding:

Minnesota Attorney General Opinions state that the City must refrain from paying for Christmas parties and other employee social events. It was noted that the City paid for a portion (\$276) of the employee Christmas Party and a portion (\$493) of an employee recognition dinner.

Corrective Action Plan (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding

The City will obtain a legal opinion from the City Attorney regarding paying for future Christmas parties and other employee social events.

Official Responsible for Ensuring CAP

The City Administrator is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP

The planned completion date for the CAP is immediately.

Plan to Monitor Completion of CAP

The Mayor and City Council will be monitoring this corrective action plan.