

CITY OF GLENCOE, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2007

**CITY OF GLENCOE, MINNESOTA
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DECEMBER 31, 2007**

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INTRODUCTORY SECTION

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**CITY OF GLENCOE, MINNESOTA
CITY OFFICIALS
DECEMBER 31, 2007**

Elected Officials

Term Expires

Mayor	12/31/08	Randal Wilson
Council Member	12/31/10	John Schrupp
Council Member	12/31/08	Glenn Pohland
Council Member	12/31/10	Charles Shamlala
Council Member	12/31/10	Gary Ziemer
Council Member	12/31/08	Gregory Copas

Appointed Officials

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glencoe, Minnesota, as of and for the year ended December 31, 2007, 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.

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, 2007, 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.

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

The budgetary comparison information on pages 40 through 45 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

LarsonAllen LLP

LarsonAllen LLP

Austin, Minnesota
May 8, 2008

BASIC FINANCIAL STATEMENTS

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**CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
ASSETS				
Cash and Cash Equivalents	\$ 3,120,173	\$ 1,241,529	\$ 4,361,702	\$ 349,429
Investments	539,884	-	539,884	-
Interest Receivable	6,074	163	6,237	-
Taxes Receivable	59,742	-	59,742	-
Accounts Receivable	139,213	93,496	232,709	687,306
Special Assessments Receivable	269,847	4,626	274,473	-
Note Receivable	-	12,931	12,931	-
Lease Receivable	-	-	-	70,044
Other Receivables	-	-	-	414,831
Prepaid Expenses	-	-	-	36,720
Internal Balances	-	-	-	-
Inventory	-	89,315	89,315	214,845
Land Held for Resale	455,157	-	455,157	-
Due from Component Unit	-	228,807	228,807	-
Deferred Charges	-	-	-	26,255
Restricted Assets	-	-	-	3,412,855
Capital Assets:				
Land	1,353,661	238,677	1,592,338	-
Construction in Progress	-	1,033,746	1,033,746	-
Other Capital Assets, Net of Depreciation	6,968,856	6,825,709	13,794,565	15,459,663
Deferred Bond Issuance Costs	58,004	46,058	104,062	-
Total Assets	<u>12,970,611</u>	<u>9,815,057</u>	<u>22,785,668</u>	<u>20,671,948</u>
LIABILITIES				
Accounts Payable	287,115	289,323	576,438	503,010
Retainages Payable	33,407	43,696	77,103	-
Accrued Interest Payable	117,538	39,857	157,395	-
Accrued Expenses	54,755	106,203	160,958	136,429
Customer Deposits Payable	-	-	-	41,975
Other Deposits Payable	-	-	-	194
Due to the Primary Government	-	-	-	228,807
Non-Current Liabilities:				
Due Within One Year	1,159,829	357,000	1,516,829	580,791
Due in More Than One Year	8,453,105	3,714,693	12,167,798	6,806,421
Total Liabilities	<u>10,105,749</u>	<u>4,550,772</u>	<u>14,656,521</u>	<u>8,297,627</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	(200,104)	4,352,756	4,152,652	8,218,242
Restricted for:				
Library Improvement	252,321	-	252,321	-
Debt Service	444,780	-	444,780	982,558
Unrestricted	2,367,865	911,529	3,279,394	3,173,521
Total Net Assets	<u>\$ 2,864,862</u>	<u>\$ 5,264,285</u>	<u>\$ 8,129,147</u>	<u>\$ 12,374,321</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 982,501	\$ 224,270	\$ -	\$ 431,399
Public Safety	1,392,071	186,710	152,376	10,382
Highways and Streets	1,337,255	44,695	-	699,110
Culture and Recreation	679,210	128,079	-	57,578
Economic Development	92,982	86,829	-	-
Interest on Long-Term Debt	331,784	-	-	-
Total Governmental Activities	<u>4,815,803</u>	<u>670,583</u>	<u>152,376</u>	<u>1,198,469</u>
Business-Type Activities:				
Water Fund	635,183	771,391	-	392,206
Wastewater Treatment Plant Fund	965,350	1,067,004	10,990	415,351
Sanitation Fund	39,666	30,161	-	-
Municipal Liquor Fund	1,022,069	1,137,318	-	-
Airport Fund	82,319	47,765	93,253	-
Storm Water Management Fund	25,475	115,634	-	-
Total Business-Type Activities	<u>2,770,062</u>	<u>3,169,273</u>	<u>104,243</u>	<u>807,557</u>
Total Primary Government	<u>\$ 7,585,865</u>	<u>\$ 3,839,856</u>	<u>\$ 256,619</u>	<u>\$ 2,006,026</u>
Total Component Unit	<u>\$ 8,750,556</u>	<u>\$ 9,106,965</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes

Franchise Fees

Grants and Contributions Not

Restricted to Certain Purposes

Unrestricted Investment Earnings

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets-Ending

See accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
\$ (326,832)	\$ -	\$ (326,832)	\$ -
(1,042,603)	-	(1,042,603)	-
(593,450)	-	(593,450)	-
(493,553)	-	(493,553)	-
(6,153)	-	(6,153)	-
(331,784)	-	(331,784)	-
<u>(2,794,375)</u>	<u>-</u>	<u>(2,794,375)</u>	<u>-</u>
-	528,414	528,414	-
-	527,995	527,995	-
-	(9,505)	(9,505)	-
-	115,249	115,249	-
-	58,699	58,699	-
-	90,159	90,159	-
<u>-</u>	<u>1,311,011</u>	<u>1,311,011</u>	<u>-</u>
<u>(2,794,375)</u>	<u>1,311,011</u>	<u>(1,483,364)</u>	<u>-</u>
			<u>\$ 356,409</u>
\$ 1,763,399	\$ -	\$ 1,763,399	\$ -
30,312	-	30,312	-
1,390,153	-	1,390,153	-
86,921	45,585	132,506	167,371
24	-	24	-
303,287	(303,287)	-	-
<u>3,574,096</u>	<u>(257,702)</u>	<u>3,316,394</u>	<u>167,371</u>
779,721	1,053,309	1,833,030	523,780
<u>2,085,141</u>	<u>4,210,976</u>	<u>6,296,117</u>	<u>11,850,541</u>
<u>\$ 2,864,862</u>	<u>\$ 5,264,285</u>	<u>\$ 8,129,147</u>	<u>\$ 12,374,321</u>

CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)

	2007			2006	
	General	Tax Increment #15-Industrial Park	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,693,055	\$ 240,751	\$ 1,186,367	\$ 3,120,173	\$ 2,189,598
Investments	539,884	-	-	539,884	512,964
Accounts Receivable	70,350	-	68,863	139,213	116,278
Interest Receivable	6,074	-	-	6,074	6,344
Taxes Receivable					
Current	12,338	-	4,792	17,130	15,710
Delinquent	32,394	-	10,218	42,612	36,817
Special Assessments Receivable					
Current	-	-	1,349	1,349	1,311
Deferred	-	-	268,498	268,498	323,202
Due from Other Funds	143,406	-	-	143,406	795,464
Land Held for Resale	-	330,000	125,157	455,157	455,157
Total Assets	<u>\$ 2,497,501</u>	<u>\$ 570,751</u>	<u>\$ 1,665,244</u>	<u>\$ 4,733,496</u>	<u>\$ 4,452,845</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 180,028	\$ 92,146	\$ 14,941	\$ 287,115	\$ 155,918
Retainages Payable	-	33,407	-	33,407	-
Accrued Expenses	54,755	-	-	54,755	48,850
Due to Other Funds	-	-	143,406	143,406	788,650
Due to Component Unit	-	-	-	-	9,028
Deferred Revenue	32,394	-	278,717	311,111	360,020
Total Liabilities	<u>267,177</u>	<u>125,553</u>	<u>437,064</u>	<u>829,794</u>	<u>1,362,466</u>
FUND BALANCES					
Reserved for Library Improvement	-	-	252,321	252,321	243,403
Reserved for Land Held for Resale	-	330,000	125,157	455,157	455,157
Unreserved					
Designated for					
Cash Flows	1,500,000	-	-	1,500,000	1,500,000
Undesignated Reported in					
General Fund	730,324	-	-	730,324	629,919
Special Revenue Funds	-	115,198	189,371	304,569	271,278
Debt Service Funds	-	-	256,445	256,445	368,661
Capital Projects Funds	-	-	404,886	404,886	(378,039)
Total Fund Balances	<u>2,230,324</u>	<u>445,198</u>	<u>1,228,180</u>	<u>3,903,702</u>	<u>3,090,379</u>
Total Liabilities and Fund Balances	<u>\$ 2,497,501</u>	<u>\$ 570,751</u>	<u>\$ 1,665,244</u>	<u>\$ 4,733,496</u>	<u>\$ 4,452,845</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, 2007**

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

Total Fund Balances for Governmental Funds	\$ 3,903,702
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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	\$ 1,353,661	
Buildings, Net of Accumulated Depreciation	1,337,156	
Office Equipment and Furniture, Net of Accumulated Depreciation	15,927	
Vehicles, Net of Accumulated Depreciation	230,064	
Machinery and Shop Equipment, Net of Accumulated Depreciation	433,522	
Improvements Other than Buildings, Net of Accumulated Depreciation	1,993,415	
Infrastructure, Net of Accumulated Depreciation	<u>2,958,772</u>	8,322,517

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.	311,111
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Bond issuance costs are reported as expenditures in the governmental funds.	58,004
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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.	(117,538)
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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	(9,343,621)	
Compensated Absences Payable	<u>(269,313)</u>	<u>(9,612,934)</u>
Total Net Assets of Governmental Activities		<u>\$ 2,864,862</u>

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	2007			2006	
	General	Tax Increment #15-Industrial Park	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,207,741	\$ -	\$ 604,569	\$ 1,812,310	\$ 1,846,479
Licenses and Permits	44,309	-	-	44,309	81,523
Intergovernmental	1,493,439	-	176,207	1,669,646	2,382,242
Charges for Services	166,400	-	200,328	366,728	356,934
Fines and Forfeits	50,221	-	643	50,864	36,345
Assessments	-	-	73,703	73,703	-
Interest Income	62,715	(11,209)	35,416	86,922	80,048
Contributions and Donations	7,635	-	5,549	13,184	60,272
Payment in Lieu of Taxes	68,000	-	-	68,000	50,000
Franchise Fees	-	-	30,312	30,312	32,130
Miscellaneous	126,460	-	31,796	158,256	109,954
Total Revenues	3,226,920	(11,209)	1,158,523	4,374,234	5,035,927
EXPENDITURES					
Current:					
General Government	752,085	-	28,027	780,112	708,429
Public Safety	1,271,278	-	472	1,271,750	1,263,365
Highways and Streets	430,563	215,301	25,008	670,872	507,646
Culture-Recreation	330,512	-	191,507	522,019	472,190
Economic Development	4,108	-	88,874	92,982	61,075
Miscellaneous	167,224	-	-	167,224	71,989
Capital Outlay:					
General Government	157,718	-	-	157,718	741,583
Public Safety	39,381	-	9,152	48,533	123,525
Highways and Streets	123,750	618,133	-	741,883	1,187,570
Culture-Recreation	41,100	-	33,104	74,204	76,023
Economic Development	-	-	-	-	3,550
Debt Service:					
Principal	214,043	-	690,000	904,043	775,972
Interest	80,210	-	270,135	350,345	361,157
Fiscal Charges	1,250	-	431	1,681	1,681
Total Expenditures	3,613,222	833,434	1,336,710	5,783,366	6,355,755
Deficiency of Revenues Under Expenditures	(386,302)	(844,643)	(178,187)	(1,409,132)	(1,319,828)
OTHER FINANCING SOURCES (USES)					
Transfers In	215,000	-	381,600	596,600	717,130
Transfers Out	(51,000)	(25,000)	(247,600)	(323,600)	(233,798)
Lease Proceeds	158,957	-	-	158,957	708,627
Bond Proceeds	-	1,565,386	59,614	1,625,000	-
Bond Premium	-	1,748	-	1,748	-
Loan Proceeds	150,000	-	-	150,000	-
Proceeds from the Sale of Capital Assets	13,750	-	-	13,750	-
Total Other Financing Sources (Uses)	486,707	1,542,134	193,614	2,222,455	1,191,959
Net Change in Fund Balances	100,405	697,491	15,427	813,323	(127,869)
Fund Balance - Beginning	2,129,919	(252,293)	1,212,753	3,090,379	3,218,248
Fund Balance - Ending	\$ 2,230,324	\$ 445,198	\$ 1,228,180	\$ 3,903,702	\$ 3,090,379

See accompanying Notes to Financial Statements

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2007
 (WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

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

Net Change in Fund Balances - Total Governmental Funds \$ 813,323

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	\$ 830,341	
Depreciation Expense	<u>(634,116)</u>	196,225

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. (77,060)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 925,662

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	(1,625,000)	
Bond Premium	(1,748)	
Bond Issuance Costs	47,585	
Loan and Lease Proceeds	(308,957)	
Repayment of Bond, Lease, and Loan Principal	904,041	
Change in Accrued Interest	(18,159)	
Amortization of Bond Issuance Costs	(2,540)	
Amortization of Bond Premiums	29	
Amortization of Bond Discounts	<u>(1,962)</u>	(1,006,711)

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, 2006	360,022	
Deferred Revenue - December 31, 2007	<u>311,111</u>	(48,911)

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

(22,807)

Change in Net Assets of Governmental Activities \$ 779,721

See accompanying Notes to Financial Statements

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2007
 (WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

ASSETS	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 368,176	\$ 436,213	\$ 11,596
Interest Receivable	-	163	-
Accounts Receivable	2,190	5,192	2,541
Special Assessments Receivable	-	4,626	-
Note Receivable	-	8,743	-
Inventory	-	-	-
Due from Component Unit	86,784	123,225	3,409
Total Current Assets	<u>457,150</u>	<u>578,162</u>	<u>17,546</u>
NON-CURRENT ASSETS			
Capital Assets			
Land	46,628	41,500	-
Construction in Progress	-	-	-
Other Fixed Assets (Net of Accumulated Depreciation)	2,109,352	4,274,784	-
Total Capital Assets	<u>2,155,980</u>	<u>4,316,284</u>	<u>-</u>
Other Assets			
Note Receivable	-	4,188	-
Bond Issuance Costs	8,625	-	-
Total Other Assets	<u>8,625</u>	<u>4,188</u>	<u>-</u>
Total Non-Current Assets	<u>2,164,605</u>	<u>4,320,472</u>	<u>-</u>
Total Assets	<u>\$ 2,621,755</u>	<u>\$ 4,898,634</u>	<u>\$ 17,546</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 18,342	\$ 63,967	\$ 459
Retainages Payable	-	-	-
Accrued Interest Payable	9,312	12,827	-
Compensated Absences Payable	16,771	59,939	-
Accrued Expenses	8,367	8,157	-
Deferred Revenue	-	-	-
Due to Other Funds	-	-	-
Due to Component Unit	-	-	-
Revenue Bonds Payable	30,000	292,000	-
Total Current Liabilities	<u>82,792</u>	<u>436,890</u>	<u>459</u>
NON-CURRENT LIABILITIES			
Revenue Bonds Payable	515,590	1,767,665	-
Total Liabilities	<u>598,382</u>	<u>2,204,555</u>	<u>459</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,619,015	2,256,619	-
Unrestricted	404,358	437,460	17,087
Total Net Assets	<u>2,023,373</u>	<u>2,694,079</u>	<u>17,087</u>
Total Liabilities and Net Assets	<u>\$ 2,621,755</u>	<u>\$ 4,898,634</u>	<u>\$ 17,546</u>

See accompanying Notes to Financial Statements

Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2007 Total Proprietary Funds	2006 Total Proprietary Funds
\$ 66,467	\$ 24,903	\$ 334,174	\$ 1,241,529	\$ 865,512
-	-	-	163	294
72	80,477	3,024	93,496	53,606
-	-	-	4,626	7,714
-	-	-	8,743	8,319
89,315	-	-	89,315	102,692
-	-	15,389	228,807	220,324
<u>155,854</u>	<u>105,380</u>	<u>352,587</u>	<u>1,666,679</u>	<u>1,258,461</u>
-	150,549	-	238,677	151,527
-	-	1,033,746	1,033,746	-
294,488	147,085	-	6,825,709	6,149,367
<u>294,488</u>	<u>297,634</u>	<u>1,033,746</u>	<u>8,098,132</u>	<u>6,300,894</u>
-	-	-	4,188	12,930
-	-	37,433	46,058	9,320
-	-	37,433	50,246	22,250
<u>294,488</u>	<u>297,634</u>	<u>1,071,179</u>	<u>8,148,378</u>	<u>6,323,144</u>
<u>\$ 450,342</u>	<u>\$ 403,014</u>	<u>\$ 1,423,766</u>	<u>\$ 9,815,057</u>	<u>\$ 7,581,605</u>
\$ 65,586	\$ 94,512	\$ 46,457	\$ 289,323	\$ 167,566
-	-	43,696	43,696	-
465	-	17,253	39,857	23,931
10,097	-	-	86,807	79,973
2,872	-	-	19,396	18,332
-	-	-	-	7,412
-	-	-	-	6,814
-	-	-	-	18,056
35,000	-	-	357,000	335,000
<u>114,020</u>	<u>94,512</u>	<u>107,406</u>	<u>836,079</u>	<u>657,084</u>
80,000	-	1,351,438	3,714,693	2,713,545
<u>194,020</u>	<u>94,512</u>	<u>1,458,844</u>	<u>4,550,772</u>	<u>3,370,629</u>
179,488	297,634	-	4,352,756	3,261,669
76,834	10,868	(35,078)	911,529	949,307
<u>256,322</u>	<u>308,502</u>	<u>(35,078)</u>	<u>5,264,285</u>	<u>4,210,976</u>
<u>\$ 450,342</u>	<u>\$ 403,014</u>	<u>\$ 1,423,766</u>	<u>\$ 9,815,057</u>	<u>\$ 7,581,605</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 YEAR ENDED DECEMBER 31, 2007
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
OPERATING REVENUES			
Charges for Services	\$ 767,398	\$ 1,037,036	\$ 8,663
Other Operating Revenues	3,993	29,968	21,498
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>771,391</u>	<u>1,067,004</u>	<u>30,161</u>
OPERATING EXPENSES			
Personal Services	226,751	260,169	9,644
Materials and Supplies	46,578	34,432	78
Repairs and Maintenance	23,108	107,182	737
Management Fees	32,591	125,239	23,450
Professional Services	28,537	52,750	-
Insurance	17,007	17,355	156
Utilities	63,034	90,947	471
Depreciation	59,697	177,150	-
Other	113,716	15,299	5,130
Total Operating Expenses	<u>611,019</u>	<u>880,523</u>	<u>39,666</u>
Operating Income (Loss)	160,372	186,481	(9,505)
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	-	8,746	-
State Grants	-	-	-
Federal Grants	-	10,990	-
Interest on Investments	14,409	16,656	639
Interest Expense and Fiscal Charges	(23,469)	(84,827)	-
Amortization Expense	(695)	-	-
Total Nonoperating Revenues (Expenses)	<u>(9,755)</u>	<u>(48,435)</u>	<u>639</u>
Net Income (Loss) Before Contributions and Transfers	150,617	138,046	(8,866)
CONTRIBUTIONS AND TRANSFERS			
Contributions	392,206	406,605	-
Transfers In	-	39,469	-
Transfers Out	(69,370)	(20,000)	-
Total Contributions and Transfers	<u>322,836</u>	<u>426,074</u>	<u>-</u>
Change in Net Assets	<u>473,453</u>	<u>564,120</u>	<u>(8,866)</u>
Net Assets - Beginning	<u>1,549,920</u>	<u>2,129,959</u>	<u>25,953</u>
Net Assets - Ending	<u>\$ 2,023,373</u>	<u>\$ 2,694,079</u>	<u>\$ 17,087</u>

See accompanying Notes to Financial Statements.

Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2007 Total Proprietary Funds	2006 Total Proprietary Funds
\$ -	\$ 46,434	\$ 112,631	\$ 1,972,162	\$ 2,044,288
-	1,331	3,003	59,793	84,971
1,137,318	-	-	1,137,318	1,067,362
(869,066)	-	-	(869,066)	(815,496)
<u>268,252</u>	<u>47,765</u>	<u>115,634</u>	<u>2,300,207</u>	<u>2,381,125</u>
76,376	-	-	572,940	537,946
15,900	31,321	-	128,309	107,322
3,295	9,858	-	144,180	116,068
-	699	-	181,979	151,804
4,945	349	7,612	94,193	96,365
5,561	12,214	-	52,293	57,863
13,724	3,475	-	171,651	167,897
19,287	13,545	-	269,679	284,759
6,902	10,858	-	151,905	121,810
<u>145,990</u>	<u>82,319</u>	<u>7,612</u>	<u>1,767,129</u>	<u>1,641,834</u>
122,262	(34,554)	108,022	533,078	739,291
-	-	-	8,746	8,497
-	93,253	-	93,253	13,776
1,811	911	11,159	10,990	-
(7,013)	-	(17,229)	45,585	32,450
-	-	(634)	(132,538)	(114,313)
<u>(5,202)</u>	<u>94,164</u>	<u>(6,704)</u>	<u>(1,329)</u>	<u>(7,405)</u>
117,060	59,610	101,318	24,707	(66,995)
-	-	-	557,785	672,296
-	-	-	798,811	-
(110,000)	-	(143,386)	39,469	38,690
<u>(110,000)</u>	<u>-</u>	<u>(143,386)</u>	<u>(342,756)</u>	<u>(522,022)</u>
7,060	59,610	(42,068)	495,524	(483,332)
<u>249,262</u>	<u>248,892</u>	<u>6,990</u>	<u>1,053,309</u>	<u>188,964</u>
\$ <u>256,322</u>	\$ <u>308,502</u>	\$ <u>(35,078)</u>	\$ <u>5,264,285</u>	\$ <u>4,210,976</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2007
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers	\$ 791,376	\$ 1,082,870	\$ 30,669
Cash Paid to Suppliers	(300,580)	(349,074)	(7,195)
Cash Paid to Employees	(256,830)	(380,043)	(33,094)
Net Cash Provided by Operating Activities	233,966	353,753	(9,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal Grants	-	10,990	-
Transfers from Other Funds	-	39,469	-
Transfers to Other Funds	(69,370)	(20,000)	-
Cash Received on Note Receivable	-	8,318	-
Net Cash Provided (Used) by Noncapital Financing Activities	(69,370)	38,777	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the Sale of Bonds	-	-	-
Principal Paid on Bonds	(25,000)	(280,000)	-
Collection of Special Assessments	-	4,422	-
Interest and Agent Fees on Revenue Bonds	(23,069)	(79,722)	-
Acquisition of Capital Assets	(116,344)	(30,866)	-
Bond Issuance Costs	-	-	-
State Grants Received	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(164,413)	(386,166)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	14,409	16,787	639
Net Increase (Decrease) in Cash and Cash Equivalents	14,592	23,151	(8,981)
Cash and Cash Equivalents - January 1	353,584	413,062	20,577
Cash and Cash Equivalents - December 31	\$ 368,176	\$ 436,213	\$ 11,596
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 160,372	\$ 186,481	\$ (9,505)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	59,697	177,150	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	23,263	19,301	869
(Increase) Decrease in Due from Component Unit	(3,278)	(3,435)	(361)
(Increase) Decrease in Inventory	-	-	-
Increase (Decrease) in Accounts Payable	428	(22,081)	(623)
Increase (Decrease) in Retainages Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	1,836	4,762	-
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) in Due to Component Unit	(9,028)	(9,028)	-
Increase (Decrease) in Accrued Expenses	676	603	-
Net Cash Provided by Operating Activities	\$ 233,966	\$ 353,753	\$ (9,620)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of Bond Issuance Costs	\$ 695	\$ -	\$ -
Capital Contributions	\$ 392,206	\$ 406,605	\$ -

See accompanying Notes to Financial Statements.

Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2007 Total Proprietary Funds	2006 Total Proprietary Funds
\$ 1,137,403 (900,371) (76,355)	\$ (32,630) 24,043 (699)	\$ 111,212 75,540 -	\$ 3,120,900 (1,457,637) (747,021)	\$ 3,201,738 (1,549,871) (681,489)
160,677	(9,286)	186,752	916,242	970,378
-	-	-	10,990	-
-	-	-	39,469	38,690
(110,000)	-	(143,386)	(342,756)	(522,022)
-	-	-	8,318	12,916
(110,000)	-	(143,386)	(283,979)	(470,416)
-	-	1,351,462	1,351,462	-
(30,000)	-	-	(335,000)	(297,000)
-	-	-	4,422	8,353
(7,136)	-	-	(109,927)	(123,136)
-	(87,149)	(1,033,746)	(1,268,105)	(59,186)
-	-	(38,067)	(38,067)	-
-	93,253	-	93,253	13,776
(37,136)	6,104	279,649	(301,962)	(457,193)
1,811	911	11,159	45,716	32,587
15,352	(2,271)	334,174	376,017	75,356
51,115	27,174	-	865,512	790,156
\$ 66,467	\$ 24,903	\$ 334,174	\$ 1,241,529	\$ 865,512
\$ 122,262	\$ (34,554)	\$ 108,022	\$ 533,078	\$ 739,291
19,287	13,545	-	269,679	284,759
85	(80,395)	(3,013)	(39,890)	55,172
-	-	(1,409)	(8,483)	(50,056)
13,377	-	-	13,377	(17,194)
5,645	92,118	46,270	121,757	(63,356)
-	-	43,696	43,696	(11,369)
236	-	-	6,834	6,483
-	-	(6,814)	(6,814)	6,814
-	-	-	(18,056)	18,056
(215)	-	-	1,064	1,778
\$ 160,677	\$ (9,286)	\$ 186,752	\$ 916,242	\$ 970,378
\$ -	\$ -	\$ 634	\$ 1,329	\$ 695
\$ -	\$ -	\$ -	\$ 798,811	\$ -

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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Glencoe have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

A. 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.

As required by generally accepted accounting principles of the United States of America, the financial statements of the reporting entity consist of the City of Glencoe and the component units for which the City of Glencoe is financially accountable. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. There is financial accountability if the primary government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the primary government.

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 column in the general purpose financial statements. Copies of the financial reports for the Light and Power Commission are available at the Light and Power Commission's office.

Excluded Units -

Glencoe Fire Department Relief Association - This association is organized as a non-profit organization to provide pension and other benefits to its members in accordance with Minnesota statutes. The Board of Directors is appointed by the membership of the organization. All funding is conducted in accordance with Minnesota Statutes, whereby state aids flow to the association, tax levies are determined by the association and are only reviewed by the City, and the association pays benefits directly to its members.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

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

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

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

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

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Presentation (Continued)

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

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

The City reports the following major governmental funds:

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

Tax Increment #15- Industrial Park – This accounts for the construction of a new industrial park, which is being financed from bond proceeds.

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.

Waste Water 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.

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, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Capital Project Funds – Capital Project Funds are use 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 to follow subsequent private-sector guidance except those that conflict with or contradict GASB guidance.

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

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

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

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

Taxes and Special Assessments

Current taxes and special assessments receivable at December 31, 2007, 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 2007 and prior years and are offset by deferred revenues in the governmental fund financial statements.

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

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

Accounts Receivable - Utilities

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

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (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 \$1,000. The cost of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Capital assets are depreciated using the straight-line, half-year method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public use by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 50 years on buildings, 10 to 100 years on improvements other than buildings, 6 to 20 years on vehicles and machinery and 7 years on office equipment. Useful lives on infrastructure capital assets vary from 20 to 90 years.

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

Deferred Revenues

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

Compensated Absences

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

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. Bonds payable are reported net of the applicable bond premium or discount.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities and Net Assets (Continued)

Long-Term Obligations (Continued)

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

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

Fund Equity

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

Interfund Receivables and Payables

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

Property Tax Revenue Recognition

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

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities and Net Assets (Continued)

Net Assets

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

E. Use of Estimates

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

F. Comparative Data

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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 2007.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 3,148,045	\$ 3,613,222

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Deficit Fund Equities

Certain funds had deficit fund balances at December 31, 2007, as follows:

Special Revenue Funds	
Aquatic Center	\$ (45,771)
Engineering Inspection Service Fund	(36,852)
Capital Projects Funds	
Tax Increment #13 - Kestrel Prop.	(2,003)
2005 11th St. Reconstruction	(30)
Proprietary Fund	
Storm Water Management	(35,078)

The deficits in the Special Revenue Funds will be reduced as intergovernmental revenues and charges for services are received. The deficits in the Capital Project Funds will be reduced by future operations, collection of tax increments, and transfers from other funds. The deficits in the Proprietary Fund will be reduced by future operations.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

Minnesota Statutes require that all deposits in financial institutions in excess of the \$100,000 insured by the Federal Depository Insurance Corporation (FDIC) be collateralized at 110% by U.S. Government Obligations, or its agencies and instrumentalities or direct obligations of any state or local government with taxing powers which is rated “A” or better by a national bond rating service. Collateral pledged by the various banks is held in safekeeping departments of banks other than the pledging bank or the Federal Reserve Bank and held in the name of the City. It is required that the City sign authorizations releasing collateral once it is pledged.

The City’s deposits in the financial institutions at December 31, 2007 were entirely covered by federal depository insurance and issues of U.S. Government Agencies.

Investments

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

- a. Direct obligations or obligations guaranteed by the United States or its agencies.
- b. 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.
- c. General obligations rated “A” or better; Revenue obligations rated “AA” or better.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- d. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- e. Banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.
- f. Commercial paper issued by United States corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- g. Guaranteed Investment Contracts guaranteed by a United States commercial bank, or domestic branch of a foreign bank or a United States insurance company, and with a credit quality in one of the top two highest categories.
- h. Repurchase or reverse repurchase agreement and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Interest Rate Risk

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

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

Deposits	\$ 4,361,702
Certificates of Deposit	539,884
Total Cash, Cash Equivalents and Investments	\$ 4,901,586

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

Cash and Cash Equivalents - Governmental Activities	\$ 3,120,173
Investments - Governmental Activities	539,884
Cash and Cash Equivalents - Business-Type Activities	1,241,529
	\$ 4,901,586

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2007 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 805,775	\$ 547,886	\$ -	\$ 1,353,661
Total Capital Assets, Not Being Depreciated	805,775	547,886	-	1,353,661
Capital Assets, Being Depreciated:				
Buildings	2,087,326	89,078	-	2,176,404
Improvements Other than Buildings	2,734,326	23,950	-	2,758,276
Office Equipment and Furniture	41,871	-	(9,130)	32,741
Vehicles	1,395,130	-	(56,643)	1,338,487
Machinery and Shop Equipment	654,016	189,010	(135,735)	707,291
Infrastructure	8,803,829	947,332	(317,875)	9,433,286
Total Capital Assets, Being Depreciated	15,716,498	1,249,370	(519,383)	16,446,485
Accumulated Depreciation:				
Buildings	(792,966)	(46,282)	-	(839,248)
Improvements Other than Buildings	(663,120)	(101,741)	-	(764,861)
Office Equipment and Furniture	(18,540)	(4,795)	6,521	(16,814)
Vehicles	(1,115,156)	(45,628)	52,361	(1,108,423)
Machinery and Shop Equipment	(341,859)	(40,141)	108,231	(273,769)
Infrastructure	(6,312,942)	(395,529)	233,957	(6,474,514)
Total Accumulated Depreciation	(9,244,583)	(634,116)	401,070	(9,477,629)
Total Capital Assets, Being Depreciated, Net	6,471,915	615,254	(118,313)	6,968,856
Governmental Activities Capital Assets, Net	<u>\$ 7,277,690</u>	<u>\$ 1,163,140</u>	<u>\$ (118,313)</u>	<u>\$ 8,322,517</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 24,018
Public Safety	67,707
Public Works	454,681
Culture and Recreation	87,710
Total Depreciation Expense, Governmental Activities	<u>\$ 634,116</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended December 31, 2007 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 151,527	\$ 87,150	\$ -	\$ 238,677
Construction in Progress	-	1,033,746	-	1,033,746
Total Capital Assets, Not Being Depreciated	151,527	1,120,896	-	1,272,423
Capital Assets, Being Depreciated:				
Buildings	7,029,991	-	-	7,029,991
Improvements Other than Buildings	1,032,763	21,222	-	1,053,985
Vehicles	137,103	-	-	137,103
Office Equipment and Furniture	26,634	-	-	26,634
Machinery and Shop Equipment	1,144,367	37,284	-	1,181,651
Infrastructure	2,826,764	887,524	(1,076)	3,713,212
Total Capital Assets, Being Depreciated	12,197,622	946,030	(1,076)	13,142,576
Accumulated Depreciation:				
Buildings	(2,923,069)	(147,459)	-	(3,070,528)
Improvements Other than Buildings	(906,257)	(9,678)	-	(915,935)
Vehicles	(137,103)	-	-	(137,103)
Office Equipment and Furniture	(7,665)	(3,805)	-	(11,470)
Machinery and Shop Equipment	(668,246)	(64,566)	-	(732,812)
Infrastructure	(1,405,915)	(44,170)	1,066	(1,449,019)
Total Accumulated Depreciation	(6,048,255)	(269,678)	1,066	(6,316,867)
Total Capital Assets, Being Depreciated, Net	6,149,367	676,352	(10)	6,825,709
Business-Type Capital Assets, Net	\$ 6,300,894	\$ 1,797,248	\$ (10)	\$ 8,098,132

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

The balances at December 31, 2007 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 143,406	\$ -
Nonmajor Governmental Funds	-	143,406
Total	\$ 143,406	\$ 143,406

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2007:

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities -							
<u>General Obligation Bonds</u>							
\$925,000 G.O. Swimming Pool Bonds of 1999	5.00% - 5.75%	Interest due semi- annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/19.	\$ 740,000	\$ -	\$ (35,000)	\$ 705,000	\$ 40,000
\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G	3.00% - 6.00%	Interest due semi- annually on 2/1 and and 8/1 and principal due annually on 2/1 until 2/1/20.	700,000	-	(50,000)	650,000	50,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$974,000 Portion	1.10% - 4.10%	Interest due semi- annually on 12/1 and and 6/1 and principal due annually on 12/1 until 12/1/17.	766,000	-	(58,000)	708,000	57,000
\$610,000 G.O. Taxable Tax Increment Bonds of 2007- Series 2007B	5.50% - 6.125%	Interest due semi- annually on 2/1 and and 8/1 and principal due annually on 2/1 until 2/1/19.	-	610,000	-	610,000	-
Total General Obligation Bonds			<u>2,206,000</u>	<u>610,000</u>	<u>(143,000)</u>	<u>2,673,000</u>	<u>147,000</u>
<u>Special Assessment Bonds</u>							
\$370,000 G.O. Improvement Bonds of 1999	5.30% - 6.10%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/13	230,000	-	(25,000)	205,000	25,000
\$605,000 G.O. Improvement Bonds of 2001	3.20% - 4.50%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/13	455,000	-	(55,000)	400,000	60,000
\$215,000 G.O. Improvement Bonds of 2002	4.00% - 4.80%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/13	160,000	-	(20,000)	140,000	20,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
\$335,000 G.O. Improvement Bonds of 2003 - Series 2003A	2.25% - 4.50%	Interest due semi- annually on 8/1 and 2/1 and principal due annually on 2/1 until 2/1/14	\$ 280,000	\$ -	\$ (30,000)	\$ 250,000	\$ 30,000
\$745,000 G.O. Improvement Bonds of 2003 - Series 2003F	2.50% - 4.90%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/19.	670,000	-	(40,000)	630,000	45,000
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$230,000 Portion	1.20% - 4.10%	Interest due semi- annually on 12/1 and and 6/1 and principal due annually on 12/1 until 12/1/10.	140,000	-	(35,000)	105,000	35,000
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$1,360,000 Portion	1.20% - 4.10%	Interest due semi- annually on 12/1 and and 6/1 and principal due annually on 12/1 until 12/1/17.	1,125,000	-	(85,000)	1,040,000	100,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$284,000 Portion	1.10% - 4.10%	Interest due semi- annually on 12/1 and and 6/1 and principal due annually on 12/1 until 12/1/07.	60,000	-	(60,000)	-	-
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$346,000 Portion	1.10% - 4.10%	Interest due semi- annually on 12/1 and and 6/1 and principal due annually on 12/1 until 12/1/09.	138,000	-	(50,000)	88,000	62,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$389,000 Portion	1.10% - 4.10%	Interest due semi- annually on 12/1 and and 6/1 and principal due annually on 12/1 until 12/1/13.	264,000	-	(32,000)	232,000	34,000
\$595,000 G.O. Street Reconstruction Bonds of 2004 - Series 2004A	3.00% - 4.35%	Interest due semi- annually on 2/1 and and 8/1 and principal due annually on 2/1 until 2/1/15.	550,000	-	(50,000)	500,000	55,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
\$505,000 G.O. Street Improvement Bonds of 2004 - Series 2004B	3.00% - 4.35%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/15.	\$ 465,000	\$ -	\$ (45,000)	\$ 420,000	\$ 45,000
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,015,000 Portion	4.00% - 4.35%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28.	-	1,015,000	-	1,015,000	-
Total Special Assessment Bonds			4,537,000	1,015,000	(527,000)	5,025,000	511,000
Total Bonds Payable			6,743,000	1,625,000	(670,000)	7,698,000	658,000
Capital Leases Payable							
Fieldhouse	4.90%	Lease payments of \$57,340 due annually on 3/1 until 3/1/08	106,449	-	(52,123)	54,326	54,326
Contender Tanker	4.19%	Lease payments of \$38,231 due annually on 1/22 until 1/22/10	138,157	-	(32,441)	105,716	33,802
Bobcat Toolcat	5.50%	Lease payments of \$7,502 due annually on 1/24 until 1/24/09	19,005	-	(19,005)	-	-
2006 In-Car Camera System	15.06%	Lease payments of \$357 due monthly until 12/31/08	7,359	-	(7,359)	-	-
Johnson Control Project	4.38%	Lease payment of \$31,001 due semi-annually until 2/25/21	681,629	-	(34,520)	647,109	36,049
2007 In-Car Camera System	14.92%	Lease payments of \$434 due monthly until 12/10/08	-	9,084	(4,134)	4,950	4,950

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
2007 Bobcat Toolcat	7.45%	Lease payments of \$6,625 due annually on 1/24 until 1/24/12	\$ -	\$ 28,161	\$ -	\$ 28,161	\$ 5,947
2007 John Deere Wheel Loader	6.25%	Lease payments of \$22,269 due annually on 5/10 until 5/10/12	-	121,712	(29,000)	92,712	16,305
Total Capital Leases Payable			<u>952,599</u>	<u>158,957</u>	<u>(178,582)</u>	<u>932,974</u>	<u>151,379</u>
Certificates of Participation - Street Maintenance	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	585,000	-	(25,000)	560,000	25,000
Contract for Deed Schimelpfenig Contract	6.50%	Payments of \$13,453 due annually on 6/1 until 6/1/10	46,085	-	(10,457)	35,628	11,137
Contract for Deed Meyer Sterner Contract	0.00%	Payments of \$25,000 due annually on 4/1 until 4/1/09	-	50,000	-	50,000	25,000
Contract for Deed Stevens Seminary	0.00%	Payments of \$20,000 due annually on 12/27 until 12/27/11	-	100,000	(20,000)	80,000	20,000
Total Contracts for Deed			<u>46,085</u>	<u>150,000</u>	<u>(30,457)</u>	<u>165,628</u>	<u>56,137</u>
Unamortized Bond Discount			(16,660)	-	1,960	(14,700)	-
Unamortized Bond Premium			-	1,748	(29)	1,719	-
Compensated Absences Payable			246,506	269,313	(246,506)	269,313	269,313
Total Governmental Activities Long-Term Liabilities			<u>\$ 8,556,530</u>	<u>\$ 2,205,018</u>	<u>\$ (1,148,614)</u>	<u>\$ 9,612,934</u>	<u>\$ 1,159,829</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities -							
\$460,000 Liquor Store Revenue Bonds of 1995	5.50% - 6.90%	Interest due semi-annually on 6/1 and 12/1 and principal due annually until 12/1/10.	\$ 145,000	\$ -	\$ (30,000)	\$ 115,000	\$ 35,000
\$465,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003D	1.50% - 4.90%	Interest due semi-annually on 8/1 and 2/1 and principal due annually on 2/1 until 2/1/23.	445,000	-	(10,000)	435,000	10,000
\$105,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003E	2.35% - 3.15%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/09.	70,000	-	(20,000)	50,000	25,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$417,000 Portion	1.10% - 4.10%	Interest due semi-annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/08.	157,000	-	(75,000)	82,000	82,000
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion	1.20% - 4.10%	Interest due semi-annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/14.	1,700,000	-	(175,000)	1,525,000	175,000
\$580,000 G.O. Water Revenue Bonds of 2005 - 2005A	3.10% - 4.55%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/21.	580,000	-	(25,000)	555,000	30,000
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,350,000 Portion	4.00% - 4.35%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28.	-	1,350,000	-	1,350,000	-
Unamortized Bond Premium			-	1,462	(25)	1,437	-
Unamortized Bond Discount			(48,455)	-	6,711	(41,744)	-
Total Business-Type Long-Term Liabilities			\$ 3,048,545	\$ 1,351,462	\$ (328,314)	\$ 4,071,693	\$ 357,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

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
2008	\$ 658,000	\$ 321,613	\$ 357,000	\$ 152,564	\$ 1,015,000	\$ 474,177
2009	670,000	305,132	305,000	146,612	975,000	451,744
2010	750,000	277,710	295,000	136,651	1,045,000	414,361
2011	745,000	247,091	330,000	125,297	1,075,000	372,388
2012	810,000	214,612	335,000	113,668	1,145,000	328,280
2013 - 2017	2,935,000	609,965	1,135,000	393,081	4,070,000	1,003,046
2018 - 2022	770,000	141,490	735,000	213,615	1,505,000	355,105
2023 - 2027	290,000	47,258	510,000	76,867	800,000	124,125
2028	70,000	1,523	110,000	2,393	180,000	3,916
Total	\$ 7,698,000	\$ 2,166,394	\$ 4,112,000	\$ 1,360,748	\$ 11,810,000	\$ 3,527,142

In 2007, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of equipment. The City issued down payments of \$29,000 and financed the balances of \$129,957. 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 leases have a cost of \$622,327 and \$62,544 of accumulated depreciation.

The future minimum lease obligations and the net present value of the City's minimum lease payments as of December 31, 2007 are as follows:

Year Ending December 31	Capital Leases Payable
2008	\$ 193,330
2009	131,128
2010	131,131
2011	92,896
2012	92,896
2013-2017	320,011
2018-2021	224,010
Total Minimum Lease Payments	1,185,402
Less Amount Representing Interest	252,428
Present Value of Minimum Lease Payments	\$ 932,974

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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

Year Ending December 31	Certificates of Participation	
	Principal	Interest
2008	\$ 25,000	\$ 33,185
2009	30,000	31,860
2010	35,000	30,240
2011	35,000	28,315
2012	40,000	26,355
2013 - 2017	255,000	91,520
2018 - 2019	140,000	13,115
	<u>\$ 560,000</u>	<u>\$ 254,590</u>

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

In 2007, the City of Glencoe entered into two contracts for deed for financing the acquisition of certain real property. These contracts will mature in 2009 and 2011 with no annual interest rates.

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

Year Ending December 31	Contract for Deed	
	Principal	Interest
2008	\$ 56,137	\$ 2,316
2009	56,861	1,592
2010	32,630	821
2011	20,000	-
	<u>\$ 165,628</u>	<u>\$ 4,729</u>

Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2007, there was one series of Industrial Revenue Bonds outstanding, with an original issue amount of \$6,000,000 and an aggregate principal amount outstanding of \$1,369,114.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Conduit Debt (Continued)

On April 1, 2001, the City issued Healthcare Facilities Revenue Bonds, Series 2001. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to pay off existing debt and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. On August 1, 2005, the City issued Healthcare Facilities Revenue Bonds, Series 2005 in the amount of \$25,075,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2001 and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. As of December 31, 2007, the principal amount outstanding was \$24,765,000.

NOTE 7 OPERATING LEASES

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

Year Ending December 31,		
2008	\$	43,281
2009		23,766
2010		11,837
		\$ 78,884

The City had \$57,227 of expenditures for these leases in 2007.

NOTE 8 RESERVED AND DESIGNATED FUND BALANCES

Reserved for Library Improvement - Reserves to be Used for Purposes of Improving the Library as Deemed Appropriate by the City Council or Library Board	\$ 252,321
Reserved for Land Held for Resale - Represents the Cost of Land Held for Sale in the Industrial Park Created Under Tax Increment Financing District #15 and in the Downtown Redevelopment District Created Under Tax Increment Financing District #14	\$ 455,157
Unreserved, Designated Fund Balance is to be Used for Operations in 2008 Until the City Receives Their State Aid and County Tax Settlements	\$ 1,500,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 9 DEFINED BENEFIT PENSION PLANS

Plan Descriptions

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

Funding Policy

Minnesota Statutes Chapter 353 sets rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 5.75%, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.00%. PEPFF members were required to contribute 7.80% of their annual covered salary in 2007. That rate will increase to 8.60% in 2008. The City of Glencoe is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.25% for Coordinated Plan PERF members, and 11.70% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.50% and 12.90%, respectively, effective January 1, 2008. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2007, 2006, and 2005 were \$126,669, \$112,981, and \$103,369, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Glencoe Fire Department Relief Association

Plan Description -

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

Funding Policy -

The funding policy provides for periodic City contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. City contribution rates are determined using the entry age normal cost actuarial funding method. Total City contributions were \$58,342 for the years ended December 31, 2007, 2006, and 2005.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 10 DEFERRED COMPENSATION PLAN

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

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

NOTE 11 FRANCHISE TO CITY

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

For years beginning in 1998, the Commission and the City of Glencoe agreed that the annual transfers in lieu of taxes will be \$50,000. In addition, the Commission provided street lights and street light maintenance in the amount of \$34,116 for 2007.

NOTE 12 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 13 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 14 RECONCILIATION OF OPERATING TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types		
General Fund	\$ 245,287	\$ (51,000)
Tax Increment #15- Industrial Park	-	(25,000)
Nonmajor Governmental Funds	381,600	(247,600)
Total Governmental Funds	<u>626,887</u>	<u>(323,600)</u>
Proprietary Fund Types		
Water Fund	-	(69,370)
Waste Water Treatment Plant	39,469	(20,000)
Liquor Store	-	(110,000)
Storm Water Management	-	(143,386)
Total Proprietary Funds	<u>39,469</u>	<u>(342,756)</u>
Total Operating Transfers	<u>\$ 666,356</u>	<u>\$ (666,356)</u>

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 or to close out funds that are no longer required to be maintained. \$9,901 of the transfers out from the Water Fund was for the contributions of capital assets to other funds. \$20,386 of the transfers out from the Storm Water Management Fund was for the contributions of capital assets to other funds. Accordingly there is no transfer or contribution of \$30,287 recorded in the General Fund because it is a governmental fund.

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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, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
REVENUES					
Taxes -					
General Property Taxes	\$ 1,251,500	\$ 1,327,500	\$ 1,207,741	\$ (119,759)	\$ 1,052,135
Total Taxes	<u>1,251,500</u>	<u>1,327,500</u>	<u>1,207,741</u>	<u>(119,759)</u>	<u>1,052,135</u>
Licenses and Permits	<u>63,000</u>	<u>63,000</u>	<u>44,309</u>	<u>(18,691)</u>	<u>81,523</u>
Intergovernmental -					
Local Government Aid	1,198,938	1,198,938	1,198,938	-	1,179,808
Market Value Credit Aid	9,000	9,000	136,684	127,684	132,207
PERA Rate Increase Aid	4,491	4,491	4,491	-	4,491
Police State Aid	47,000	47,000	56,912	9,912	52,402
Fire State Aid	39,000	39,000	34,129	(4,871)	40,490
Miscellaneous State Aid	4,000	4,000	950	(3,050)	5,125
Miscellaneous Federal Aid	-	50,885	61,335	10,450	-
Total Intergovernmental	<u>1,302,429</u>	<u>1,353,314</u>	<u>1,493,439</u>	<u>140,125</u>	<u>1,414,523</u>
Charges for Services -					
Special Services, Police	70,000	70,000	61,410	(8,590)	69,766
Special Services, Fire	39,000	39,000	40,728	1,728	53,419
Miscellaneous Charges	53,500	53,500	64,262	10,762	62,967
Total Charges for Services	<u>162,500</u>	<u>162,500</u>	<u>166,400</u>	<u>3,900</u>	<u>186,152</u>
Fines and Forfeits	<u>45,000</u>	<u>45,000</u>	<u>50,221</u>	<u>5,221</u>	<u>32,400</u>
Interest	<u>60,000</u>	<u>60,000</u>	<u>62,715</u>	<u>2,715</u>	<u>62,600</u>
Contributions and Donations	<u>3,500</u>	<u>3,500</u>	<u>7,635</u>	<u>4,135</u>	<u>5,145</u>
Payments in Lieu of Taxes	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>	<u>-</u>	<u>50,000</u>
Miscellaneous -					
Administrative Fees	15,000	15,000	-	(15,000)	-
Park Fees	10,000	10,000	10,882	882	9,719
Reimbursements and Refunds	79,500	79,500	115,578	36,078	84,067
Total Miscellaneous	<u>104,500</u>	<u>104,500</u>	<u>126,460</u>	<u>21,960</u>	<u>93,786</u>
Total Revenues	<u>3,060,429</u>	<u>3,187,314</u>	<u>3,226,920</u>	<u>39,606</u>	<u>2,978,264</u>

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
EXPENDITURES					
General Government -					
Administration:					
Salaries	\$ 160,771	\$ 160,771	\$ 147,838	\$ 12,933	\$ 142,126
Employee Benefits	45,210	45,210	40,056	5,154	38,060
Payroll Taxes	9,968	9,968	8,882	1,086	8,574
Workers' Compensation	1,600	1,600	2,418	(818)	1,868
Office Supplies	9,000	9,000	11,139	(2,139)	12,379
Printing and Binding	5,000	5,000	1,945	3,055	7,190
Repairs and Maintenance	13,000	13,000	10,277	2,723	12,895
Professional Services	55,000	55,000	124,280	(69,280)	47,963
Auditing and Accounting	25,000	25,000	24,748	252	29,013
Legal Fees	53,000	53,000	42,079	10,921	42,810
Chamber	24,000	24,000	24,701	(701)	21,928
Computer Software	1,000	1,000	2,249	(1,249)	6,809
Telephone	7,000	7,000	7,321	(321)	6,901
Postage	2,500	2,500	4,076	(1,576)	2,439
Advertising	2,000	2,000	5,641	(3,641)	2,518
Travel	2,500	2,500	3,623	(1,123)	3,663
Training	500	500	267	233	146
Insurance	11,000	11,000	14,171	(3,171)	12,016
Utilities	105,000	105,000	82,994	22,006	105,330
Subscriptions	500	500	192	308	342
Continuing Education and Dues	2,000	2,000	2,867	(867)	1,393
League of Minnesota Cities	11,000	11,000	13,449	(2,449)	12,003
Capital Lease Principal	34,521	34,521	34,521	-	16,708
Capital Lease Interest	29,481	29,481	29,481	-	15,294
Contract for Deed Principal	-	-	-	-	9,819
Contract for Deed Interest	-	-	-	-	3,634
Capital Outlay	1,000	1,000	157,718	(156,718)	741,583
Miscellaneous	1,300	1,300	425	875	2,950
Total Administration	<u>612,851</u>	<u>612,851</u>	<u>797,358</u>	<u>(184,507)</u>	<u>1,308,354</u>
Finance:					
Salaries	104,108	104,108	101,845	2,263	94,095
Employee Benefits	26,017	26,017	26,947	(930)	23,059
Payroll Taxes	6,455	6,455	6,019	436	5,543
Office Supplies	2,000	2,000	809	1,191	899
Printing and Binding	500	500	906	(406)	496
Repairs and Maintenance	400	400	-	400	-
Computer Software	4,100	4,100	4,066	34	4,646
Postage	50	50	8	42	-
Travel	500	500	120	380	50
Continuing Education & Dues	400	400	35	365	-
Subscriptions	50	50	-	50	135
Training	300	300	110	190	35
Miscellaneous	700	700	250	450	614
Total Finance	<u>145,580</u>	<u>145,580</u>	<u>141,115</u>	<u>4,465</u>	<u>129,572</u>

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
Expenditures: - (Cont'd.)					
General Government - (Cont'd.)					
City Council:					
Salaries	\$ 29,200	\$ 29,200	\$ 29,300	\$ (100)	\$ 34,980
Employee Benefits	1,518	1,518	1,538	(20)	1,512
Payroll Taxes	769	769	437	332	425
Workers' Compensation	-	-	56	(56)	176
Insurance	1,000	1,000	399	601	1,282
Office Supplies	600	600	602	(2)	24
Travel	750	750	746	4	41
Training	2,000	2,000	1,214	786	-
Dues and Subscriptions	200	200	-	200	20
Miscellaneous	500	500	1,040	(540)	1,997
Total City Council	<u>36,537</u>	<u>36,537</u>	<u>35,332</u>	<u>1,205</u>	<u>40,457</u>
Total General Government	<u>794,968</u>	<u>794,968</u>	<u>973,805</u>	<u>(178,837)</u>	<u>1,478,383</u>
Public Safety -					
Police Department:					
Salaries	588,160	588,160	617,038	(28,878)	611,466
Employee Benefits	192,746	192,746	201,850	(9,104)	180,486
Payroll Taxes	3,246	3,246	3,449	(203)	3,593
Unemployment Insurance	-	-	3,043	(3,043)	-
Workers' Compensation	25,000	25,000	30,270	(5,270)	33,863
Supplies	13,500	13,500	10,701	2,799	9,560
Motor Fuels	1,500	1,500	1,138	362	2,280
Repairs and Maintenance	27,400	70,879	71,908	(1,029)	26,823
Training	22,000	22,000	20,222	1,778	21,069
Continuing Education and Dues	2,000	2,000	910	1,090	774
Investigation	4,000	4,000	2,484	1,516	3,020
Vaccinations	500	500	278	222	196
Telephone	17,000	17,000	14,715	2,285	14,904
Printing and Binding	1,000	1,000	225	775	698
Insurance	19,000	19,000	11,245	7,755	14,705
Legal Fees	1,000	1,000	896	104	20
Uniforms	11,000	11,000	7,727	3,273	9,191
Animal Control	3,000	3,000	1,713	1,287	1,322
Operating Leases	61,074	61,074	59,283	1,791	46,405
Capital Lease Principal	3,405	3,405	11,492	(8,087)	2,931
Capital Lease Interest	879	879	740	139	1,353
Capital Outlay	13,700	23,098	28,381	(5,283)	80,590
Miscellaneous	4,850	4,850	3,168	1,682	29,348
Total Police Department	<u>1,015,960</u>	<u>1,068,837</u>	<u>1,102,876</u>	<u>(34,039)</u>	<u>1,094,597</u>

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
Expenditures: - (Cont'd.)					
Public Safety - (Cont'd.)					
Fire Department:					
Salaries	\$ 15,732	\$ 15,732	\$ 15,711	\$ 21	\$ 15,460
State Fire Aid	40,000	40,000	34,129	5,871	40,490
Municipal Fire Aid Contribution	59,000	59,000	58,342	658	58,342
Payroll Taxes	1,203	1,203	1,202	1	1,183
Workers' Compensation	5,000	5,000	6,842	(1,842)	6,513
Office Supplies	500	500	326	174	351
Motor Fuels	3,600	3,600	3,531	69	3,238
Repairs and Maintenance	16,300	16,300	17,224	(924)	25,085
Training	9,000	9,000	8,377	623	8,577
Telephone	2,000	2,000	1,636	364	1,716
Travel	1,650	1,650	1,638	12	1,562
Advertising	600	600	648	(48)	726
Insurance	12,000	12,000	10,878	1,122	12,560
Utilities	8,300	8,300	7,704	596	7,004
Continuing Education and Dues	6,000	6,000	6,512	(512)	6,671
Capital Lease Principal	32,443	32,443	32,443	-	31,718
Capital Lease Interest	5,789	5,789	5,789	-	6,513
Capital Outlay	11,000	11,000	11,000	-	20,130
Miscellaneous	5,113	5,113	5,498	(385)	4,419
Total Fire Protection	<u>235,230</u>	<u>235,230</u>	<u>229,430</u>	<u>5,800</u>	<u>252,258</u>
Code Enforcement:					
Office Supplies	500	500	637	(137)	1,030
Building Inspector	47,000	47,000	28,180	18,820	58,591
Total Code Enforcement	<u>47,500</u>	<u>47,500</u>	<u>28,817</u>	<u>18,683</u>	<u>59,621</u>
Total Public Safety	<u>1,298,690</u>	<u>1,351,567</u>	<u>1,361,123</u>	<u>(9,556)</u>	<u>1,406,476</u>
Streets and Highways -					
Salaries	185,410	185,410	192,847	(7,437)	175,349
Employee Benefits	59,026	59,026	61,099	(2,073)	51,530
Payroll Taxes	11,495	11,495	10,868	627	10,633
Workers' Compensation	13,000	13,000	17,293	(4,293)	17,277
Supplies	200	200	589	(389)	164
Motor Fuels	20,000	20,000	25,109	(5,109)	19,539
Repairs and Maintenance	28,800	28,800	30,186	(1,386)	36,633
Street Maintenance	10,000	10,000	15,397	(5,397)	20,624
Street Overlay and Seal Coat	50,000	50,000	36,958	13,042	97,917
Landscaping	1,000	1,000	910	90	2,188
Telephone	1,000	1,000	1,054	(54)	835

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
Expenditures: - (Cont'd.)					
Streets and Highways - (Cont'd.)					
Mosquito Control	\$ 2,500	\$ 2,500	\$ 1,778	\$ 722	\$ 475
Insurance	12,000	12,000	6,506	5,494	9,550
Utilities	10,000	10,000	11,876	(1,876)	8,837
Capital Lease Principal	-	-	29,000	(29,000)	26,864
Capital Lease Interest	-	-	-	-	1,147
Maintenance Facility Principal	25,000	25,000	25,000	-	20,000
Maintenance Facility Interest	34,485	34,485	34,485	-	35,505
Fiscal Agent Fees	-	-	1,250	(1,250)	1,250
Capital Outlay	43,166	43,166	123,750	(80,584)	20,944
Miscellaneous	10,300	10,300	18,093	(7,793)	3,036
Total Street and Highways	<u>517,382</u>	<u>517,382</u>	<u>644,048</u>	<u>(126,666)</u>	<u>560,297</u>
Culture and Recreation -					
Parks and Recreation:					
Salaries	113,128	113,128	126,337	(13,209)	112,476
Employee Benefits	29,461	29,461	33,906	(4,445)	27,678
Payroll Taxes	7,014	7,014	7,666	(652)	6,824
Workers' Compensation	4,000	4,000	5,029	(1,029)	4,646
Supplies	7,750	7,750	10,522	(2,772)	12,677
Motor Fuels	4,000	4,000	7,446	(3,446)	7,123
Repairs and Maintenance	13,900	13,900	23,902	(10,002)	13,930
Management Fees	2,500	2,500	2,532	(32)	2,549
Telephone	1,400	1,400	1,502	(102)	1,456
Insurance	13,000	13,000	12,368	632	10,789
Utilities	6,800	6,800	6,359	441	5,713
Capital Lease Principal	5,999	5,999	19,006	(13,007)	15,243
Capital Lease Interest	1,503	1,503	1,503	-	2,293
Capital Outlay	48,100	48,100	31,366	16,734	55,023
Miscellaneous	3,100	3,100	6,965	(3,865)	3,840
Total Park and Recreation	<u>261,655</u>	<u>261,655</u>	<u>296,409</u>	<u>(34,754)</u>	<u>282,260</u>
Library and Community Center:					
Supplies	2,164	2,164	2,971	(807)	3,143
Repairs and Maintenance	1,000	1,000	942	58	544
Management Fees	65,053	65,053	67,109	(2,056)	60,569
Janitorial	2,163	2,163	1,073	1,090	2,045
Telephone	2,163	2,163	1,914	249	1,832
Insurance	1,298	1,298	1,272	26	1,294
Utilities	9,980	9,980	10,374	(394)	9,015
Capital Outlay	22,589	22,589	9,734	12,855	9,053
Continuing Education and Dues	270	270	282	(12)	228
Miscellaneous	500	500	41	459	-
Total Library and Community Center	<u>107,180</u>	<u>107,180</u>	<u>95,712</u>	<u>11,468</u>	<u>87,723</u>
Total Culture and Recreation	<u>368,835</u>	<u>368,835</u>	<u>392,121</u>	<u>(23,286)</u>	<u>369,983</u>

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
Expenditures: - (Cont'd.)					
Economic Development	\$ 2,500	\$ 2,500	\$ 4,108	\$ (1,608)	\$ 7,293
Miscellaneous -					
Sales Tax	1,000	1,000	2,362	(1,362)	2,006
State Surcharge	3,000	3,000	885	2,115	5,651
Vehicle Towing	6,000	6,000	13,850	(7,850)	7,741
Refunds and Reimbursements	30,000	30,000	150,127	(120,127)	50,956
Electrical Availability Charge	-	-	-	-	5,635
Capital Lease Principal	62,581	62,581	62,581	-	49,689
Capital Lease Interest	8,212	8,212	8,212	-	7,651
Other	2,000	2,000	-	2,000	-
Total Miscellaneous	<u>112,793</u>	<u>112,793</u>	<u>238,017</u>	<u>(125,224)</u>	<u>129,329</u>
Total Expenditures	<u>3,095,168</u>	<u>3,148,045</u>	<u>3,613,222</u>	<u>(465,177)</u>	<u>3,951,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,739)	39,269	(386,302)	(425,571)	(973,497)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	120,000	120,000	215,000	95,000	203,803
Operating Transfers Out	-	(76,000)	(51,000)	25,000	-
Lease Proceeds	-	-	158,957	158,957	708,627
Loan Proceeds	-	-	150,000	150,000	-
Proceeds from the Sale of Capital Assets	-	-	13,750	13,750	-
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>44,000</u>	<u>486,707</u>	<u>442,707</u>	<u>912,430</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	85,261	83,269	100,405	17,136	(61,067)
Fund Balance - Beginning	<u>2,129,919</u>	<u>2,129,919</u>	<u>2,129,919</u>	<u>-</u>	<u>2,190,986</u>
Fund Balance - Ending	<u>\$ 2,215,180</u>	<u>\$ 2,213,188</u>	<u>\$ 2,230,324</u>	<u>\$ 17,136</u>	<u>\$ 2,129,919</u>

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2007

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 2007.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 3,148,045	\$ 3,613,222

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COMBINING FUND STATEMENTS

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

		Other Governmental Funds		
		2007		
ASSETS		Special Revenue	Debt Service	Capital Projects
CURRENT ASSETS				
Cash and Cash Equivalents	\$	518,528	\$ 250,543	\$ 417,296
Accounts Receivable		68,863	-	-
Taxes Receivable				
Current		-	4,792	-
Delinquent		-	10,218	-
Special Assessments Receivable				
Current		-	1,349	-
Deferred		-	268,498	-
Land Held for Resale		-	-	125,157
Due from Other Funds		-	-	-
		<u>587,391</u>	<u>535,400</u>	<u>542,453</u>
Total Assets	\$	587,391	\$ 535,400	\$ 542,453
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$	2,531	\$ -	\$ 12,410
Due to Other Funds		143,168	238	-
Deferred Revenue		-	278,717	-
Total Liabilities		<u>145,699</u>	<u>278,955</u>	<u>12,410</u>
FUND BALANCES				
Reserved for Library Improvement		252,321	-	-
Reserved for Land Held for Resale		-	-	125,157
Unreserved, Reported in				
Special Revenue		189,371	-	-
Debt Service		-	256,445	-
Capital Projects		-	-	404,886
Total Fund Balances		<u>441,692</u>	<u>256,445</u>	<u>530,043</u>
Total Liabilities and Fund Balances	\$	<u>587,391</u>	<u>535,400</u>	<u>542,453</u>

<u>2007</u>	<u>2006</u>
Total Other Governmental Funds	Total Other Governmental Funds
\$ 1,186,367	\$ 1,256,423
68,863	47,623
4,792	4,305
10,218	10,133
1,349	1,311
268,498	323,202
125,157	125,157
-	21,000
<u>\$ 1,665,244</u>	<u>\$ 1,789,154</u>
\$ 14,941	\$ 36,708
143,406	206,357
278,717	333,336
<u>437,064</u>	<u>576,401</u>
252,321	243,403
125,157	125,157
189,371	271,278
256,445	368,661
404,886	204,254
<u>1,228,180</u>	<u>1,212,753</u>
<u>\$ 1,665,244</u>	<u>\$ 1,789,154</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Other Governmental Funds		
	2007		
	Special Revenue	Debt Service	Capital Projects
REVENUES			
Taxes	\$ 6,854	\$ 389,781	\$ 207,934
Intergovernmental	133,802	41,955	450
Charges for Services	200,328	-	-
Fines and Forfeits	643	-	-
Assessments	-	73,703	-
Interest Income	17,935	7,760	9,721
Contributions and Donations	5,549	-	-
Franchise Taxes	30,312	-	-
Miscellaneous	31,553	-	243
Total Revenues	<u>426,976</u>	<u>513,199</u>	<u>218,348</u>
EXPENDITURES			
Current:			
General Government	10,081	17,946	-
Public Safety	472	-	-
Highways and Streets	19,501	-	5,507
Culture-Recreation	191,507	-	-
Economic Development	42,765	-	46,109
Capital Outlay:			
Public Safety	9,152	-	-
Highways and Streets	-	-	-
Culture-Recreation	33,104	-	-
Economic Development	-	-	-
Debt Service:			
Principal	58,000	632,000	-
Interest	26,383	243,752	-
Fiscal Charges	-	431	-
Total Liabilities	<u>390,965</u>	<u>894,129</u>	<u>51,616</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	36,011	(380,930)	166,732
OTHER FINANCING SOURCES (USES)			
Transfers In	-	250,100	131,500
Transfers Out	(109,000)	(41,000)	(97,600)
Bond Proceeds	-	59,614	-
Total Other Financing Sources (Uses)	<u>(109,000)</u>	<u>268,714</u>	<u>33,900</u>
Net Change in Fund Balances	(72,989)	(112,216)	200,632
Fund Balances - Beginning	514,681	368,661	329,411
Fund Balances - Ending	<u>\$ 441,692</u>	<u>\$ 256,445</u>	<u>\$ 530,043</u>

<u>2007</u>		<u>2006</u>	
Total Other Governmental Funds		Total Other Governmental Funds	
\$	604,569	\$	794,344
	176,207		967,719
	200,328		170,782
	643		3,945
	73,703		-
	35,416		33,116
	5,549		55,127
	30,312		32,130
	31,796		16,168
	<u>1,158,523</u>		<u>2,073,331</u>
	28,027		17,084
	472		124
	25,008		38,733
	191,507		183,819
	88,874		53,782
	9,152		22,805
	-		966,626
	33,104		11,947
	-		3,550
	690,000		603,000
	270,135		287,767
	431		431
	<u>1,336,710</u>		<u>2,189,668</u>
	(178,187)		(116,337)
	381,600		513,327
	(247,600)		(233,798)
	59,614		-
	<u>193,614</u>		<u>279,529</u>
	15,427		163,192
	<u>1,212,753</u>		<u>1,049,561</u>
\$	<u><u>1,228,180</u></u>	\$	<u><u>1,212,753</u></u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Special Revenue Funds				
	2007				
	Library Improvement	Park Improvement	Police K-9	Crime Prevention	Charitable Gambling
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 254,897	\$ 111,928	\$ 6,944	\$ 30,285	\$ 6,934
Accounts Receivable	-	-	-	-	-
Total Assets	<u>\$ 254,897</u>	<u>\$ 111,928</u>	<u>\$ 6,944</u>	<u>\$ 30,285</u>	<u>\$ 6,934</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 166	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for Library Improvement	252,321	-	-	-	-
Unreserved, Undesignated	2,410	111,928	6,944	30,285	6,934
Total Fund Balances	<u>254,731</u>	<u>111,928</u>	<u>6,944</u>	<u>30,285</u>	<u>6,934</u>
Total Liabilities and Fund Balances	<u>\$ 254,897</u>	<u>\$ 111,928</u>	<u>\$ 6,944</u>	<u>\$ 30,285</u>	<u>\$ 6,934</u>

Special Revenue Funds

2007						2006
Aquatic Center	Cable TV	Cemetery	Municipal State Aid	Engineering Inspection Service Fund	Total Special Revenue	Total Special Revenue
\$ -	\$ 6,312	\$ 95,402	\$ 5,826	\$ -	\$ 518,528	587,276
-	7,600	-	-	61,263	68,863	47,171
<u>\$ -</u>	<u>\$ 13,912</u>	<u>\$ 95,402</u>	<u>\$ 5,826</u>	<u>\$ 61,263</u>	<u>\$ 587,391</u>	<u>\$ 634,447</u>
\$ 511	\$ 100	\$ 10	\$ 1,537	\$ 207	\$ 2,531	22,319
45,260	-	-	-	97,908	143,168	97,447
45,771	100	10	1,537	98,115	145,699	119,766
-	-	-	-	-	252,321	243,403
(45,771)	13,812	95,392	4,289	(36,852)	189,371	271,278
<u>(45,771)</u>	<u>13,812</u>	<u>95,392</u>	<u>4,289</u>	<u>(36,852)</u>	<u>441,692</u>	<u>514,681</u>
<u>\$ -</u>	<u>\$ 13,912</u>	<u>\$ 95,402</u>	<u>\$ 5,826</u>	<u>\$ 61,263</u>	<u>\$ 587,391</u>	<u>\$ 634,447</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUNDS
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Special Revenue Funds				
	2007				
	Library Improvement	Park Improvement	Police K-9	Crime Prevention	Charitable Gambling
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeits	-	-	-	643	-
Interest Income	8,918	4,025	253	896	450
Contributions and Donations	3,899	-	-	1,650	-
Franchise Fees	-	-	-	-	-
Miscellaneous	-	-	-	10,301	-
Total Revenues	<u>12,817</u>	<u>4,025</u>	<u>253</u>	<u>13,490</u>	<u>450</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	472	-	-
Highways and Streets	-	-	-	-	-
Culture-Recreation	2,102	2,055	-	-	-
Economic Development	-	-	-	-	-
Capital Outlay:					
Public Safety	-	-	-	9,152	-
Highways and Streets	-	-	-	-	-
Culture-Recreation	-	7,076	-	-	7,850
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>2,102</u>	<u>9,131</u>	<u>472</u>	<u>9,152</u>	<u>7,850</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	10,715	(5,106)	(219)	4,338	(7,400)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	10,715	(5,106)	(219)	4,338	(7,400)
Fund Balance - Beginning	<u>244,016</u>	<u>117,034</u>	<u>7,163</u>	<u>25,947</u>	<u>14,334</u>
Fund Balances - Ending	<u>\$ 254,731</u>	<u>\$ 111,928</u>	<u>\$ 6,944</u>	<u>\$ 30,285</u>	<u>\$ 6,934</u>

Special Revenue Funds

2007							2006
Aquatic Center	Cable TV	Cemetery	Municipal State Aid	Engineering Inspection Service Fund	Total Special Revenue	Total Special Revenue	
\$ 6,854	\$ -	\$ -	\$ -	\$ -	\$ 6,854	\$ 7,086	
-	-	-	133,802	-	133,802	916,683	
105,699	-	7,800	-	86,829	200,328	170,782	
-	-	-	-	-	643	3,945	
(313)	517	3,323	3,245	(3,379)	17,935	17,418	
-	-	-	-	-	5,549	55,127	
-	30,312	-	-	-	30,312	32,130	
20,080	-	1,172	-	-	31,553	15,572	
<u>132,320</u>	<u>30,829</u>	<u>12,295</u>	<u>137,047</u>	<u>83,450</u>	<u>426,976</u>	<u>1,218,743</u>	
-	-	10,081	-	-	10,081	11,051	
-	-	-	-	-	472	124	
-	-	-	19,501	-	19,501	12,723	
159,913	27,437	-	-	-	191,507	183,819	
-	-	-	-	42,765	42,765	36,326	
-	-	-	-	-	9,152	22,805	
-	-	-	-	-	-	966,626	
18,178	-	-	-	-	33,104	11,947	
-	-	-	58,000	-	58,000	56,000	
-	-	-	26,383	-	26,383	27,503	
<u>178,091</u>	<u>27,437</u>	<u>10,081</u>	<u>103,884</u>	<u>42,765</u>	<u>390,965</u>	<u>1,328,924</u>	
(45,771)	3,392	2,214	33,163	40,685	36,011	(110,181)	
-	-	-	-	-	-	211,915	
-	(10,000)	-	(99,000)	-	(109,000)	(15,000)	
-	(10,000)	-	(99,000)	-	(109,000)	196,915	
(45,771)	(6,608)	2,214	(65,837)	40,685	(72,989)	86,734	
-	20,420	93,178	70,126	(77,537)	514,681	427,947	
<u>\$ (45,771)</u>	<u>\$ 13,812</u>	<u>\$ 95,392</u>	<u>\$ 4,289</u>	<u>\$ (36,852)</u>	<u>\$ 441,692</u>	<u>\$ 514,681</u>	

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Debt Service Funds		
	2007		
	City Sinking	1995 Storm Sewer Bond	1996 N.C.II/ Glenknoll III Bond
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 31,354	\$ 420	\$ 1,568
Accounts Receivable	-	-	-
Taxes Receivable			
Current	-	-	584
Delinquent	-	-	1,247
Special Assessments Receivable			
Current	-	-	-
Deferred	32	-	31,158
Due from Other Funds	-	-	-
Total Assets	\$ 31,386	\$ 420	\$ 34,557
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Deferred Revenue	32	-	32,405
Total Liabilities	32	-	32,405
FUND BALANCES			
Unreserved, Undesignated	31,354	420	2,152
Total Fund Balances	31,354	420	2,152
Total Liabilities and Fund Balances	\$ 31,386	\$ 420	\$ 34,557

Debt Service Funds

2007

1997 Storm Sewer Bond	1997 McLoed/N.C. Pond Bond	1997 N. Country III/ Morningside	1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition
\$ 312	\$ 8,975	\$ 5,128	\$ 12,733	\$ -	\$ 11,953
-	-	-	-	-	-
-	1,145	344	689	367	344
-	2,445	733	1,466	782	733
-	-	-	-	-	851
-	-	220	-	8,518	5,234
-	-	-	-	-	-
<u>\$ 312</u>	<u>\$ 12,565</u>	<u>\$ 6,425</u>	<u>\$ 14,888</u>	<u>\$ 9,667</u>	<u>\$ 19,115</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	238	-
-	2,445	953	1,466	9,301	5,967
-	<u>2,445</u>	<u>953</u>	<u>1,466</u>	<u>9,539</u>	<u>5,967</u>
312	10,120	5,472	13,422	128	13,148
<u>312</u>	<u>10,120</u>	<u>5,472</u>	<u>13,422</u>	<u>128</u>	<u>13,148</u>
<u>\$ 312</u>	<u>\$ 12,565</u>	<u>\$ 6,425</u>	<u>\$ 14,888</u>	<u>\$ 9,667</u>	<u>\$ 19,115</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Debt Service Funds		
	2007		
	2001 N. Country V/Popelka	2002 Willow Ridge Estates 2nd Addition	2003 Tax Increment Bond
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 8,319	\$ 34,467	\$ 2
Accounts Receivable	-	-	-
Taxes Receivable			
Current	251	114	-
Delinquent	538	245	-
Special Assessments Receivable			
Current	364	-	-
Deferred	93,363	-	-
Due from Other Funds	-	-	-
Total Assets	\$ 102,835	\$ 34,826	\$ 2
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Deferred Revenue	93,901	245	-
Total Liabilities	93,901	245	-
FUND BALANCES			
Unreserved, Undesignated	8,934	34,581	2
Total Fund Balances	8,934	34,581	2
Total Liabilities and Fund Balances	\$ 102,835	\$ 34,826	\$ 2

Debt Service Funds

		2007			2006	
County State Aid Hwy #3 Bond	2004 N. Country/ Glenknoll Area	2004 Street Improvement Bond	2007 Tax Increment Bond	Total Debt Service	Total Debt Service	
\$ 7,163	\$ 62,850	\$ 36	\$ 65,263	\$ 250,543	\$ 343,335	
-	-	-	-	-	452	
688	263	3	-	4,792	4,305	
1,467	562	-	-	10,218	10,133	
134	-	-	-	1,349	1,311	
27,215	102,758	-	-	268,498	323,202	
-	-	-	-	-	21,000	
<u>\$ 36,667</u>	<u>\$ 166,433</u>	<u>\$ 39</u>	<u>\$ 65,263</u>	<u>\$ 535,400</u>	<u>\$ 703,738</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,741	
-	-	-	-	238	-	
28,682	103,320	-	-	278,717	333,336	
<u>28,682</u>	<u>103,320</u>	<u>-</u>	<u>-</u>	<u>278,955</u>	<u>335,077</u>	
7,985	63,113	39	65,263	256,445	368,661	
<u>7,985</u>	<u>63,113</u>	<u>39</u>	<u>65,263</u>	<u>256,445</u>	<u>368,661</u>	
<u>\$ 36,667</u>	<u>\$ 166,433</u>	<u>\$ 39</u>	<u>\$ 65,263</u>	<u>\$ 535,400</u>	<u>\$ 703,738</u>	

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Debt Service Funds		
	2007		
	City Sinking	1995 Storm Sewer Bond	1996 N.C.II/ Glenknoll III Bond
REVENUES			
Taxes	\$ 10,093	\$ -	\$ 46,222
Intergovernmental	-	-	5,119
Assessments	-	-	8,849
Interest Income	2,663	(161)	469
Miscellaneous	-	-	-
Total Revenues	<u>12,756</u>	<u>(161)</u>	<u>60,659</u>
EXPENDITURES			
Current:			
General Government	17,946	-	-
Capital Outlay:			
Economic Development	-	-	-
Debt Service:			
Principal	20,000	35,000	60,000
Interest	-	3,920	1,380
Fiscal Charges	-	-	-
Total Expenditures	<u>37,946</u>	<u>38,920</u>	<u>61,380</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(25,190)	(39,081)	(721)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	39,000	-
Transfers Out	(41,000)	-	-
Bond Proceeds	-	-	-
Total Other Financing Sources (Uses)	<u>(41,000)</u>	<u>39,000</u>	<u>-</u>
Net Change in Fund Balances	(66,190)	(81)	(721)
Fund Balances - Beginning	<u>97,544</u>	<u>501</u>	<u>2,873</u>
Fund Balances - Ending	<u>\$ 31,354</u>	<u>\$ 420</u>	<u>\$ 2,152</u>

Debt Service Funds

2007

1997 Storm Sewer Bond	1997 McLoed/N.C. Pond Bond	1997 N. Country III/ Morningside	1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition
\$ -	\$ 90,631	\$ 27,190	\$ 54,378	\$ 29,002	\$ 27,189
-	10,037	3,011	6,022	3,212	3,011
-	-	55	-	3,634	1,829
(226)	1,371	626	992	196	(140)
-	-	-	-	-	-
<u>(226)</u>	<u>102,039</u>	<u>30,882</u>	<u>61,392</u>	<u>36,044</u>	<u>31,889</u>
-	-	-	-	-	-
-	-	-	-	-	-
50,000	85,000	32,000	35,000	25,000	30,000
3,604	38,353	8,194	40,763	13,553	10,460
-	-	-	-	-	-
<u>53,604</u>	<u>123,353</u>	<u>40,194</u>	<u>75,763</u>	<u>38,553</u>	<u>40,460</u>
(53,830)	(21,314)	(9,312)	(14,371)	(2,509)	(8,571)
54,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>54,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
170	(21,314)	(9,312)	(14,371)	(2,509)	(8,571)
142	31,434	14,784	27,793	2,637	21,719
<u>\$ 312</u>	<u>\$ 10,120</u>	<u>\$ 5,472</u>	<u>\$ 13,422</u>	<u>\$ 128</u>	<u>\$ 13,148</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Debt Service Funds		
	2007		
	2001 N. Country V/Popelka	2002 Willow Ridge Estates 2nd Addition	2003 Tax Increment Bond
REVENUES			
Taxes	\$ 19,939	\$ 9,063	\$ -
Intergovernmental	2,208	1,004	-
Assessments	28,271	-	-
Interest Income	(597)	1,104	(2,469)
Miscellaneous	-	-	-
Total Revenues	<u>49,821</u>	<u>11,171</u>	<u>(2,469)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Capital Outlay:			
Economic Development	-	-	-
Debt Service:			
Principal	55,000	20,000	50,000
Interest	18,291	6,880	33,288
Fiscal Charges	-	-	431
Total Expenditures	<u>73,291</u>	<u>26,880</u>	<u>83,719</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(23,470)	(15,709)	(86,188)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	86,100
Transfers Out	-	-	-
Bond Proceeds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>86,100</u>
Net Change in Fund Balances	(23,470)	(15,709)	(88)
Fund Balances - Beginning	<u>32,404</u>	<u>50,290</u>	<u>90</u>
Fund Balances - Ending	<u>\$ 8,934</u>	<u>\$ 34,581</u>	<u>\$ 2</u>

Debt Service Funds

		2007			2006	
County State Aid Hwy #3 Bond	2004 N. Country/ Glenknoll Area	2004 Street Improvement Bond	2007 Tax Increment Bond	Total Debt Service	Total Debt Service	
\$ 54,378	\$ 20,846	\$ 850	\$ -	\$ 389,781	\$ 590,385	
6,022	2,309	-	-	41,955	50,625	
6,431	24,634	-	-	73,703	-	
(971)	1,368	(2,114)	5,649	7,760	6,923	
-	-	-	-	-	595	
<u>65,860</u>	<u>49,157</u>	<u>(1,264)</u>	<u>5,649</u>	<u>513,199</u>	<u>648,528</u>	
-	-	-	-	17,946	6,033	
-	-	-	-	-	3,498	
40,000	45,000	50,000	-	632,000	547,000	
27,543	17,138	20,385	-	243,752	260,264	
-	-	-	-	431	431	
<u>67,543</u>	<u>62,138</u>	<u>70,385</u>	<u>-</u>	<u>894,129</u>	<u>817,226</u>	
(1,683)	(12,981)	(71,649)	5,649	(380,930)	(168,698)	
-	-	71,000	-	250,100	241,714	
-	-	-	-	(41,000)	(46,969)	
-	-	-	59,614	59,614	-	
<u>-</u>	<u>-</u>	<u>71,000</u>	<u>59,614</u>	<u>268,714</u>	<u>194,745</u>	
(1,683)	(12,981)	(649)	65,263	(112,216)	26,047	
9,668	76,094	688	-	368,661	342,614	
<u>\$ 7,985</u>	<u>\$ 63,113</u>	<u>\$ 39</u>	<u>\$ 65,263</u>	<u>\$ 256,445</u>	<u>\$ 368,661</u>	

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2007
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2006)**

	Capital Project Funds			
	2007			
	Tax Increment #2- Littfin	Tax Increment #3- Lakeland	Tax Increment #4- Industrial Park	Tax Increment #8- Wilson Hardware
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 145,854	\$ 141,335	\$ 102,717	\$ -
Land Held for Resale	-	-	-	-
Total Assets	\$ 145,854	\$ 141,335	\$ 102,717	\$ -
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Reserved for Land Held for Resale	-	-	-	-
Unreserved, Undesignated	145,854	141,335	102,717	-
Total Fund Balances	145,854	141,335	102,717	-
Total Liabilities and Fund Balances	\$ 145,854	\$ 141,335	\$ 102,717	\$ -

Capital Project Funds

2007				2006	
Tax Increment #12- Pizza Ranch	Tax Increment #13- Kestrel Properties	Tax Increment #14- Downtown Redevelopment	2005 11th Street Reconstruction	Total Capital Projects	Total Capital Projects
\$ 16,926	\$ 7,175	\$ 1,117	\$ 2,172	\$ 417,296	\$ 325,812
-	-	125,157	-	125,157	125,157
<u>\$ 16,926</u>	<u>\$ 7,175</u>	<u>\$ 126,274</u>	<u>\$ 2,172</u>	<u>\$ 542,453</u>	<u>\$ 450,969</u>
\$ -	\$ 9,178	\$ 1,030	\$ 2,202	\$ 12,410	\$ 12,648
-	-	-	-	-	108,910
-	9,178	1,030	2,202	12,410	121,558
-	-	125,157	-	125,157	125,157
16,926	(2,003)	87	(30)	404,886	204,254
<u>16,926</u>	<u>(2,003)</u>	<u>125,244</u>	<u>(30)</u>	<u>530,043</u>	<u>329,411</u>
<u>\$ 16,926</u>	<u>\$ 7,175</u>	<u>\$ 126,274</u>	<u>\$ 2,172</u>	<u>\$ 542,453</u>	<u>\$ 450,969</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, 2007
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2006)**

	Capital Project Funds			
	2007			
	Tax Increment #2- Littfin	Tax Increment #3- Lakeland	Tax Increment #4- Industrial Park	Tax Increment #8- Wilson Hardware
REVENUES				
Taxes	\$ 39,848	\$ 45,684	\$ 98,401	\$ -
Intergovernmental	-	374	-	-
Interest Income	4,012	4,234	4,224	-
Miscellaneous	-	-	-	-
Total Revenues	<u>43,860</u>	<u>50,292</u>	<u>102,625</u>	<u>-</u>
EXPENDITURES				
Current:				
Highways and Streets	-	-	-	-
Economic Development	1,924	5,329	7,227	-
Capital Outlay:				
Economic Development	-	-	-	-
Total Expenditures	<u>1,924</u>	<u>5,329</u>	<u>7,227</u>	<u>-</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	41,936	44,963	95,398	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	21,000
Transfers Out	-	(11,500)	(86,100)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(11,500)</u>	<u>(86,100)</u>	<u>21,000</u>
Net Change in Fund Balances	41,936	33,463	9,298	21,000
Fund Balances - Beginning	<u>103,918</u>	<u>107,872</u>	<u>93,419</u>	<u>(21,000)</u>
Fund Balances - Ending	<u>\$ 145,854</u>	<u>\$ 141,335</u>	<u>\$ 102,717</u>	<u>\$ -</u>

Capital Project Funds

2007				2006	
Tax Increment #12- Pizza Ranch	Tax Increment #13- Kestrel Properties	Tax Increment #14- Downtown Redevelopment	2005 11th Street Reconstruction	Total Capital Projects	Total Capital Projects
\$ 5,486	\$ 9,145	\$ 9,370	\$ -	\$ 207,934	\$ 196,873
-	76	-	-	450	411
461	98	39	(3,347)	9,721	8,775
-	-	243	-	243	1
<u>5,947</u>	<u>9,319</u>	<u>9,652</u>	<u>(3,347)</u>	<u>218,348</u>	<u>206,060</u>
-	-	-	5,507	5,507	26,010
917	9,618	21,094	-	46,109	17,456
-	-	-	-	-	52
<u>917</u>	<u>9,618</u>	<u>21,094</u>	<u>5,507</u>	<u>51,616</u>	<u>43,518</u>
5,030	(299)	(11,442)	(8,854)	166,732	162,542
-	-	11,500	99,000	131,500	59,698
-	-	-	-	(97,600)	(171,829)
-	-	11,500	99,000	33,900	(112,131)
5,030	(299)	58	90,146	200,632	50,411
11,896	(1,704)	125,186	(90,176)	329,411	279,000
<u>\$ 16,926</u>	<u>\$ (2,003)</u>	<u>\$ 125,244</u>	<u>\$ (30)</u>	<u>\$ 530,043</u>	<u>\$ 329,411</u>

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SUPPLEMENTARY INFORMATION

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	\$925,000 Swimming Pool Bonds of 1999		\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G	
	Principal	Interest	Principal	Interest
2008	\$ 40,000	\$ 39,012	\$ 50,000	\$ 31,625
2009	40,000	36,973	50,000	29,675
2010	45,000	34,872	75,000	26,950
2011	50,000	32,510	75,000	23,462
2012	50,000	29,810	100,000	19,162
2013	55,000	27,110	100,000	14,087
2014	60,000	24,085	50,000	10,163
2015	65,000	20,785	25,000	8,094
2016	70,000	17,145	25,000	6,656
2017	70,000	13,225	25,000	5,219
2018	75,000	9,200	25,000	3,750
2019	85,000	4,888	25,000	2,250
2020	-	-	25,000	750
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 705,000</u>	<u>\$ 289,615</u>	<u>\$ 650,000</u>	<u>\$ 181,843</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	\$605,000 G.O. Improvement Bonds of 2001		\$215,000 G.O. Improvement Bonds of 2002	
	Principal	Interest	Principal	Interest
2008	\$ 60,000	\$ 16,030	\$ 20,000	\$ 6,020
2009	60,000	13,570	20,000	5,140
2010	65,000	10,943	25,000	4,125
2011	65,000	8,147	25,000	2,975
2012	75,000	5,062	25,000	1,800
2013	75,000	1,688	25,000	600
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 400,000</u>	<u>\$ 55,440</u>	<u>\$ 140,000</u>	<u>\$ 20,660</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$1,360,000 Portion		\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$346,000 Portion	
	Principal	Interest	Principal	Interest
2008	\$ 100,000	\$ 36,398	\$ 62,000	\$ 2,454
2009	100,000	33,697	26,000	780
2010	100,000	30,698	-	-
2011	105,000	27,497	-	-
2012	125,000	24,033	-	-
2013	85,000	19,783	-	-
2014	100,000	16,765	-	-
2015	100,000	13,015	-	-
2016	110,000	9,115	-	-
2017	115,000	4,715	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 1,040,000</u>	<u>\$ 215,716</u>	<u>\$ 88,000</u>	<u>\$ 3,234</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,015,000 Portion		Capital Lease Fieldhouse	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 38,573	\$ 54,326	\$ 2,662
2009	-	42,080	-	-
2010	50,000	41,080	-	-
2011	50,000	39,080	-	-
2012	50,000	37,080	-	-
2013	50,000	35,080	-	-
2014	50,000	33,080	-	-
2015	50,000	31,080	-	-
2016	50,000	29,080	-	-
2017	50,000	27,080	-	-
2018	50,000	25,055	-	-
2019	50,000	23,005	-	-
2020	50,000	20,942	-	-
2021	50,000	18,867	-	-
2022	55,000	16,675	-	-
2023	55,000	14,365	-	-
2024	55,000	12,028	-	-
2025	60,000	9,555	-	-
2026	60,000	6,960	-	-
2027	60,000	4,350	-	-
2028	70,000	1,523	-	-
	<u>\$ 1,015,000</u>	<u>\$ 506,618</u>	<u>\$ 54,326</u>	<u>\$ 2,662</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	Capital Lease Bobcat Toolcat		Capital Lease John Deere Wheel Loader	
	Principal	Interest	Principal	Interest
2008	\$ 5,947	\$ 678	\$ 16,305	\$ 5,963
2009	4,970	1,655	17,354	4,915
2010	5,340	1,285	18,471	3,798
2011	5,738	887	19,659	2,610
2012	6,166	459	20,923	1,346
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 28,161</u>	<u>\$ 4,964</u>	<u>\$ 92,712</u>	<u>\$ 18,632</u>

Certificates of Participation Street Maintenance		Contract for Deed Schimelpfenig Contract		Contract for Deed Meyer Sterner Contract	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 25,000	\$ 33,185	\$ 11,137	\$ 2,316	\$ 25,000	\$ -
30,000	31,860	11,861	1,592	25,000	-
35,000	30,240	12,630	821	-	-
35,000	28,315	-	-	-	-
40,000	26,355	-	-	-	-
45,000	23,955	-	-	-	-
45,000	21,255	-	-	-	-
50,000	18,555	-	-	-	-
55,000	15,555	-	-	-	-
60,000	12,200	-	-	-	-
65,000	8,540	-	-	-	-
75,000	4,575	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 560,000</u>	<u>\$ 254,590</u>	<u>\$ 35,628</u>	<u>\$ 4,729</u>	<u>\$ 50,000</u>	<u>\$ -</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	Contract for Deed Stevens Seminary		\$460,000 Liquor Store Revenue Bonds of 1995	
	Principal	Interest	Principal	Interest
2008	\$ 20,000	\$ -	\$ 35,000	\$ 5,658
2009	20,000	-	40,000	3,936
2010	20,000	-	40,000	1,968
2011	20,000	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>	<u>\$ 11,562</u>

<u>\$465,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003D</u>		<u>\$105,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003E</u>		<u>\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$417,000 Portion</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 10,000	\$ 19,253	\$ 25,000	\$ 1,156	\$ 82,000	\$ 2,214
10,000	18,962	25,000	394	-	-
20,000	18,458	-	-	-	-
20,000	17,732	-	-	-	-
25,000	16,858	-	-	-	-
25,000	15,845	-	-	-	-
25,000	14,801	-	-	-	-
25,000	13,720	-	-	-	-
30,000	12,495	-	-	-	-
30,000	11,130	-	-	-	-
30,000	9,735	-	-	-	-
35,000	8,190	-	-	-	-
35,000	6,493	-	-	-	-
35,000	4,777	-	-	-	-
35,000	3,063	-	-	-	-
45,000	1,102	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 435,000</u>	<u>\$ 192,614</u>	<u>\$ 50,000</u>	<u>\$ 1,550</u>	<u>\$ 82,000</u>	<u>\$ 2,214</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2007**

	\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion		\$580,000 G.O. Water Revenue Bonds of 2005 - Series 2005A	
	Principal	Interest	Principal	Interest
2008	\$ 175,000	\$ 50,450	\$ 30,000	\$ 22,215
2009	200,000	45,725	30,000	21,285
2010	200,000	39,725	35,000	20,190
2011	225,000	33,325	35,000	18,930
2012	225,000	25,900	30,000	17,700
2013	250,000	18,250	35,000	16,400
2014	250,000	9,375	35,000	15,000
2015	-	-	45,000	13,355
2016	-	-	40,000	11,570
2017	-	-	40,000	9,890
2018	-	-	50,000	7,925
2019	-	-	50,000	5,675
2020	-	-	45,000	3,526
2021	-	-	55,000	1,252
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 1,525,000</u>	<u>\$ 222,750</u>	<u>\$ 555,000</u>	<u>\$ 184,913</u>

\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,350,000 Portion					
Principal		Interest		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ 51,618	\$ 1,247,516	\$ 551,629		
-	56,310	1,157,049	521,136		
-	56,310	1,212,450	476,733		
50,000	55,310	1,196,450	427,149		
55,000	53,210	1,254,960	377,571		
55,000	51,010	1,249,770	323,881		
60,000	48,710	1,111,752	272,573		
60,000	46,310	798,822	224,510		
60,000	43,910	680,984	190,806		
70,000	41,310	728,241	158,238		
70,000	38,475	550,599	123,026		
70,000	35,605	598,061	94,295		
70,000	32,718	285,632	67,800		
75,000	29,709	246,316	55,291		
80,000	26,472	170,000	46,210		
85,000	23,007	185,000	38,474		
90,000	19,287	145,000	31,315		
95,000	15,310	155,000	24,865		
95,000	11,201	155,000	18,161		
100,000	6,960	160,000	11,310		
110,000	2,393	180,000	3,916		
<u>\$ 1,350,000</u>	<u>\$ 745,145</u>	<u>\$ 13,468,602</u>	<u>\$ 4,038,889</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, 2007, and have issued our report thereon dated May 8, 2008.

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

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

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

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

LarsonAllen LLP

LarsonAllen LLP

Austin, Minnesota
May 8, 2008

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

Finding:

Minnesota Statutes 169.022 requires the City to refrain from establishing administrative penalties for traffic regulation, including speeding, DWI, missing plates or tabs, not wearing seatbelts and other similar state traffic offences. The City has established administrative penalties for traffic regulation and other similar state traffic offences.

Corrective Action Plan (CAP):

1. Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

The City will refrain from establishing future administrative penalties for traffic regulation and obtain a legal opinion from the City Attorney in regards to the administrative penalties already established.

3. Official Responsible for Ensuring CAP

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

4. Planned Completion Date for CAP

The planned completion date for the CAP is immediately.

5. Plan to Monitor Completion of CAP

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

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

Finding:

Minnesota Attorney General Opinions state that the City must refrain from paying for Christmas parties and other employee social events. It was noted that the City paid for a portion (\$314) of the employee Christmas Party and a portion (\$419) of an employee recognition dinner.

Corrective Action Plan (CAP):

1. Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

The City will refrain from paying for future Christmas parties and other employee social events.

3. Official Responsible for Ensuring CAP

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

4. Planned Completion Date for CAP

The planned completion date for the CAP is immediately.

5. Plan to Monitor Completion of CAP

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

