

**CITY OF GLENCOE, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2011**



**CITY OF GLENCOE, MINNESOTA  
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DECEMBER 31, 2011**

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## INTRODUCTORY SECTION



**CITY OF GLENCOE, MINNESOTA  
CITY OFFICIALS  
DECEMBER 31, 2011**

**Elected Officials**

**Term Expires**

Mayor	12/31/2012	Randal Wilson
Council Member	12/31/2014	John Schrupp
Council Member	12/31/2014	Lori Adamietz
Council Member	12/31/2014	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	James J. Raiter
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, 2011, 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 2010 financial statements and in our report dated June 20, 2011, 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, 2011, 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 adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. This statement results in the City of Glencoe reporting restricted, committed, assigned and unassigned fund balances in its governmental fund types and restating beginning governmental fund balances.

Honorable Mayor and  
Members of the City Council  
City of Glencoe

Accounting principles generally accepted in the United States of America require that the Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual and Schedule of Funding Progress for Postemployment Benefit Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
May 8, 2012

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF GLENCOE, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

	Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,682,545	\$ 904,884	\$ 3,587,429	\$ 815,774
Taxes Receivable	38,042	-	38,042	-
Accounts Receivable	60,155	20,841	80,996	583,539
Pledges Receivable	-	62,674	62,674	-
Special Assessments Receivable	116,479	18,203	134,682	-
Lease Receivable	-	-	-	32,937
Other Receivables	-	-	-	279,898
Prepaid Expenses	-	-	-	58,347
Inventory	-	99,153	99,153	169,520
Land Held for Resale	261,563	-	261,563	-
Due from Component Unit	-	158,546	158,546	-
Deferred Charges	-	-	-	18,177
Restricted Assets	-	-	-	5,217,549
Capital Assets:				
Land	1,272,268	488,677	1,760,945	-
Construction in Progress	241,247	12,888	254,135	-
Other Capital Assets, Net of Depreciation	7,423,577	12,560,021	19,983,598	13,622,393
Deferred Bond Issuance Costs	146,385	97,585	243,970	-
Total Assets	<u>12,242,261</u>	<u>14,423,472</u>	<u>26,665,733</u>	<u>20,798,134</u>
<b>LIABILITIES</b>				
Accounts Payable	133,492	180,257	313,749	388,991
Retainages Payable	8,765	-	8,765	-
Accrued Interest Payable	73,272	76,269	149,541	-
Accrued Expenses	28,598	121,479	150,077	130,042
Customer Deposits Payable	-	-	-	66,275
Due to the Primary Government	-	-	-	158,546
Non-Current Liabilities:				
Due Within One Year	1,406,763	443,863	1,850,626	512,407
Due in More Than One Year	6,011,629	5,362,959	11,374,588	5,169,295
Total Liabilities	<u>7,662,519</u>	<u>6,184,827</u>	<u>13,847,346</u>	<u>6,425,556</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,728,289	8,239,097	11,967,386	8,154,229
Restricted for:				
Park Improvement	534,120	-	534,120	-
Municipal State Aid	93,933	-	93,933	-
Debt Service	-	-	-	1,035,023
Capital Projects	676,701	-	676,701	-
Unrestricted	(453,301)	(452)	(453,753)	5,183,326
Total Net Assets	<u>\$ 4,579,742</u>	<u>\$ 8,238,645</u>	<u>\$ 12,818,387</u>	<u>\$ 14,372,578</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 919,872	\$ 224,882	\$ -	\$ 25,756
Public Safety	1,340,696	128,904	122,295	500
Highways and Streets	651,846	58,133	-	430,173
Cemetery	20,322	-	-	-
Culture and Recreation	653,082	128,914	-	535,312
Economic Development	54,618	7,633	-	-
Interest on Long-Term Debt	234,234	-	-	-
Total Governmental Activities	3,874,670	548,466	122,295	991,741
Business-Type Activities:				
Water Fund	753,295	762,758	-	928
Wastewater Treatment Plant Fund	976,571	1,045,658	-	1,712
Sanitation Fund	12,468	31,822	-	-
City Center Fund	417,866	158,302	-	15,610
Municipal Liquor Fund	1,146,996	1,280,440	-	-
Airport Fund	102,258	58,400	23,776	-
Storm Water Management Fund	146,609	114,186	-	-
Total Business-Type Activities	3,556,063	3,451,566	23,776	18,250
Total Primary Government	<u>\$ 7,430,733</u>	<u>\$ 4,000,032</u>	<u>\$ 146,071</u>	<u>\$ 1,009,991</u>
Total Component Unit	<u>\$ 7,472,809</u>	<u>\$ 8,052,127</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

<u>Net (Expense) Revenue and Changes in Net Assets</u>			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit Light and Power Commission</u>
\$ (669,234)	\$ -	\$ (669,234)	\$ -
(1,088,997)	-	(1,088,997)	-
(163,540)	-	(163,540)	-
(20,322)	-	(20,322)	-
11,144	-	11,144	-
(46,985)	-	(46,985)	-
(234,234)	-	(234,234)	-
(2,212,168)	-	(2,212,168)	-
-	10,391	10,391	-
-	70,799	70,799	-
-	19,354	19,354	-
-	(243,954)	(243,954)	-
-	133,444	133,444	-
-	(20,082)	(20,082)	-
-	(32,423)	(32,423)	-
-	(62,471)	(62,471)	-
(2,212,168)	(62,471)	(2,274,639)	-
			579,318
2,164,361	-	2,164,361	-
23,068	-	23,068	-
1,203,354	-	1,203,354	-
4,936	36,784	41,720	55,417
4,690	-	4,690	-
152,381	(152,381)	-	-
3,552,790	(115,597)	3,437,193	55,417
1,340,622	(178,068)	1,162,554	634,735
3,239,120	8,416,713	11,655,833	13,737,843
<u>\$ 4,579,742</u>	<u>\$ 8,238,645</u>	<u>\$ 12,818,387</u>	<u>\$ 14,372,578</u>

**CITY OF GLENCOE, MINNESOTA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**  
**(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	2011		2010	
	General	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,112,286	\$ 570,259	\$ 2,682,545	\$ 2,572,503
Accounts Receivable	46,823	13,332	60,155	70,585
Taxes Receivable				
Current	9,168	4,486	13,654	19,835
Delinquent	16,193	8,195	24,388	32,256
Special Assessments Receivable				
Current	582	855	1,437	1,543
Deferred	29,956	85,086	115,042	117,386
Due from Other Funds	364,785	-	364,785	58,046
Land Held for Resale	14,500	247,063	261,563	247,063
Total Assets	<u>\$ 2,594,293</u>	<u>\$ 929,276</u>	<u>\$ 3,523,569</u>	<u>\$ 3,119,217</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 93,730	\$ 39,762	\$ 133,492	\$ 158,613
Retainages Payable	-	8,765	8,765	-
Accrued Expenses	28,598	-	28,598	73,037
Due to Other Funds	-	364,785	364,785	58,046
Deferred Revenue	46,149	93,279	139,428	149,639
Deposits	-	-	-	74,060
Total Liabilities	<u>168,477</u>	<u>506,591</u>	<u>675,068</u>	<u>513,395</u>
<b>FUND BALANCES</b>				
Nonspendable	14,500	247,063	261,563	247,063
Restricted for:				
Library Improvement	-	-	-	10,713
Park Improvement	534,120	-	534,120	-
Municipal State Aid	-	93,933	93,933	54,546
Debt Service	-	6,369	6,369	10,861
Capital Projects	-	429,638	429,638	508,317
Committed for:				
Aquatic Center	-	1,799	1,799	2,059
Cable TV	-	3,873	3,873	15,761
Assigned for:				
Park Improvement	39,035	-	39,035	35,744
Crime Prevention	-	-	-	14,288
Charitable Gambling	4,601	-	4,601	5,411
Cemetery	96,640	-	96,640	82,330
Unassigned	1,736,920	(359,990)	1,376,930	1,618,729
Total Fund Balances	<u>2,425,816</u>	<u>422,685</u>	<u>2,848,501</u>	<u>2,605,822</u>
Total Liabilities and Fund Balances	<u>\$ 2,594,293</u>	<u>\$ 929,276</u>	<u>\$ 3,523,569</u>	<u>\$ 3,119,217</u>

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, 2011**

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

Total Fund Balances for Governmental Funds	\$ 2,848,501
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Capital assets used in governmental funds are not financial resources and  
therefore are not reported in the funds. Those assets consist of:

Land	\$ 1,272,268	
Construction in Progress	241,247	
Buildings, Net of Accumulated Depreciation	3,548,646	
Office Equipment and Furniture, Net of Accumulated Depreciation	35,507	
Vehicles, Net of Accumulated Depreciation	330,655	
Machinery and Shop Equipment, Net of Accumulated Depreciation	359,281	
Improvements Other than Buildings, Net of Accumulated Depreciation	1,705,131	
Infrastructure, Net of Accumulated Depreciation	<u>1,444,357</u>	8,937,092

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.	139,428
--	---------

Bond issuance costs are reported as expenditures in the governmental funds.	146,385
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Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(73,272)
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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	(7,087,370)	
Other Postemployment Benefits Payable	(57,380)	
Compensated Absences Payable	<u>(273,642)</u>	<u>(7,418,392)</u>
Total Net Assets of Governmental Activities		<u><u>\$ 4,579,742</u></u>

**CITY OF GLENCOE, MINNESOTA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	2011		2010	
	General	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,288,714	\$ 884,261	\$ 2,172,975	\$ 2,084,811
Licenses and Permits	39,506	-	39,506	67,506
Intergovernmental	1,246,547	394,876	1,641,423	1,386,346
Charges for Services	193,058	88,044	281,102	363,211
Fines and Forfeits	20,738	-	20,738	31,339
Assessments	2,494	48,093	50,587	62,535
Interest Income	2,904	2,027	4,931	4,965
Contributions and Donations	615,126	-	615,126	17,484
Payment in Lieu of Taxes	75,000	-	75,000	50,000
Franchise Fees	9,178	23,068	32,246	31,047
Miscellaneous	129,892	8,688	138,580	117,374
Total Revenues	3,623,157	1,449,057	5,072,214	4,216,618
<b>EXPENDITURES</b>				
Current:				
General Government	755,244	46,190	801,434	846,532
Public Safety	1,202,251	-	1,202,251	1,316,597
Highways and Streets	401,523	72,434	473,957	383,178
Cemetery	20,322	-	20,322	19,576
Culture-Recreation	372,114	132,891	505,005	519,260
Economic Development	12,713	41,905	54,618	126,698
Miscellaneous	90,596	-	90,596	72,753
Capital Outlay:				
General Government	5,894	-	5,894	54,187
Public Safety	50,468	-	50,468	245,337
Highways and Streets	4,141	175,310	179,451	3,091
Cemetery	-	-	-	4,205
Culture-Recreation	34,376	-	34,376	139,995
Debt Service:				
Principal	173,395	1,179,738	1,353,133	1,112,603
Interest	48,186	246,696	294,882	407,741
Fiscal Charges	944	3,351	4,295	3,328
Total Expenditures	3,172,167	1,898,515	5,070,682	5,255,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	450,990	(449,458)	1,532	(1,038,463)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	261,300	322,900	584,200	679,563
Transfers Out	(116,419)	(315,400)	(431,819)	(825,850)
Lease Proceeds	-	-	-	306,114
Bond Proceeds	500,000	2,665,000	3,165,000	-
Bond Discount	(1,118)	(1,024)	(2,142)	-
Proceeds from the Sale of Capital Assets	-	-	-	282,669
Insurance Proceeds	908	-	908	-
Payments to Bond Escrow Agent	(470,000)	(2,605,000)	(3,075,000)	-
Total Other Financing Sources (Uses)	174,671	66,476	241,147	442,496
Net Change in Fund Balances	625,661	(382,982)	242,679	(595,967)
Fund Balance - Beginning - As Restated	1,800,155	805,667	2,605,822	3,201,789
Fund Balance - Ending	\$ 2,425,816	\$ 422,685	\$ 2,848,501	\$ 2,605,822

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, 2011**

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

Net Change in Fund Balances - Total Governmental Funds	\$	242,679
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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	\$ 276,565	
Depreciation Expense	<u>(479,001)</u>	(202,436)

In the Statement of Activities, the loss on disposition of capital assets is reported. The loss is not a use of current resources and thus is not reported in the funds.		(1,455)
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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.

Issuance of General Obligation Bonds	(3,165,000)	
Bond Discounts	2,142	
Bond Issuance Costs	70,561	
Repayment of Bond, Lease, and Loan Principal	4,428,133	
Change in Accrued Interest	37,661	
Amortization of Bond Issuance Costs	(14,223)	
Amortization of Bond Premiums	87	
Amortization of Bond Discounts	(209)	
Amortization of Deferred Loss on Refunding	<u>(3,485)</u>	1,355,667

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, 2010	149,639	
Deferred Revenue - December 31, 2011	<u>139,428</u>	(10,211)

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).

(43,622)

Change in Net Assets of Governmental Activities	\$	<u><u>1,340,622</u></u>
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**CITY OF GLENCOE, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 355,852	\$ 401,967	\$ 15,576
Accounts Receivable	2,043	5,655	2,952
Pledges Receivable	-	-	-
Special Assessments Receivable	7,939	10,264	-
Inventory	-	-	-
Due from Other Funds	-	-	-
Due from Component Unit	56,734	88,544	2,398
Total Current Assets	<u>422,568</u>	<u>506,430</u>	<u>20,926</u>
<b>NON-CURRENT ASSETS</b>			
Capital Assets			
Land	46,628	291,500	-
Construction in Progress	6,444	6,444	-
Other Fixed Assets (Net of Accumulated Depreciation)	2,576,463	4,641,697	-
Total Capital Assets	<u>2,629,535</u>	<u>4,939,641</u>	<u>-</u>
Other Assets			
Bond Issuance Costs	5,847	29,501	-
Total Other Assets	<u>5,847</u>	<u>29,501</u>	<u>-</u>
Total Non-Current Assets	<u>2,635,382</u>	<u>4,969,142</u>	<u>-</u>
Total Assets	<u><u>\$ 3,057,950</u></u>	<u><u>\$ 5,475,572</u></u>	<u><u>\$ 20,926</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 81,575	\$ 33,502	\$ 121
Retainages Payable	-	-	-
Accrued Interest Payable	7,419	5,715	-
Compensated Absences Payable	23,078	71,762	-
Accrued Expenses	4,591	4,606	-
Deposits	-	-	-
Due to Other Funds	-	-	-
Capital Leases Payable	-	-	-
Revenue Bonds Payable	30,000	285,000	-
Total Current Liabilities	<u>146,663</u>	<u>400,585</u>	<u>121</u>
<b>NON-CURRENT LIABILITIES</b>			
Other Postemployment Benefits Payable	9,752	13,165	-
Capital Leases Payable	-	-	-
Revenue Bonds Payable	388,621	1,056,161	-
Total Noncurrent Liabilities	<u>398,373</u>	<u>1,069,326</u>	<u>-</u>
Total Liabilities	<u>545,036</u>	<u>1,469,911</u>	<u>121</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,210,914	3,598,480	-
Unrestricted	302,000	407,181	20,805
Total Net Assets	<u>2,512,914</u>	<u>4,005,661</u>	<u>20,805</u>
Total Liabilities and Net Assets	<u><u>\$ 3,057,950</u></u>	<u><u>\$ 5,475,572</u></u>	<u><u>\$ 20,926</u></u>

See accompanying Notes to Financial Statements

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2011 Total Proprietary Funds	2010 Total Proprietary Funds
\$ 67,515	\$ 52,350	\$ 7,594	\$ 4,030	\$ 904,884	\$ 519,585
-	170	10,000	21	20,841	11,088
62,674	-	-	-	62,674	673,691
-	-	-	-	18,203	27,860
-	99,153	-	-	99,153	110,038
-	-	-	-	-	362,434
-	-	-	10,870	158,546	161,028
130,189	151,673	17,594	14,921	1,264,301	1,865,724
-	-	150,549	-	488,677	488,677
-	-	-	-	12,888	-
3,177,094	223,277	177,100	1,764,390	12,560,021	13,016,496
3,177,094	223,277	327,649	1,764,390	13,061,586	13,505,173
32,417	-	-	29,820	97,585	85,907
32,417	-	-	29,820	97,585	85,907
3,209,511	223,277	327,649	1,794,210	13,159,171	13,591,080
\$ 3,339,700	\$ 374,950	\$ 345,243	\$ 1,809,131	\$ 14,423,472	\$ 15,456,804
\$ 3,775	\$ 45,431	\$ 12,243	\$ 3,610	\$ 180,257	\$ 252,928
-	-	-	-	-	69,586
45,350	-	-	17,785	76,269	85,451
754	13,210	-	-	108,804	101,672
1,584	1,894	-	-	12,675	12,383
-	-	-	-	-	16,040
-	-	-	-	-	362,434
3,863	-	-	-	3,863	3,710
70,000	-	-	55,000	440,000	330,000
125,326	60,535	12,243	76,395	821,868	1,234,204
3,754	1,829	-	-	28,500	16,881
3,532	-	-	-	3,532	7,395
2,640,000	-	-	1,246,145	5,330,927	5,781,611
2,647,286	1,829	-	1,246,145	5,362,959	5,805,887
2,772,612	62,364	12,243	1,322,540	6,184,827	7,040,091
467,094	223,277	327,649	1,411,683	8,239,097	8,377,611
99,994	89,309	5,351	(925,092)	(452)	39,102
567,088	312,586	333,000	486,591	8,238,645	8,416,713
\$ 3,339,700	\$ 374,950	\$ 345,243	\$ 1,809,131	\$ 14,423,472	\$ 15,456,804

**CITY OF GLENCOE, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 YEAR ENDED DECEMBER 31, 2011  
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 751,613	\$ 996,659	\$ 8,703
Other Operating Revenues	11,145	48,999	23,119
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>762,758</u>	<u>1,045,658</u>	<u>31,822</u>
<b>OPERATING EXPENSES</b>			
Personal Services	290,238	310,228	11,576
Materials and Supplies	71,803	41,023	-
Repairs and Maintenance	20,400	139,997	150
Management Fees	37,374	7,150	-
Professional Services	29,202	67,536	-
Insurance	19,409	17,463	196
Utilities	61,361	106,882	464
Depreciation	82,900	225,854	-
Other	120,741	16,460	82
Total Operating Expenses	<u>733,428</u>	<u>932,593</u>	<u>12,468</u>
Operating Income (Loss)	29,330	113,065	19,354
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Special Assessments	928	1,712	-
Federal Aid and Grants	-	-	-
State Aid and Grants	-	-	-
Donations	-	-	-
Interest on Investments	561	1,769	14
Interest Expense and Fiscal Charges	(19,172)	(37,773)	-
Amortization Expense	(695)	(6,205)	-
Total Nonoperating Revenues (Expenses)	<u>(18,378)</u>	<u>(40,497)</u>	<u>14</u>
Net Income (Loss) Before Contributions and Transfers	10,952	72,568	19,368
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	(35,000)	(35,000)	(3,000)
Total Contributions and Transfers	<u>(35,000)</u>	<u>(35,000)</u>	<u>(3,000)</u>
Change in Net Assets	(24,048)	37,568	16,368
Net Assets - Beginning	<u>2,536,962</u>	<u>3,968,093</u>	<u>4,437</u>
Net Assets - Ending	<u><u>\$ 2,512,914</u></u>	<u><u>\$ 4,005,661</u></u>	<u><u>\$ 20,805</u></u>

See accompanying Notes to Financial Statements.

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2011 Total Proprietary Funds	2010 Total Proprietary Funds
\$ 87,619	\$ -	\$ 57,223	\$ 114,062	\$ 2,015,879	\$ 2,083,962
70,683	-	1,177	124	155,247	81,685
-	1,280,440	-	-	1,280,440	1,303,110
-	(973,379)	-	-	(973,379)	(993,764)
<u>158,302</u>	<u>307,061</u>	<u>58,400</u>	<u>114,186</u>	<u>2,478,187</u>	<u>2,474,993</u>
108,124	92,194	-	-	812,360	749,677
12,347	18,848	34,048	-	178,069	163,159
10,270	12,553	6,633	725	190,728	160,977
-	-	1,146	-	45,670	50,224
6,998	3,420	17,890	5,832	130,878	110,235
10,974	5,262	14,490	50	67,844	57,649
22,576	10,720	4,186	-	206,189	177,891
68,946	16,290	20,165	83,564	497,719	440,191
60,653	14,330	3,700	-	215,966	307,477
<u>300,888</u>	<u>173,617</u>	<u>102,258</u>	<u>90,171</u>	<u>2,345,423</u>	<u>2,217,480</u>
(142,586)	133,444	(43,858)	24,015	132,764	257,513
-	-	-	-	2,640	34,995
-	-	10,000	-	10,000	-
2,600	-	13,776	-	16,376	438,776
13,010	-	-	-	13,010	170,400
34,374	105	14	(53)	36,784	17,397
(111,863)	-	-	(54,535)	(223,343)	(186,504)
(5,115)	-	-	(1,903)	(13,918)	(5,320)
<u>(66,994)</u>	<u>105</u>	<u>23,790</u>	<u>(56,491)</u>	<u>(158,451)</u>	<u>469,744</u>
(209,580)	133,549	(20,068)	(32,476)	(25,687)	727,257
-	-	-	-	-	55,581
85,419	-	-	-	85,419	375,431
(2,300)	(160,000)	-	(2,500)	(237,800)	(2,752,705)
<u>83,119</u>	<u>(160,000)</u>	<u>-</u>	<u>(2,500)</u>	<u>(152,381)</u>	<u>(2,321,693)</u>
(126,461)	(26,451)	(20,068)	(34,976)	(178,068)	(1,594,436)
693,549	339,037	353,068	521,567	8,416,713	10,011,149
<u>\$ 567,088</u>	<u>\$ 312,586</u>	<u>\$ 333,000</u>	<u>\$ 486,591</u>	<u>\$ 8,238,645</u>	<u>\$ 8,416,713</u>



**CITY OF GLENCOE, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from Customers	\$ 960,353	\$ 1,213,268	\$ 31,631
Cash Paid to Suppliers	(314,036)	(376,329)	(1,493)
Cash Paid to Employees	(321,002)	(308,330)	(11,576)
Net Cash Provided (Used) by Operating Activities	325,315	528,609	18,562
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(35,000)	(35,000)	(3,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(35,000)	(35,000)	(3,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers from Other Funds	-	-	-
Proceeds from the Sale of Bonds	-	1,355,000	-
Proceeds from Capital Leases	-	-	-
Principal Paid on Bonds	(35,000)	(1,615,000)	-
Principal Paid on Capital Leases	-	-	-
Collection of Special Assessments	5,724	6,573	-
Interest and Agent Fees on Bonds and Leases	(18,930)	(41,805)	-
Acquisition of Capital Assets	(6,444)	(47,689)	-
Deposits on Refunding Bonds	-	(16,040)	-
Bond Issuance Costs	-	(25,595)	-
Capital Contributions Received	-	-	-
Interest on BAB Bonds	-	-	-
Federal Grants Received	-	-	-
State Grants Received	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(54,650)	(384,556)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	561	1,769	14
Net Increase (Decrease) in Cash and Cash Equivalents	236,226	110,822	15,576
Cash and Cash Equivalents - January 1	119,626	291,145	-
Cash and Cash Equivalents - December 31	<u>\$ 355,852</u>	<u>\$ 401,967</u>	<u>\$ 15,576</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 29,330	\$ 113,065	\$ 19,354
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	82,900	225,854	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,694	(4,349)	(234)
(Increase) Decrease in Due from Other Funds	191,526	170,908	-
Decrease in Due from Component Unit	4,375	1,051	43
(Increase) Decrease in Inventory	-	-	-
Increase (Decrease) in Accounts Payable	8,880	13,032	82
Increase (Decrease) in Retainages Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	3,242	3,954	-
Increase (Decrease) in Due to Other Funds	-	-	(683)
Increase in OPEB Payable	3,515	4,916	-
Increase (Decrease) in Accrued Expenses	(147)	178	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 325,315</u>	<u>\$ 528,609</u>	<u>\$ 18,562</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Amortization of Bond Issuance Costs	\$ 695	\$ 6,205	\$ -
Transfer of Capital Assets	\$ -	\$ -	\$ -
Increase (Decrease) in Retainage and Construction Payable	\$ -	\$ -	\$ -
Capital Contributions	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.



City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2011 Total Proprietary Funds	2010 Total Proprietary Funds
\$ 158,302 (662,522) (106,648) <u>(610,868)</u>	\$ 1,280,353 (1,028,922) (90,285) <u>161,146</u>	\$ 48,400 (70,370) (1,146) <u>(23,116)</u>	\$ 114,422 (3,187) - <u>111,235</u>	\$ 3,806,729 (2,456,859) (838,987) <u>510,883</u>	\$ 3,268,800 (1,800,106) (773,648) <u>695,046</u>
85,419 (2,300) <u>83,119</u>	- (160,000) <u>(160,000)</u>	- - <u>-</u>	- (2,500) <u>(2,500)</u>	85,419 (237,800) <u>(152,381)</u>	110,431 (229,144) <u>(118,713)</u>
-	-	-	-	-	265,000
-	-	-	-	1,355,000	2,980,000
-	-	-	-	-	13,227
-	-	-	(50,000)	(1,700,000)	(295,000)
(3,710)	-	-	-	(3,710)	(2,122)
-	-	-	-	12,297	9,230
(112,164)	-	-	(55,310)	(228,209)	(134,311)
-	-	-	-	(54,133)	(5,291,199)
-	-	-	-	(16,040)	16,040
-	-	-	-	(25,595)	(50,365)
624,027	-	-	-	624,027	739,518
34,906	-	-	-	34,906	14,544
-	-	10,000	-	10,000	-
2,600	-	13,776	-	16,376	438,776
545,659	-	23,776	(105,310)	24,919	(1,296,662)
(532)	105	14	(53)	1,878	2,853
17,378	1,251	674	3,372	385,299	(717,476)
50,137	51,099	6,920	658	519,585	1,237,061
<u>\$ 67,515</u>	<u>\$ 52,350</u>	<u>\$ 7,594</u>	<u>\$ 4,030</u>	<u>\$ 904,884</u>	<u>\$ 519,585</u>
\$ (142,586)	\$ 133,444	\$ (43,858)	\$ 24,015	\$ 132,764	\$ 257,513
68,946	16,290	20,165	83,564	497,719	440,191
-	(87)	(10,000)	-	(12,976)	71,904
-	-	-	-	362,434	(284,023)
-	-	-	236	5,705	12,162
-	10,885	-	-	10,885	(10,181)
(107,367)	(1,295)	10,577	3,420	(72,671)	(96,247)
(69,586)	-	-	-	(69,586)	-
(969)	905	-	-	7,132	6,446
(361,751)	-	-	-	(362,434)	284,023
2,568	620	-	-	11,619	9,342
(123)	384	-	-	292	3,916
<u>\$ (610,868)</u>	<u>\$ 161,146</u>	<u>\$ (23,116)</u>	<u>\$ 111,235</u>	<u>\$ 510,883</u>	<u>\$ 695,046</u>
\$ 5,115	\$ -	\$ -	\$ 1,903	\$ 13,918	\$ 5,320
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,523,561)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,581

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**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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 and the association pays benefits directly to its members.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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. 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and grants and contributions that are restricted to meeting operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual 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 accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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 when they become measurable and available. Revenues are considered measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the City considers all revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recorded when a 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 fund:

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

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

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

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

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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 or committed by the City Council.

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.

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.

**D. Assets, Liabilities and Net Assets or Fund Balance**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the enterprise funds consider cash on hand and demand deposits to be cash and cash equivalents.



**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Balance (Continued)**

**Taxes and Special Assessments**

Current taxes and special assessments receivable at December 31, 2011, 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 2011 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 30<sup>th</sup> 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 collectability. 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 2012. 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.

**Inventory**

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

**Land Held for Resale**

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

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Balance (Continued)**

**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.

**Deposits**

In 2010, the City received good faith deposits totaling \$90,100 relating to the refunding of several debt issues which occurred in January of 2011, as discussed at Note 6.

**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.

**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.



**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Balance (Continued)**

**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 method.

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 Balance**

At December 31, 2011, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. December 31, 2010 comparative fund balance data has been reclassified to be presented in accordance with GASB No. 54.

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

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

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Balance (Continued)**

**Restatements Due to Change in Accounting Principle**

**General Fund**

In connection with the City's implementation of Governmental Accounting Standards Board Statement No. 54 for the year ended December 31, 2011 the beginning fund balances for the Library Improvement Fund, Park Improvement Fund, Crime Prevention Fund, Charitable Gambling Fund, Cemetery Fund and the Engineering/Inspection Services Fund were merged into the General Fund as of the beginning of the year. See below for the effects of this restatement on the General Fund's beginning fund balance.

	General Fund	Other Governmental Funds
Fund Balance, As Presented at December 31, 2010	\$ 1,709,833	\$ 895,989
Library Improvement Fund	10,091	(10,091)
Park Improvement Fund	35,744	(35,744)
Crime Prevention Fund	14,288	(14,288)
Charitable Gambling Fund	5,411	(5,411)
Cemetery Fund	82,330	(82,330)
Engineering/Inspection Services Fund	(57,542)	57,542
Fund Balance, As Restated at December 31, 2010	<u>\$ 1,800,155</u>	<u>\$ 805,667</u>

**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, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Balance (Continued)**

**Property Tax Revenue Recognition (Continued)**

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

**G. Reclassification**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes with the presentation in the current year financial statements.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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.

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 2011.

**B. Excess of Expenditures Over Budget**

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 3,112,506	\$ 3,172,167

**C. Deficit Fund Balances**

Certain funds had deficit fund balances at December 31, 2011, as follows:

Debt Service Funds	
City Sinking	\$ (41,249)
Willow Ridge 1st Addition	(43,004)
2001 N. Country V/Popelka	(83,228)
County State Aid Hwy #3	(60,449)
2004 N. Country/Glenknoll Area	(62,767)
2004 Street Improvement Bond	(69,293)

The deficits in the Debt Service Funds will be reduced as taxes, intergovernmental revenue and assessments are collected.

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Deposits**

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. The City's deposits were not exposed to custodial credit risk at December 31, 2011.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Balance Sheet and Statement of Net Assets as "Cash and Cash Equivalents."

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

The City's deposits in the financial institutions at December 31, 2011 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

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

**Investments**

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 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.

As of December 3, 2011, the City held no investments.



**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

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

Deposits	\$ 3,587,429
Total Cash and Cash Equivalents	<u>\$ 3,587,429</u>
These amounts are reported are presented on the statement of net assets as follows:	
Cash and Cash Equivalents - Governmental Activities	\$ 2,682,545
Cash and Cash Equivalents - Business-Type Activities	<u>904,884</u>
	<u>\$ 3,587,429</u>

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended December 31, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 1,272,268	\$ -	\$ -	\$ -	\$ 1,272,268
Construction in Progress	-	241,247	-	-	241,247
Total Capital Assets, Not Being Depreciated	1,272,268	241,247	-	-	1,513,515
Capital Assets, Being Depreciated:					
Buildings	4,367,750	-	-	-	4,367,750
Improvements Other than Buildings	2,854,825	20,935	(5,820)	-	2,869,940
Office Equipment and Furniture	68,784	-	-	-	68,784
Vehicles	1,625,530	-	-	-	1,625,530
Machinery and Shop Equipment	796,583	14,383	-	-	810,966
Infrastructure	7,731,101	-	-	-	7,731,101
Total Capital Assets, Being Depreciated	17,444,573	35,318	(5,820)	-	17,474,071
Accumulated Depreciation:					
Buildings	(728,995)	(90,109)	-	-	(819,104)
Improvements Other than Buildings	(1,062,150)	(107,024)	4,365	-	(1,164,809)
Office Equipment and Furniture	(24,930)	(8,347)	-	-	(33,277)
Vehicles	(1,218,345)	(76,530)	-	-	(1,294,875)
Machinery and Shop Equipment	(395,633)	(56,052)	-	-	(451,685)
Infrastructure	(6,145,805)	(140,939)	-	-	(6,286,744)
Total Accumulated Depreciation	(9,575,858)	(479,001)	4,365	-	(10,050,494)
Total Capital Assets, Being Depreciated, Net	7,868,715	(443,683)	(1,455)	-	7,423,577
Governmental Activities Capital Assets, Net	<u>\$ 9,140,983</u>	<u>\$ (202,436)</u>	<u>\$ (1,455)</u>	<u>\$ -</u>	<u>\$ 8,937,092</u>

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities:</b>	
General Government	\$ 51,919
Public Safety	78,586
Public Works	220,786
Culture and Recreation	127,710
Total Depreciation Expense, Governmental Activities	<u>\$ 479,001</u>

Capital asset activity for business-type activities for the year ended December 31, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Business-Type Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 488,677	\$ -	\$ -	\$ -	\$ 488,677
Construction in Progress	-	12,888	-	-	12,888
Total Capital Assets, Not Being Depreciated	488,677	12,888	-	-	501,565
Capital Assets, Being Depreciated:					
Buildings	10,248,991	-	-	-	10,248,991
Improvements Other than Buildings	1,205,527	-	-	-	1,205,527
Vehicles	161,572	-	-	-	161,572
Office Equipment and Furniture	76,430	-	-	-	76,430
Machinery and Shop Equipment	1,314,281	9,705	-	-	1,323,986
Infrastructure	8,864,537	31,540	-	-	8,896,077
Total Capital Assets, Being Depreciated	21,871,338	41,245	-	-	21,912,583
Accumulated Depreciation:					
Buildings	(3,545,923)	(212,056)	-	-	(3,757,979)
Improvements Other than Buildings	(957,884)	(20,433)	-	-	(978,317)
Vehicles	(147,298)	(4,078)	-	-	(151,376)
Office Equipment and Furniture	(22,338)	(5,593)	-	-	(27,931)
Machinery and Shop Equipment	(932,867)	(68,231)	-	-	(1,001,098)
Infrastructure	(3,248,533)	(187,328)	-	-	(3,435,861)
Total Accumulated Depreciation	(8,854,843)	(497,719)	-	-	(9,352,562)
Total Capital Assets, Being Depreciated, Net	13,016,495	(456,474)	-	-	12,560,021
Business-Type Capital Assets, Net	<u>\$ 13,505,172</u>	<u>\$ (443,586)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,061,586</u>

**NOTE 5 INTERFUND RECEIVABLES AND PAYABLES**

The balances at December 31, 2011 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 364,785	\$ -
Nonmajor Governmental Funds	-	364,785
Total	<u>\$ 364,785</u>	<u>\$ 364,785</u>

**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES**

Long-term liabilities consist of the following at December 31, 2011:

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<b>Governmental Activities -</b>						
<b>General Obligation Bonds</b>						
\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G	3.00% - 6.00%					
	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/20	\$ 475,000	\$ -	(75,000)	\$ 400,000	\$ 100,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$974,000 Portion These Bonds were Refunded on 1/1/11	1.10% - 4.10%					
	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/17	526,000	-	(526,000)	-	-
\$610,000 G.O. Taxable Tax Increment Bonds of 2007- Series 2007B	5.50% - 6.125%					
	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/19	535,000	-	(45,000)	490,000	50,000
\$945,000 G.O. Refunding Bonds - Series 2008B \$730,000 Portion	2.75% - 4.00%					
	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/19	590,000	-	(55,000)	535,000	55,000
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$540,000 Portion	.55% - 3.45%					
	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/17	-	540,000	(80,000)	460,000	75,000
\$500,000 G.O. Capital Improvement Plan Refunding Bonds - Series 2011B	1.10% - 2.85%					
	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/19	-	500,000	(45,000)	455,000	50,000
Total General Obligation Bonds		2,126,000	1,040,000	(826,000)	2,340,000	330,000



**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>General Obligation Equipment</u>						
<u>Certificates of Indebtedness</u>						
\$153,000 G.O. Equipment	4.50%					
Certificate of Indebtedness						
Series 2008		\$ 80,780	\$ -	\$ (31,301)	\$ 49,479	\$ 32,685
Total General Obligation Equipment		80,780	-	(31,301)	49,479	32,685
<u>Certificates of Indebtedness</u>						
<u>Special Assessment Bonds</u>						
\$605,000 G.O. Improvement	3.20%					
Bonds of 2001	4.50%					
These Bonds were Refunded on 1/1/11						
		215,000	-	(215,000)	-	-
\$215,000 G.O. Improvement	4.00%					
Bonds of 2002	4.80%					
		75,000	-	(25,000)	50,000	25,000
\$335,000 G.O. Improvement	2.25%					
Bonds of 2003 - Series	4.50%					
2003A						
These Bonds were Refunded on 1/1/11		155,000	-	(155,000)	-	-
\$745,000 G.O. Improvement	2.50%					
Bonds of 2003 - Series	4.90%					
2003F		495,000	-	(495,000)	-	-
These Bonds were Refunded on 1/1/11						
\$3,745,000 G.O. Refunding	1.20%					
Bonds of 2003 - Series	4.10%					
2003C \$1,360,000 Portion						
These Bonds were Refunded on 1/1/11		740,000	-	(740,000)	-	-

**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>Special Assessment Bonds (Continued)</u>					
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$389,000 Portion These Bonds were Refunded on 1/1/11	\$ 124,000	\$ -	\$ (124,000)	\$ -	\$ -
\$595,000 G.O. Street Reconstruction Bonds of 2004 - Series 2004A These Bonds were Refunded on 1/1/11	330,000	-	(330,000)	-	-
\$505,000 G.O. Street Improvement Bonds of 2004 - Series 2004B These Bonds were Refunded on 1/1/11	275,000	-	(275,000)	-	-
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,015,000 Portion	965,000	-	(50,000)	915,000	50,000
\$1,430,000 G.O. Street Reconstruction Bonds - Series 2008A	1,365,000	-	(75,000)	1,290,000	80,000
\$945,000 G.O. Refunding Bonds - Series 2008B \$215,000 Portion	130,000	-	(30,000)	100,000	30,000

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>Special Assessment Bonds (Continued)</u>					
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$150,000 Portion	\$ -	\$ 150,000	\$ (75,000)	\$ 75,000	\$ 75,000
Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22					
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$125,000 Portion	-	125,000	(40,000)	85,000	40,000
Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22					
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$125,000 Portion	-	125,000	(40,000)	85,000	40,000
Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22					
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$760,000 Portion	-	760,000	(115,000)	645,000	135,000
Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22					
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$460,000 Portion	-	460,000	(60,000)	400,000	55,000
Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22					
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$275,000 Portion	-	275,000	(65,000)	210,000	65,000

**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Special Assessment Bonds (Continued)	\$4,020,000 G.O. Refunding Bonds - Series 2011A \$230,000 Portion	-	\$ 230,000	\$ (55,000)	\$ 175,000	\$ 50,000
	Interest due semi-annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22	4,869,000	2,125,000	(2,964,000)	4,030,000	645,000
Total Special Assessment Bonds		7,075,780	3,165,000	(3,821,301)	6,419,479	1,007,685
Total Bonds Payable						
Capital Leases Payable	Johnson Control Project					
	4.38%	513,796	-	(20,749)	493,047	42,871
2007 Bobcat Toolcat						
	7.45%	11,904	-	(5,690)	6,214	6,214
2007 John Deere Wheel Loader						
	6.25%	40,582	-	(19,659)	20,923	20,923
Heritage Series Tanker/Pumper						
	4.69%	167,862	-	(39,126)	128,736	40,961
Audio/Video System						
	8.34%	23,879	-	(19,738)	4,141	4,141
2010 John Deere Mower						
	0.00%	6,766	-	(4,776)	1,990	1,990
Phone System						
	16.25%	32,692	-	(7,094)	25,598	8,336
Total Capital Leases Payable		797,481	-	(116,832)	680,649	125,436

**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Certificates of Participation - Street Maintenance These Certificates were Refunded on 1/1/11	4.40% - 6.10%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/19	\$ 470,000	\$ -	\$ (470,000)	\$ -	\$ -
Contract for Deed Stevens Seminary	0.00%	Payments of \$20,000 due annually on 12/27 until 12/27/11	20,000	-	(20,000)	-	-
Total Contracts for Deed			20,000	-	(20,000)	-	-
Unamortized Bond Discount			(8,820)	(2,141)	9,028	(1,933)	-
Unamortized Bond Premium			1,458	-	(87)	1,371	-
Deferred Loss on Refunding			-	(15,681)	3,485	(12,196)	-
Compensated Absences Payable			247,784	273,642	(247,784)	273,642	273,642
Other Postemployment Benefits Payable			39,616	17,764	-	57,380	-
Total Governmental Activities Long-Term Liabilities			\$ 8,643,299	\$ 3,438,584	\$ (4,663,491)	\$ 7,418,392	\$ 1,406,763
<b>Business-Type Activities -</b> \$465,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003D These Bonds were Refunded on 1/1/11	1.50% - 4.90%	Interest due semi- annually on 8/1 and and 2/1 and principal due annually on 2/1 until 2/1/23		-	\$ (395,000)	\$ -	\$ -

**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

	Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<b>Business-Type Activities - (Continued)</b>					
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion These Bonds were Refunded on 1/1/11	\$ 950,000	\$ -	\$ (950,000)	\$ -	\$ -
\$580,000 G.O. Water Revenue Bonds of 2005 - Series 2005A	460,000	-	(35,000)	425,000	30,000
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,350,000 Portion	1,350,000	-	(50,000)	1,300,000	55,000
\$2,000,000 G.O. Taxable Capital Improvement Bonds - Series 2010A	2,000,000	-	-	2,000,000	70,000
\$270,000 G.O. Taxable Sewer Revenue Bonds - Series 2010B	270,000	-	-	270,000	20,000
\$710,000 Temporary Gross Revenue Event Facility Bonds - Series 2010C	710,000	-	-	710,000	-
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$975,000 Portion	-	975,000	(240,000)	735,000	235,000

**CITY OF GLENCOE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$380,000 Portion	.55% - 3.45%	-	\$ 380,000	\$ (30,000)	\$ 350,000	\$ 30,000
Total Bonds Payable	Interest due semi- annually on 6/1 and and 12/1 and principal due annually on 12/1 until 12/1/22	6,135,000	1,355,000	(1,700,000)	5,790,000	440,000
Dishwasher	0.00%					
	Lease payments of \$67 due monthly until 5/1/15	3,543	-	(802)	2,741	802
Hillyard Scrubber/Carpet	5.27%					
	Lease payments of \$1,634 due semi- annually until 2/1/13	7,562	-	(2,908)	4,654	3,061
Total Capital Leases		11,105	-	(3,710)	7,395	3,863
Other Postemployment Benefits Payable						
Unamortized Bond Premium		16,881	11,619	-	28,500	-
Unamortized Bond Discount		1,217	-	(73)	1,144	-
Deferred Loss on Refunding		(24,606)	(900)	18,303	(7,203)	-
Total Business-Type Long-Term Liabilities		-	(17,470)	4,456	(13,014)	-
		\$ 6,139,597	\$ 1,348,249	\$ (1,681,024)	\$ 5,806,822	\$ 443,863

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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
2012	\$ 1,007,685	\$ 201,429	\$ 440,000	\$ 209,303	\$ 1,447,685	\$ 410,732
2013	911,794	178,343	1,180,000	201,221	2,091,794	379,564
2014	755,000	156,811	470,000	179,395	1,225,000	336,206
2015	570,000	136,530	240,000	167,975	810,000	304,505
2016	595,000	118,798	235,000	159,445	830,000	278,243
2017 - 2021	1,800,000	315,588	1,360,000	641,224	3,160,000	956,812
2022 - 2026	650,000	83,418	1,010,000	368,342	1,660,000	451,760
2027 - 2031	130,000	5,873	855,000	113,127	985,000	119,000
Total	<u>\$ 6,419,479</u>	<u>\$ 1,196,790</u>	<u>\$ 5,790,000</u>	<u>\$ 2,040,032</u>	<u>\$ 12,209,479</u>	<u>\$ 3,236,822</u>

On January 1, 2011, the City of Glencoe issued \$4,020,000 of General Obligation Refunding Bonds, Series 2011A. The proceeds of the issue were used to refund, in advance of their stated maturities, the remaining maturities of the City's General Obligation Refunding Bonds of 2003 – Series 2003B, General Obligation Improvement Bonds of 2001, General Obligation Improvement Bonds of 2003 – Series 2003A, General Obligation Improvement Bonds of 2003 – Series 2003F, General Obligation Refunding Bonds of 2003 – Series 2003C, General Obligation Street Reconstruction Bonds of 2004 – Series 2004A, General Obligation Street Improvement Bonds of 2004 – Series 2004B and General Obligation Sewer Revenue Bonds of 2003 – Series 2003D. Assets of various Debt Service Funds, together with scheduled ad valorem taxes, and assets and revenues of the Wastewater Treatment Plant Fund are dedicated to retire these bonds. This refunding resulted in an economic savings of \$266,263 for the City, with a present value of \$244,767.

On January 1, 2011, the City of Glencoe issued \$500,000 of General Obligation Capital Improvement Plan Refunding Bonds, Series 2011B. The proceeds of the issue were used to refund, in advance of their stated maturities, the remaining maturities of the City's Certificates of Participation – Street Maintenance. Assets of the General Fund are dedicated to retire these bonds. This refunding resulted in an economic savings of \$70,278 for the City, with a present value of \$63,392.

In prior years, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of equipment. These lease agreements 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 capital leases have a cost of \$775,540 and \$176,419 of accumulated depreciation at December 31, 2011.



**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

The future minimum lease obligations and the net present value of the City's minimum lease payments as of December 31, 2011 are as follows:

Year Ending December 31	Capital Leases Payable
2012	\$ 162,109
2013	125,329
2014	120,030
2015	64,337
2016	64,002
2017 - 2021	288,010
Total Minimum Lease Payments	823,817
Less Amount Representing Interest	135,773
Present Value of Minimum Lease Payments	<u>\$ 688,044</u>

**Conduit Debt**

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, 2011, the principal amount outstanding was \$23,575,000.

**Limited Pay-As-You-Go Note**

The City of Glencoe has issued a Limited Revenue Pay-As-You-Go Note for the purpose of financing a tax increment project. This note is not a general obligation of the City as it is payable only to the extent of future tax increments received. The balance as of December 31, 2011 was \$371,079.

**NOTE 7 OPERATING LEASES**

The City has entered into agreements to lease police cars. The lease terms are for periods of 3-7 years. The following is a schedule by years of future minimum rental payments required under the operating leases.

Year Ending December 31,	
2012	\$ 40,536
2013	18,998
2014	5,973
2015	5,308
2016	5,308
2017	1,769
	<u>\$ 77,892</u>

The City had \$45,068 of expenditures for these leases in 2011.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 8 RESTRICTED FUND BALANCES**

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

**A. Restricted for Library Improvement**

This restricted fund balance represents accumulated resources available for the purposes of improving the library as deemed appropriate by the Library Board.

**B. Restricted for Park Improvement**

This restricted fund balance represents accumulated resources available for the purposes of improving the parks and recreational facilities as deemed appropriate by an outside donor or the Park Board.

**C. Restricted for Municipal State Aid**

This restricted fund balance represents accumulated resources available for the future acquisition, construction and maintenance of Municipal State Aid streets and trails.

**D. Restricted for Debt Service**

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

**E. Restricted for Capital Projects**

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

**NOTE 9 COMMITTED FUND BALANCES**

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

**A. Committed for Aquatic Center**

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

**B. Committed for Cable TV**

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

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 10 ASSIGNED FUND BALANCES**

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

**A. Assigned for Park Improvement**

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

**B. Assigned for Crime Prevention**

The General Fund includes an assignment of fund balance for future City crime prevention training and programs.

**C. Assigned for Charitable Gambling**

The General Fund includes an assignment of fund balance for the future costs associated with monitoring charitable gambling activities within the City.

**D. Assigned for Cemetery**

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

**NOTE 11 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 General Employees Retirement Fund (GERF) 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. GERF 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 provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://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.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 11 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Funding Policy**

*Minnesota Statutes* Chapter 353 sets the 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. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2011. PEPFF members were required to contribute 9.60% of their annual covered salary in 2011. In 2011, the City of Glencoe was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members and 14.40% for PEPFF members. The City's contributions were equal to the contractually required contributions for each year as set by state statute. The City's contributions to GERP for the years ending December 31, 2011, 2010, and 2009 were \$87,078, \$77,413, and \$71,025, respectively, equal to the contractually required contributions for each year by state statute. The City's contributions to PEPFF for the years ending December 31, 2011, 2010, and 2009, were \$68,591, \$72,199, and \$75,594, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

**Related Party Investments**

As of June 30, 2011 and for the fiscal year then ended, PERA held no securities issued by the City or other related parties.

**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 for the years ended December 31, 2011, 2010, and 2009 were \$68,795, \$68,779, and \$58,342, respectively.

**NOTE 12 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.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 12 DEFERRED COMPENSATION PLAN (CONTINUED)**

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 13 OTHER POSTEMPLOYMENT BENEFIT PLAN**

**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 2011, 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, 2011**

**NOTE 13 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

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

Annual Required Contribution	\$ 30,390
Interest on Net OPEB Obligation	2,260
Adjustment to Annual Required Contribution	<u>(3,268)</u>
Annual OPEB Cost (Expense)	29,382
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	29,382
Net OPEB Obligation - Beginning of Year	56,497
Net OPEB Obligation - End of Year	<u><u>\$ 85,879</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010 and 2011:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 27,616	0.00%	\$ 27,616
12/31/2010	\$ 28,881	0.00%	\$ 56,497
12/31/2011	\$ 29,382	0.00%	\$ 85,879

**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, 2011**

**NOTE 13 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, 2011, was 28 years.

**NOTE 14 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.

Beginning in 1998, the Commission and the City of Glencoe agreed that the annual transfers in lieu of taxes would be \$50,000. Starting in 2011, this amount increased to \$75,000. In addition, the Commission approved a \$2,500 increase starting in 2012 for five consecutive years. In addition, the Commission provided street lights and street light maintenance in the amount of \$47,628 for 2011.

**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 15 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 16 CONTINGENT LIABILITIES**

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

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

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

**NOTE 17 RECONCILIATION OF OPERATING TRANSFERS**

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types		
General Fund	\$ 261,300	\$ (116,419)
Nonmajor Governmental Funds	322,900	(315,400)
Total Governmental Funds	<u>584,200</u>	<u>(431,819)</u>
Proprietary Fund Types		
Water Fund	-	(35,000)
Waste Water Treatment Plant	-	(35,000)
Sanitation	-	(3,000)
City Center	85,419	(2,300)
Liquor Store	-	(160,000)
Storm Water Management	-	(2,500)
Total Proprietary Funds	<u>85,419</u>	<u>(237,800)</u>
Total Operating Transfers	<u><u>\$ 669,619</u></u>	<u><u>\$ (669,619)</u></u>



**CITY OF GLENCOE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 17 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 and closing out funds that are no longer required to be maintained.

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## 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, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Original Budget	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	2010 Actual
<b>REVENUES</b>					
Taxes -					
General Property Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,288,714	\$ (111,286)	\$ 1,312,250
Special Assessments	-	-	2,494	2,494	4,728
Franchise Taxes	11,000	11,000	9,178	(1,822)	8,688
Total Taxes	1,411,000	1,411,000	1,300,386	(110,614)	1,325,666
Licenses and Permits	47,000	47,000	39,506	(7,494)	67,506
Intergovernmental -					
Local Government Aid	1,272,905	1,063,153	1,063,153	-	1,063,153
Market Value Credit Aid	3,000	3,000	54,812	51,812	57,438
PERA Rate Increase Aid	4,500	4,500	4,491	(9)	4,491
Police State Aid	65,000	65,000	59,869	(5,131)	59,014
Fire State Aid	30,000	30,000	30,371	371	30,419
Miscellaneous State Aid	2,000	2,000	8,841	6,841	4,049
Miscellaneous Federal Aid	-	-	25,010	25,010	1,500
Total Intergovernmental	1,377,405	1,167,653	1,246,547	78,894	1,220,064
Charges for Services -					
Special Services, Police	65,000	65,000	41,048	(23,952)	70,756
Special Services, Fire	40,000	40,000	47,626	7,626	93,990
Miscellaneous Charges	46,250	46,250	104,384	58,134	95,838
Total Charges for Services	151,250	151,250	193,058	41,808	260,584
Fines and Forfeits	33,000	33,000	20,738	(12,262)	31,339
Interest	36,250	36,250	2,904	(33,346)	4,221
Contributions and Donations	8,000	8,000	615,126	607,126	17,484
Payments in Lieu of Taxes	82,000	82,000	75,000	(7,000)	50,000
Miscellaneous -					
Park Fees	11,000	11,000	11,977	977	13,585
Reimbursements, Refunds and Miscellaneous	70,900	70,900	117,915	47,015	99,666
Total Miscellaneous	81,900	81,900	129,892	47,992	113,251
Total Revenues	3,227,805	3,018,053	3,623,157	605,104	3,090,115

**CITY OF GLENCOE, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Original Budget	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	2010 Actual
<b>EXPENDITURES</b>					
General Government -					
Administration:					
Salaries	\$ 166,158	\$ 162,658	\$ 164,786	\$ (2,128)	\$ 160,114
Employee Benefits	64,057	58,057	51,474	6,583	50,793
Payroll Taxes	10,302	10,302	9,619	683	9,293
Workers' Compensation	2,000	2,000	1,825	175	1,880
Office Supplies	11,000	9,500	6,209	3,291	17,490
Printing and Binding	3,500	3,500	3,199	301	3,321
Repairs and Maintenance	16,500	10,200	10,706	(506)	24,146
Professional Services	40,000	34,400	84,815	(50,415)	100,669
Auditing and Accounting	36,000	36,000	32,110	3,890	24,120
Legal Fees	20,000	15,000	13,415	1,585	46,582
Chamber	32,300	32,300	32,856	(556)	32,874
Computer Software	3,000	2,000	2,036	(36)	11,208
Telephone	7,500	6,500	1,909	4,591	10,753
Postage	4,200	3,600	3,866	(266)	4,823
Advertising	2,500	2,500	3,466	(966)	3,464
Travel	2,500	2,500	3,163	(663)	3,182
Training	2,000	1,500	981	519	567
Insurance	20,000	20,000	19,196	804	31,845
Utilities	115,000	85,000	78,521	6,479	80,574
Subscriptions	200	200	300	(100)	60
Continuing Education and Dues	2,000	1,000	943	57	6,937
League of Minnesota Cities	14,500	14,500	13,276	1,224	14,474
Capital Lease Principal	41,053	41,053	27,843	13,210	61,739
Capital Lease Interest	22,949	22,949	16,050	6,899	38,229
Capital Outlay	2,000	2,000	5,894	(3,894)	51,869
Miscellaneous	5,900	4,900	6,319	(1,419)	541
Total Administration	647,119	584,119	594,777	(10,658)	791,547
Finance:					
Salaries	115,878	115,878	115,331	547	112,446
Employee Benefits	42,081	42,081	42,204	(123)	40,474
Payroll Taxes	7,184	7,184	6,367	817	6,260
Office Supplies	2,000	1,500	898	602	1,045
Printing and Binding	500	500	530	(30)	837
Repairs and Maintenance	500	500	-	500	-
Computer Software	4,100	4,100	3,766	334	4,066
Postage	50	50	6	44	5
Travel	500	500	110	390	95
Continuing Education & Dues	200	200	70	130	75
Subscriptions	50	50	-	50	-
Capital Outlay	2,000	1,500	-	1,500	2,318
Training	500	500	100	400	-
Miscellaneous	400	400	186	214	380
Total Finance	175,943	174,943	169,568	5,375	168,001

**CITY OF GLENCOE, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Original Budget	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	2010 Actual
Expenditures: - (Cont'd.)					
General Government - (Cont'd.)					
City Council:					
Salaries	\$ 29,200	\$ 29,200	\$ 29,775	\$ (575)	\$ 28,075
Employee Benefits	1,548	1,548	1,532	16	1,478
Payroll Taxes	423	423	432	(9)	407
Workers' Compensation	-	-	57	(57)	63
Insurance	400	400	626	(226)	709
Office Supplies	250	250	221	29	214
Travel	1,500	1,500	1,176	324	394
Training	1,500	1,500	1,067	433	619
Dues and Subscriptions	250	250	2,500	(2,250)	170
Miscellaneous	1,600	1,600	3,300	(1,700)	9,010
Total City Council	36,671	36,671	40,686	(4,015)	41,139
Total General Government	859,733	795,733	805,031	(9,298)	1,000,687
Public Safety -					
Police Department:					
Salaries	572,764	553,000	546,823	6,177	624,443
Employee Benefits	265,406	254,406	235,625	18,781	251,114
Payroll Taxes	3,326	3,326	3,811	(485)	3,459
Unemployment Insurance	-	-	-	-	5,006
Workers' Compensation	23,000	20,000	17,586	2,414	18,433
Supplies	12,700	10,200	9,378	822	7,518
Motor Fuels	12,000	12,000	17,067	(5,067)	8,893
Repairs and Maintenance	34,000	32,000	26,362	5,638	23,472
Training	18,000	16,000	10,031	5,969	9,800
Continuing Education and Dues	1,000	1,000	490	510	160
Investigation	3,750	3,750	2,724	1,026	1,650
Vaccinations	500	500	-	500	598
Telephone	12,000	10,500	12,118	(1,618)	11,530
Printing and Binding	500	500	-	500	-
Insurance	12,223	12,223	11,015	1,208	11,452
Legal Fees	31,000	23,500	20,509	2,991	-
Uniforms	9,000	7,500	7,357	143	5,408
Animal Control	2,500	2,500	2,926	(426)	2,085
Operating Leases	61,500	61,500	48,253	13,247	59,693
Capital Outlay	17,000	17,000	23,376	(6,376)	23,790
Utilities	14,000	11,800	21,547	(9,747)	5,110
Miscellaneous	5,400	4,400	2,551	1,849	3,402
Total Police Department	1,111,569	1,057,605	1,019,549	38,056	1,077,016

**CITY OF GLENCOE, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Original Budget	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	2010 Actual
Expenditures: - (Cont'd.)					
Public Safety - (Cont'd.)					
Fire Department:					
Salaries	\$ 18,592	\$ 16,000	\$ 17,832	\$ (1,832)	\$ 18,354
Employee Benefits	823	823	823	-	882
Unemployment Insurance	600	600	-	600	514
State Fire Aid	31,000	31,000	30,371	629	30,419
Municipal Fire Aid Contribution	69,900	69,900	68,795	1,105	68,779
Payroll Taxes	1,423	1,423	1,364	59	1,404
Workers' Compensation	6,000	6,000	7,046	(1,046)	7,399
Office Supplies	500	500	2,145	(1,645)	965
Motor Fuels	4,500	6,300	5,327	973	3,239
Repairs and Maintenance	15,500	15,500	14,839	661	14,818
Training	9,000	9,000	7,265	1,735	8,104
Telephone	1,700	1,700	936	764	1,346
Travel	1,650	1,000	1,089	(89)	819
Advertising	600	600	631	(31)	557
Insurance	11,000	11,000	8,807	2,193	14,181
Utilities	7,000	7,000	6,231	769	6,539
Continuing Education and Dues	5,500	4,750	3,175	1,575	4,274
Capital Lease Principal	39,126	39,126	39,126	-	74,067
Capital Lease Interest	7,873	7,873	7,873	-	11,163
Capital Outlay	11,000	23,038	27,092	(4,054)	221,547
Miscellaneous	3,100	3,100	2,935	165	3,539
Total Fire Department	246,387	256,233	253,702	2,531	492,909
Code Enforcement:					
Office Supplies	750	750	394	356	740
Building Inspector	15,000	15,000	26,073	(11,073)	76,479
Total Code Enforcement	15,750	15,750	26,467	(10,717)	77,219
Total Public Safety	1,373,706	1,329,588	1,299,718	29,870	1,647,144
Streets and Highways -					
Salaries	166,530	166,530	162,859	3,671	173,225
Employee Benefits	56,162	56,162	55,284	878	52,679
Payroll Taxes	10,325	10,325	9,578	747	10,360
Workers' Compensation	15,000	13,000	10,521	2,479	10,963
Supplies	500	500	1,107	(607)	999
Motor Fuels	18,000	18,000	29,304	(11,304)	29,367
Repairs and Maintenance	34,000	32,500	37,457	(4,957)	49,827
Professional Services	-	-	20,220	(20,220)	-
Street Maintenance	20,000	18,000	18,995	(995)	8,455
Street Overlay and Seal Coat	50,000	-	-	-	5,688
Landscaping	1,000	1,000	871	129	642
Telephone	1,300	1,300	1,317	(17)	1,038



**CITY OF GLENCOE, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Original Budget	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	2010 Actual
Expenditures: - (Cont'd.)					
Streets and Highways - (Cont'd.)					
Mosquito Control	\$ 2,500	\$ 2,500	\$ 1,182	\$ 1,318	\$ 4,690
Insurance	9,000	9,000	28,423	(19,423)	10,698
Utilities	13,000	13,000	9,492	3,508	7,631
Capital Lease Principal	50,900	50,900	50,960	(60)	48,382
Capital Lease Interest	5,767	5,767	5,707	60	8,285
Maintenance Facility Principal	35,000	35,000	45,000	(10,000)	35,000
Maintenance Facility Interest	28,315	28,315	17,621	10,694	30,240
Fiscal Agent Fees	-	-	944	(944)	1,433
Capital Outlay	9,800	9,800	4,141	5,659	3,091
Miscellaneous	19,500	19,000	14,913	4,087	8,954
Total Street and Highways	546,599	490,599	525,896	(35,297)	501,647
Cemetery					
Current Expenditures	17,349	17,349	20,322	(2,973)	19,576
Capital Outlay	4,205	4,205	-	4,205	4,205
Total Cemetery	21,554	21,554	20,322	1,232	23,781
Culture and Recreation -					
Parks and Recreation:					
Salaries	138,272	133,772	126,323	7,449	132,061
Employee Benefits	50,036	50,036	49,206	830	48,009
Payroll Taxes	8,573	8,573	7,648	925	7,720
Workers' Compensation	5,000	5,000	4,429	571	4,719
Supplies	11,050	11,050	13,932	(2,882)	7,911
Motor Fuels	8,000	8,000	9,510	(1,510)	10,074
Repairs and Maintenance	22,800	19,300	19,928	(628)	19,626
Telephone	1,400	1,400	1,724	(324)	1,251
Insurance	16,000	16,000	16,075	(75)	15,730
Utilities	8,300	7,700	5,587	2,113	5,948
Capital Lease Principal	10,514	10,514	10,466	48	8,151
Capital Lease Interest	887	887	935	(48)	1,260
Capital Outlay	26,400	26,400	30,823	(4,423)	14,714
Miscellaneous	6,100	6,100	5,338	762	30,030
Total Park and Recreation	313,332	304,732	301,924	2,808	307,204
Library and Community Center:					
Supplies	3,000	3,000	4,797	(1,797)	6,117
Repairs and Maintenance	2,500	1,000	1,107	(107)	889
Management Fees	80,000	80,000	80,000	-	72,591
Janitorial	3,000	3,000	631	2,369	2,032
Telephone	2,100	2,100	1,537	563	1,926
Insurance	1,500	1,500	3,047	(1,547)	1,437
Utilities	5,500	18,000	21,140	(3,140)	10,773
Capital Outlay	2,000	2,000	3,553	(1,553)	68,224
Continuing Education and Dues	250	250	85	165	80
Miscellaneous	250	250	70	180	-
Total Library and Community Center	100,100	111,100	115,967	(4,867)	164,069
Total Culture and Recreation	413,432	415,832	417,891	(2,059)	471,273

**CITY OF GLENCOE, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Original Budget	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	2010 Actual
Expenditures: - (Cont'd.)					
Economic Development	\$ 5,000	\$ 5,000	\$ 12,713	\$ (7,713)	\$ 31,094
Miscellaneous -					
Sales Tax	2,200	2,200	3,755	(1,555)	2,032
State Surcharge	2,500	2,500	1,992	508	5,725
Vehicle Towing	8,500	8,500	5,440	3,060	7,782
Refunds and Reimbursements	41,000	41,000	56,587	(15,587)	57,214
Capital Lease Principal	-	-	-	-	12,630
Capital Lease Interest	-	-	-	-	821
Other	-	-	22,822	(22,822)	-
Total Miscellaneous	<u>54,200</u>	<u>54,200</u>	<u>90,596</u>	<u>(36,396)</u>	<u>86,204</u>
Total Expenditures	3,274,224	3,112,506	3,172,167	(59,661)	3,761,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,419)	(94,453)	450,990	545,443	(671,715)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	220,000	220,000	261,300	41,300	92,000
Operating Transfers Out	(150,000)	(150,000)	(116,419)	33,581	(302,000)
Lease Proceeds	-	-	-	-	249,600
Bond Proceeds	-	-	500,000	500,000	-
Bond Discount	-	-	(1,118)	(1,118)	-
Proceeds from the Sale of Capital Assets	-	-	-	-	282,669
Insurance Proceeds	10,000	10,000	908	(9,092)	-
Payments to Bond Escrow Agent	-	-	(470,000)	(470,000)	-
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>80,000</u>	<u>174,671</u>	<u>94,671</u>	<u>322,269</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	33,581	(14,453)	625,661	640,114	(349,446)
Fund Balance - Beginning - As Restated	<u>1,800,155</u>	<u>1,800,155</u>	<u>1,800,155</u>	<u>-</u>	<u>2,149,601</u>
Fund Balance - Ending	<u>\$ 1,833,736</u>	<u>\$ 1,785,702</u>	<u>\$ 2,425,816</u>	<u>\$ 640,114</u>	<u>\$ 1,800,155</u>

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN**  
**DECEMBER 31, 2011**

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, 2011**

**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 2011.

**NOTE 2 EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS**

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 3,112,506	\$ 3,172,167

## **COMBINING FUND STATEMENTS**

**CITY OF GLENCOE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

		Other Governmental Funds		
		2011		
		Special Revenue	Debt Service	Capital Projects
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$	134,797	\$ 5,824	\$ 429,638
Accounts Receivable		13,332	-	-
Taxes Receivable				
Current		-	4,486	-
Delinquent		-	8,195	-
Special Assessments Receivable				
Current		-	855	-
Deferred		-	85,086	-
Land Held for Resale		-	-	247,063
Total Assets	\$	148,129	\$ 104,446	\$ 676,701
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$	37,872	\$ 1,890	\$ -
Retainages Payable		8,765	-	-
Due to Other Funds		1,887	362,898	-
Deferred Revenue		-	93,279	-
Deposits		-	-	-
Total Liabilities		48,524	458,067	-
<b>FUND BALANCES</b>				
Nonspendable		-	-	247,063
Restricted for:				
Municipal State Aid		93,933	-	-
Debt Service		-	6,369	-
Capital Projects		-	-	429,638
Committed for:				
Aquatic Center		1,799	-	-
Cable TV		3,873	-	-
Unassigned		-	(359,990)	-
Total Fund Balances		99,605	(353,621)	676,701
Total Liabilities and Fund Balances	\$	148,129	\$ 104,446	\$ 676,701

2011	2010
Total	Total
Other	Other
Governmental	Governmental
Funds	Funds
\$ 570,259	\$ 620,516
13,332	5,185
4,486	10,154
8,195	9,999
855	843
85,086	85,646
247,063	247,063
<u>\$ 929,276</u>	<u>\$ 979,406</u>

\$ 39,762	\$ 13,432
8,765	-
364,785	504
93,279	95,643
-	64,160
<u>506,591</u>	<u>173,739</u>

247,063	247,063
93,933	54,546
6,369	10,861
429,638	508,317
1,799	2,059
3,873	15,761
(359,990)	(32,940)
<u>422,685</u>	<u>805,667</u>
<u>\$ 929,276</u>	<u>\$ 979,406</u>

**CITY OF GLENCOE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	Other Governmental Funds		
	2011		
	Special Revenue	Debt Service	Capital Projects
<b>REVENUES</b>			
Taxes	\$ 6,025	\$ 643,436	\$ 234,800
Intergovernmental	368,292	26,584	-
Charges for Services	88,044	-	-
Assessments	-	48,093	-
Interest Income	576	525	926
Franchise Taxes	23,068	-	-
Miscellaneous	3,815	4,873	-
Total Revenues	489,820	723,511	235,726
<b>EXPENDITURES</b>			
Current:			
General Government	-	46,190	-
Highways and Streets	72,434	-	-
Culture-Recreation	132,891	-	-
Economic Development	-	-	41,905
Capital Outlay:			
Highways and Streets	175,310	-	-
Culture-Recreation	-	-	-
Debt Service:			
Principal	99,738	1,080,000	-
Interest	11,574	235,122	-
Fiscal Charges	365	2,986	-
Total Expenditures	492,312	1,364,298	41,905
Excess (Deficiency) of Revenue Over (Under) Expenditures	(2,492)	(640,787)	193,821
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	31,000	291,900	-
Transfers Out	(15,000)	(27,900)	(272,500)
Bond Proceeds	540,000	2,125,000	-
Bond Discount	(269)	(755)	-
Lease Proceeds	-	-	-
Payments to Bond Escrow Agent	(526,000)	(2,079,000)	-
Total Other Financing Sources (Uses)	29,731	309,245	(272,500)
Net Change in Fund Balances	27,239	(331,542)	(78,679)
Fund Balances - Beginning - As Restated	72,366	(22,079)	755,380
Fund Balances - Ending	\$ 99,605	\$ (353,621)	\$ 676,701



2011	2010
Total Other Governmental Funds	Total Other Governmental Funds
\$ 884,261	\$ 772,561
394,876	166,282
88,044	102,627
48,093	57,807
2,027	744
23,068	22,359
8,688	4,123
1,449,057	1,126,503
46,190	-
72,434	7,962
132,891	140,356
41,905	95,604
175,310	-
-	57,057
1,179,738	872,634
246,696	317,743
3,351	1,895
1,898,515	1,493,251
(449,458)	(366,748)
322,900	587,563
(315,400)	(523,850)
2,665,000	-
(1,024)	-
-	56,514
(2,605,000)	-
66,476	120,227
(382,982)	(246,521)
805,667	1,052,188
\$ 422,685	\$ 805,667

**CITY OF GLENCOE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS  
DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

		Special Revenue Funds	
		2011	
		Aquatic Center	Cable TV
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		\$ 2,710	\$ -
Accounts Receivable		460	5,860
Total Assets		<u>\$ 3,170</u>	<u>\$ 5,860</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts Payable		\$ 1,371	\$ 100
Retainages Payable		-	-
Due to Other Funds		-	1,887
Deposits		-	-
Total Liabilities		<u>1,371</u>	<u>1,987</u>
<b>FUND BALANCES</b>			
Restricted		-	-
Committed		1,799	3,873
Total Fund Balances		<u>1,799</u>	<u>3,873</u>
Total Liabilities and Fund Balances		<u>\$ 3,170</u>	<u>\$ 5,860</u>

Special Revenue Funds		
2011		2010
Municipal State Aid	Total Special Revenue	Total Special Revenue
\$ 132,087	\$ 134,797	\$ 78,017
7,012	13,332	5,185
<u>\$ 139,099</u>	<u>\$ 148,129</u>	<u>\$ 83,202</u>
\$ 36,401	\$ 37,872	\$ 2,816
8,765	8,765	-
-	1,887	-
-	-	8,020
<u>45,166</u>	<u>48,524</u>	<u>10,836</u>
93,933	93,933	54,546
-	5,672	17,820
<u>93,933</u>	<u>99,605</u>	<u>72,366</u>
<u>\$ 139,099</u>	<u>\$ 148,129</u>	<u>\$ 83,202</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, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	Special Revenue Funds	
	2011	
	Aquatic Center	Cable TV
<b>REVENUES</b>		
Taxes	\$ 6,025	\$ -
Intergovernmental	-	-
Charges for Services	88,044	-
Interest Income	(3)	15
Franchise Fees	-	23,068
Miscellaneous	3,345	470
Total Revenues	97,411	23,553
<b>EXPENDITURES</b>		
Current:		
Highways and Streets	-	-
Culture-Recreation	128,671	4,220
Capital Outlay:		
Highways and Streets	-	-
Culture-Recreation	-	-
Debt Service:		
Principal	-	19,738
Interest	-	1,483
Fiscal Charges	-	-
Total Expenditures	128,671	25,441
Deficiency of Revenue Under Expenditures	(31,260)	(1,888)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	31,000	-
Transfers Out	-	(10,000)
Bond Proceeds	-	-
Bond Discount	-	-
Lease Proceeds	-	-
Payments to Bond Escrow Agent	-	-
Total Other Financing Sources (Uses)	31,000	(10,000)
Net Change in Fund Balances	(260)	(11,888)
Fund Balance - Beginning	2,059	15,761
Fund Balances - Ending	\$ 1,799	\$ 3,873

Special Revenue Funds		
2011		2010
Municipal State Aid	Total Special Revenue	Total Special Revenue
\$ -	\$ 6,025	\$ 7,000
368,292	368,292	141,562
-	88,044	102,627
564	576	168
-	23,068	22,359
-	3,815	4,123
368,856	489,820	277,839
72,434	72,434	7,353
-	132,891	140,356
175,310	175,310	-
-	-	57,057
80,000	99,738	93,634
10,091	11,574	23,381
365	365	183
338,200	492,312	321,964
30,656	(2,492)	(44,125)
-	31,000	25,000
(5,000)	(15,000)	(10,000)
540,000	540,000	-
(269)	(269)	-
-	-	56,514
(526,000)	(526,000)	-
8,731	29,731	71,514
39,387	27,239	27,389
54,546	72,366	44,977
\$ 93,933	\$ 99,605	\$ 72,366

**CITY OF GLENCOE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS  
DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

		Debt Service Funds		
		2011		
		City Sinking	1997 McLeod/N.C. Pond Bond	1997 N. Country III/ Morningside
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents		\$ -	\$ -	\$ 38
Taxes Receivable				
Current		-	836	291
Delinquent		-	1,527	532
Special Assessments Receivable				
Current		-	-	-
Deferred		6,232	-	73
		<u>6,232</u>	<u>-</u>	<u>73</u>
Total Assets		<u>\$ 6,232</u>	<u>\$ 2,363</u>	<u>\$ 934</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable		\$ -	\$ 270	\$ 270
Due to Other Funds		41,249	491	-
Deferred Revenue		6,232	1,527	605
Deposits		-	-	-
Total Liabilities		<u>47,481</u>	<u>2,288</u>	<u>875</u>
<b>FUND BALANCES</b>				
Restricted		-	75	59
Unassigned		(41,249)	-	-
Total Fund Balances		<u>(41,249)</u>	<u>75</u>	<u>59</u>
Total Liabilities and Fund Balances		<u>\$ 6,232</u>	<u>\$ 2,363</u>	<u>\$ 934</u>

Debt Service Funds

2011						
1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition	2001 N. Country V/Popelka	2002 Willow Ridge Estates 2nd Addition	2003 Tax Increment Bond	County State Aid Hwy #3 Bond
\$ -	\$ -	\$ -	\$ -	\$ 4,740	\$ 524	\$ -
475	203	247	348	222	-	373
868	370	451	636	405	-	682
-	-	675	-	-	-	180
-	-	-	16,567	-	-	10,835
<u>\$ 1,343</u>	<u>\$ 573</u>	<u>\$ 1,373</u>	<u>\$ 17,551</u>	<u>\$ 5,367</u>	<u>\$ 524</u>	<u>\$ 12,070</u>
\$ -	\$ -	\$ 270	\$ 270	\$ -	\$ -	\$ 270
405	147	43,656	83,306	-	-	60,732
867	370	451	17,203	405	-	11,517
-	-	-	-	-	-	-
<u>1,272</u>	<u>517</u>	<u>44,377</u>	<u>100,779</u>	<u>405</u>	<u>-</u>	<u>72,519</u>
71	56	-	-	4,962	524	-
-	-	(43,004)	(83,228)	-	-	(60,449)
<u>71</u>	<u>56</u>	<u>(43,004)</u>	<u>(83,228)</u>	<u>4,962</u>	<u>524</u>	<u>(60,449)</u>
<u>\$ 1,343</u>	<u>\$ 573</u>	<u>\$ 1,373</u>	<u>\$ 17,551</u>	<u>\$ 5,367</u>	<u>\$ 524</u>	<u>\$ 12,070</u>

**CITY OF GLENCOE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)  
DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	Debt Service Funds		
	2011		
	2004 N. Country/ Glenknoll Area	2004 Street Improvement Bond	2007 Tax Increment Bond
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 522
Taxes Receivable			
Current	285	465	-
Delinquent	521	850	-
Special Assessments Receivable			
Current	-	-	-
Deferred	51,379	-	-
	<u>51,379</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 52,185</u>	<u>\$ 1,315</u>	<u>\$ 522</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 270	\$ 270	\$ -
Due to Other Funds	62,783	69,488	-
Deferred Revenue	51,899	850	-
Deposits	-	-	-
Total Liabilities	<u>114,952</u>	<u>70,608</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	-	-	522
Unassigned	(62,767)	(69,293)	-
Total Fund Balances	<u>(62,767)</u>	<u>(69,293)</u>	<u>522</u>
Total Liabilities and Fund Balances	<u>\$ 52,185</u>	<u>\$ 1,315</u>	<u>\$ 522</u>



Debt Service Funds		
2011		2010
2008 11th Street Morningside	Total Debt Service	Total Debt Service
\$ -	\$ 5,824	\$ 30,961
741	4,486	4,040
1,353	8,195	9,999
-	855	843
-	85,086	85,646
<u>\$ 2,094</u>	<u>\$ 104,446</u>	<u>\$ 131,489</u>
\$ -	\$ 1,890	\$ 1,281
641	362,898	504
1,353	93,279	95,643
-	-	56,140
<u>1,994</u>	<u>458,067</u>	<u>153,568</u>
100	6,369	10,861
-	(359,990)	(32,940)
<u>100</u>	<u>(353,621)</u>	<u>(22,079)</u>
<u>\$ 2,094</u>	<u>\$ 104,446</u>	<u>\$ 131,489</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, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	Debt Service Funds		
	2011		
	City Sinking	1997 McLeod/N.C. Pond Bond	1997 N. Country III/ Morningside
<b>REVENUES</b>			
Taxes	\$ 36	\$ 120,020	\$ 41,784
Intergovernmental	-	4,953	1,726
Assessments	7,104	-	44
Interest Income	4	580	58
Miscellaneous	-	-	1,997
Total Revenues	7,144	125,553	45,609
<b>EXPENDITURES</b>			
Current:			
General Government	575	15,526	2,361
Debt Service:			
Principal	20,000	115,000	40,000
Interest	-	13,983	1,603
Fiscal Charges	-	365	365
Total Expenditures	20,575	144,874	44,329
Excess (Deficiency) of Revenue Over (Under) Expenditures	(13,431)	(19,321)	1,280
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	6,400	2,300
Transfers Out	(27,900)	-	-
Bond Proceeds	-	760,000	125,000
Bond Discount	-	(349)	-
Payments to Bond Escrow Agent	-	(740,000)	(124,000)
Total Other Financing Sources (Uses)	(27,900)	26,051	3,300
Net Change in Fund Balances	(41,331)	6,730	4,580
Fund Balances - Beginning	82	(6,655)	(4,521)
Fund Balances - Ending	\$ (41,249)	\$ 75	\$ 59

Debt Service Funds

2011						
1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition	2001 N. Country V/Popelka	2002 Willow Ridge Estates 2nd Addition	2003 Tax Increment Bond	County State Aid Hwy #3 Bond
\$ 68,189	\$ 29,110	\$ 35,466	\$ 49,900	\$ 31,645	\$ -	\$ 53,732
2,814	1,201	1,463	2,064	1,313	-	2,214
-	-	1,450	18,949	-	-	4,490
7	10	3	(48)	(29)	(136)	315
-	-	-	2,674	-	-	-
71,010	30,321	38,382	73,539	32,929	(136)	60,751
-	-	5,110	2,833	-	-	9,593
55,000	30,000	75,000	140,000	25,000	75,000	105,000
21,985	4,405	4,192	5,576	2,975	23,463	17,947
-	-	365	365	-	431	365
76,985	34,405	84,667	148,774	27,975	98,894	132,905
(5,975)	(4,084)	(46,285)	(75,235)	4,954	(99,030)	(72,154)
5,900	1,300	-	-	-	99,000	-
-	-	-	-	-	-	-
-	-	125,000	150,000	-	-	460,000
-	-	-	-	-	-	(406)
-	-	(120,000)	(150,000)	-	-	(450,000)
5,900	1,300	5,000	-	-	99,000	9,594
(75)	(2,784)	(41,285)	(75,235)	4,954	(30)	(62,560)
146	2,840	(1,719)	(7,993)	8	554	2,111
\$ 71	\$ 56	\$ (43,004)	\$ (83,228)	\$ 4,962	\$ 524	\$ (60,449)

**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, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

	Debt Service Funds		
	2011		
	2004 N. Country/ Glenknoll Area	2004 Street Improvement Bond	2007 Tax Increment Bond
<b>REVENUES</b>			
Taxes	\$ 40,721	\$ 66,844	\$ -
Intergovernmental	1,688	2,758	-
Assessments	16,056	-	-
Interest Income	38	53	(212)
Miscellaneous	7	195	-
Total Revenues	58,510	69,850	(212)
<b>EXPENDITURES</b>			
Current:			
General Government	4,997	5,195	-
Debt Service:			
Principal	105,000	125,000	95,000
Interest	7,942	9,504	69,813
Fiscal Charges	365	365	-
Total Expenditures	118,304	140,064	164,813
Excess (Deficiency) of Revenue Over (Under) Expenditures	(59,794)	(70,214)	(165,025)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	165,000
Transfers Out	-	-	-
Bond Proceeds	230,000	275,000	-
Bond Discount	-	-	-
Payments to Bond Escrow Agent	(225,000)	(270,000)	-
Total Other Financing Sources (Uses)	5,000	5,000	165,000
Net Change in Fund Balances	(54,794)	(65,214)	(25)
Fund Balances - Beginning	(7,973)	(4,079)	547
Fund Balances - Ending	\$ (62,767)	\$ (69,293)	\$ 522

Debt Service Funds		
	2011	2010
2008 11th Street Morningside	Total Debt Service	Total Debt Service
\$ 105,989	\$ 643,436	\$ 585,212
4,390	26,584	24,524
-	48,093	57,807
(118)	525	(1,230)
-	4,873	-
110,261	723,511	666,313
-	46,190	-
75,000	1,080,000	779,000
51,734	235,122	294,362
-	2,986	1,712
126,734	1,364,298	1,075,074
(16,473)	(640,787)	(408,761)
12,000	291,900	327,105
-	(27,900)	(983)
-	2,125,000	-
-	(755)	-
-	(2,079,000)	-
12,000	309,245	326,122
(4,473)	(331,542)	(82,639)
4,573	(22,079)	60,560
\$ 100	\$ (353,621)	\$ (22,079)

**CITY OF GLENCOE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS  
DECEMBER 31, 2011  
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2010)**

		Capital Project Funds		
		2011		
		Tax Increment #4- Industrial Park	Tax Increment #13- Kestrel Properties	Tax Increment #14- Downtown Redevelopment
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents		\$ 49,470	\$ 9,643	\$ 65,973
Taxes Receivable				
Current		-	-	-
Land Held for Resale		-	-	-
Total Assets		<u>\$ 49,470</u>	<u>\$ 9,643</u>	<u>\$ 65,973</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable		\$ -	\$ -	\$ -
Total Liabilities		-	-	-
<b>FUND BALANCES</b>				
Nonspendable		-	-	-
Restricted		49,470	9,643	65,973
Total Fund Balances		<u>49,470</u>	<u>9,643</u>	<u>65,973</u>
Total Liabilities and Fund Balances		<u>\$ 49,470</u>	<u>\$ 9,643</u>	<u>\$ 65,973</u>

Capital Project Funds			
2011			2010
Tax Increment #15- Industrial Park	Tax Increment #16- Grand Meadows	Total Capital Projects	Total Capital Projects
\$ 224,223	\$ 80,329	\$ 429,638	\$ 511,538
-	-	-	6,114
247,063	-	247,063	247,063
<u>\$ 471,286</u>	<u>\$ 80,329</u>	<u>\$ 676,701</u>	<u>\$ 764,715</u>
\$ -	\$ -	\$ -	\$ 9,335
-	-	-	9,335
247,063	-	247,063	247,063
224,223	80,329	429,638	508,317
<u>471,286</u>	<u>80,329</u>	<u>676,701</u>	<u>755,380</u>
<u>\$ 471,286</u>	<u>\$ 80,329</u>	<u>\$ 676,701</u>	<u>\$ 764,715</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, 2011  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2010)**

	Capital Project Funds		
	2011		
	Tax Increment #4- Industrial Park	Tax Increment #13- Kestrel Properties	Tax Increment #14- Downtown Redevelopment
<b>REVENUES</b>			
Taxes	\$ 109,889	\$ 9,656	\$ 13,660
Intergovernmental	-	-	-
Interest Income	128	6	382
Total Revenues	<u>110,017</u>	<u>9,662</u>	<u>14,042</u>
<b>EXPENDITURES</b>			
Current:			
Highways and Streets	-	-	-
Economic Development	12,880	-	5,000
Total Expenditures	<u>12,880</u>	<u>-</u>	<u>5,000</u>
Excess of Revenue Over Expenditures	97,137	9,662	9,042
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(102,500)	-	(170,000)
Total Other Financing Sources (Uses)	<u>(102,500)</u>	<u>-</u>	<u>(170,000)</u>
Net Change in Fund Balances	(5,363)	9,662	(160,958)
Fund Balances - Beginning	54,833	(19)	226,931
Fund Balances - Ending	<u>\$ 49,470</u>	<u>\$ 9,643</u>	<u>\$ 65,973</u>



Capital Project Funds			
			2010
Tax Increment #15- Industrial Park	Tax Increment #16- Grand Meadows	Total Capital Projects	Total Capital Projects
\$ 588	\$ 101,007	\$ 234,800	\$ 180,349
-	-	-	196
377	33	926	1,806
965	101,040	235,726	182,351
-	-	-	609
-	24,025	41,905	95,604
-	24,025	41,905	96,213
965	77,015	193,821	86,138
-	-	-	235,458
-	-	(272,500)	(512,867)
-	-	(272,500)	(277,409)
965	77,015	(78,679)	(191,271)
470,321	3,314	755,380	946,651
\$ 471,286	\$ 80,329	\$ 676,701	\$ 755,380

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## **SUPPLEMENTARY INFORMATION**

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G		\$610,000 G.O. Taxable Tax Increment Bonds of 2007 - Series 2007B	
	Principal	Interest	Principal	Interest
2012	\$ 100,000	\$ 19,162	\$ 50,000	\$ 28,001
2013	100,000	14,087	50,000	25,089
2014	50,000	10,163	55,000	21,991
2015	25,000	8,094	60,000	18,569
2016	25,000	6,656	60,000	14,969
2017	25,000	5,219	65,000	11,178
2018	25,000	3,750	70,000	7,044
2019	25,000	2,250	80,000	2,450
2020	25,000	750	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 400,000</u>	<u>\$ 70,131</u>	<u>\$ 490,000</u>	<u>\$ 129,291</u>

\$945,000 G.O. Refunding Bonds - Series 2008B \$730,000 Portion		\$4,020,000 G.O. Refunding Bonds - Series 2011A \$540,000 Portion		\$500,000 G.O. Capital Improvement Plan Refunding Bonds - Series 2011B	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 55,000	\$ 20,335	\$ 75,000	\$ 7,355	\$ 50,000	\$ 9,290
60,000	18,465	75,000	6,718	55,000	8,740
60,000	16,425	75,000	5,892	50,000	8,135
65,000	14,205	75,000	4,805	55,000	7,285
70,000	11,800	75,000	3,493	55,000	6,350
70,000	9,000	85,000	1,955	60,000	5,085
75,000	6,200	-	-	60,000	3,705
80,000	3,200	-	-	70,000	1,995
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 535,000</u>	<u>\$ 99,630</u>	<u>\$ 460,000</u>	<u>\$ 30,218</u>	<u>\$ 455,000</u>	<u>\$ 50,585</u>

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	\$153,000 G.O. Equipment Certificates of Indebtedness Series 2008		\$215,000 G.O. Improvement Bonds of 2002	
	Principal	Interest	Principal	Interest
2012	\$ 32,685	\$ 1,714	\$ 25,000	\$ 1,800
2013	16,794	404	25,000	600
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 49,479</u>	<u>\$ 2,118</u>	<u>\$ 50,000</u>	<u>\$ 2,400</u>

\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,015,000 Portion		\$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	Principal	Interest
\$ 50,000	\$ 37,080	\$ 80,000	\$ 49,365	\$ 30,000	\$ 3,505
50,000	35,080	80,000	46,765	35,000	2,485
50,000	33,080	85,000	43,935	35,000	1,295
50,000	31,080	85,000	40,875	-	-
50,000	29,080	90,000	37,545	-	-
50,000	27,080	90,000	33,945	-	-
50,000	25,055	100,000	30,145	-	-
50,000	23,005	100,000	26,145	-	-
50,000	20,942	105,000	21,993	-	-
50,000	18,867	110,000	17,585	-	-
55,000	16,675	115,000	12,915	-	-
55,000	14,365	115,000	8,085	-	-
55,000	12,028	135,000	2,835	-	-
60,000	9,555	-	-	-	-
60,000	6,960	-	-	-	-
60,000	4,350	-	-	-	-
70,000	1,523	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 915,000</u>	<u>\$ 345,805</u>	<u>\$ 1,290,000</u>	<u>\$ 372,133</u>	<u>\$ 100,000</u>	<u>\$ 7,285</u>

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	\$4,020,000 G.O.Refunding Bonds - Series 2011A \$150,000 Portion		\$4,020,000 G.O.Refunding Bonds - Series 2011A \$125,000 Portion	
	Principal	Interest	Principal	Interest
2012	\$ 75,000	\$ 638	\$ 40,000	\$ 835
2013	-	-	45,000	495
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 75,000</u>	<u>\$ 638</u>	<u>\$ 85,000</u>	<u>\$ 1,330</u>



\$4,020,000 G.O.Refunding Bonds - Series 2011A \$125,000 Portion		\$4,020,000 G.O.Refunding Bonds - Series 2011A \$760,000 Portion		\$4,020,000 G.O.Refunding Bonds - Series 2011A \$460,000 Portion	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 40,000	\$ 835	\$ 135,000	\$ 10,123	\$ 55,000	\$ 6,953
45,000	495	90,000	8,975	55,000	6,485
-	-	100,000	7,985	55,000	5,880
-	-	100,000	6,535	55,000	5,082
-	-	110,000	4,785	60,000	4,120
-	-	110,000	2,530	55,000	2,890
-	-	-	-	65,000	1,625
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 85,000	\$ 1,330	\$ 645,000	\$ 40,933	\$ 400,000	\$ 33,035

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	\$4,020,000 G.O.Refunding Bonds - Series 2011A \$275,000 Portion		\$4,020,000 G.O.Refunding Bonds - Series 2011A \$230,000 Portion	
	Principal	Interest	Principal	Interest
2012	\$ 65,000	\$ 2,410	\$ 50,000	\$ 2,028
2013	70,000	1,858	60,000	1,602
2014	75,000	1,087	65,000	943
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 210,000</u>	<u>\$ 5,355</u>	<u>\$ 175,000</u>	<u>\$ 4,573</u>

Capital Lease Johnson Controls Project		Capital Lease Bobcat Toolcat		Capital Lease John Deere Wheel Loader	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 42,871	\$ 21,131	\$ 6,214	\$ 411	\$ 20,923	\$ 1,346
44,770	19,233	-	-	-	-
46,752	17,250	-	-	-	-
48,822	15,180	-	-	-	-
50,984	13,018	-	-	-	-
53,241	10,761	-	-	-	-
55,599	8,403	-	-	-	-
58,061	5,942	-	-	-	-
60,632	3,370	-	-	-	-
31,315	686	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 493,047	\$ 114,974	\$ 6,214	\$ 411	\$ 20,923	\$ 1,346

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	Capital Lease Heritage Series Tanker/Pumper		Capital Lease Audio/Video System	
	Principal	Interest	Principal	Interest
2012	\$ 40,961	\$ 6,038	\$ 4,141	\$ 121
2013	42,882	4,117	-	-
2014	44,893	2,105	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 128,736</u>	<u>\$ 12,260</u>	<u>\$ 4,141</u>	<u>\$ 121</u>

Capital Lease 2010 John Deere Mower		Capital Lease Phone System		\$580,000 G.O. Water Revenue Bonds of 2005 - Series 2005A	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,990	\$ -	\$ 8,336	\$ 3,556	\$ 30,000	\$ 17,700
-	-	9,796	2,096	35,000	16,400
-	-	7,466	762	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
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,990	\$ -	\$ 25,598	\$ 6,414	\$ 425,000	\$ 102,292

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,350,000 Portion		\$2,000,000 G.O. Taxable Capital Improvement Bonds - Series 2010A	
	Principal	Interest	Principal	Interest
2012	\$ 55,000	\$ 53,210	\$ 70,000	\$ 99,085
2013	55,000	51,010	75,000	97,556
2014	60,000	48,710	80,000	95,535
2015	60,000	46,310	80,000	93,075
2016	60,000	43,910	80,000	90,255
2017	70,000	41,310	85,000	86,991
2018	70,000	38,475	85,000	83,336
2019	70,000	35,605	90,000	79,330
2020	70,000	32,718	90,000	75,010
2021	75,000	29,709	95,000	70,406
2022	80,000	26,472	100,000	65,408
2023	85,000	23,007	100,000	60,158
2024	90,000	19,287	105,000	54,646
2025	95,000	15,310	105,000	48,845
2026	95,000	11,201	115,000	42,628
2027	100,000	6,960	120,000	35,840
2028	110,000	2,393	120,000	28,730
2029	-	-	125,000	21,317
2030	-	-	135,000	13,320
2031	-	-	145,000	4,567
	<u>\$ 1,300,000</u>	<u>\$ 525,597</u>	<u>\$ 2,000,000</u>	<u>\$ 1,246,038</u>

\$270,000 G.O. Taxable Sewer Revenue Bonds - Series 2010B		\$710,000 Temporary Gross Revenue Event Facility Bonds - Series 2010C		\$4,020,000 G.O.Refunding Bonds - Series 2011A \$975,000 Portion	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 20,000	\$ 10,400	\$ -	\$ 12,070	\$ 235,000	\$ 8,355
20,000	9,600	710,000	12,070	255,000	6,358
25,000	8,700	-	-	245,000	3,552
25,000	7,700	-	-	-	-
25,000	6,700	-	-	-	-
25,000	5,700	-	-	-	-
25,000	4,700	-	-	-	-
30,000	3,600	-	-	-	-
35,000	2,300	-	-	-	-
40,000	800	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 270,000</u>	<u>\$ 60,200</u>	<u>\$ 710,000</u>	<u>\$ 24,140</u>	<u>\$ 735,000</u>	<u>\$ 18,265</u>

**CITY OF GLENCOE, MINNESOTA**  
**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**  
**DECEMBER 31, 2011**

	\$4,020,000 G.O.Refunding Bonds - Series 2011A \$380,000 Portion		Capital Lease Dishwasher	
	Principal	Interest	Principal	Interest
2012	\$ 30,000	\$ 8,483	\$ 802	\$ -
2013	30,000	8,227	802	-
2014	25,000	7,898	802	-
2015	30,000	7,535	335	-
2016	30,000	7,010	-	-
2017	30,000	6,395	-	-
2018	35,000	5,705	-	-
2019	35,000	4,830	-	-
2020	35,000	3,622	-	-
2021	30,000	2,415	-	-
2022	40,000	1,380	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 350,000</u>	<u>\$ 63,500</u>	<u>\$ 2,741</u>	<u>\$ -</u>



Capital Lease Hillyard Scrubber/Carpet		Total	
Principal	Interest	Principal	Interest
\$ 3,061	\$ 207	\$ 1,576,984	\$ 443,542
1,593	40	2,191,637	405,050
-	-	1,324,913	356,323
-	-	859,157	319,685
-	-	880,984	291,261
-	-	913,241	259,929
-	-	765,599	226,068
-	-	738,061	194,027
-	-	515,632	164,231
-	-	486,315	141,719
-	-	390,000	122,850
-	-	355,000	105,615
-	-	385,000	88,796
-	-	260,000	73,710
-	-	270,000	60,789
-	-	280,000	47,150
-	-	300,000	32,646
-	-	125,000	21,317
-	-	135,000	13,320
-	-	145,000	4,567
<u>\$ 4,654</u>	<u>\$ 247</u>	<u>\$ 12,897,523</u>	<u>\$ 3,372,595</u>

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## 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, 2011, and have issued our report thereon dated May 8, 2012.

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 Political Subdivisions 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 Political Subdivisions 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.

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.



CliftonLarsonAllen LLP

Austin, Minnesota  
May 8, 2012

