

CITY OF GLENCOE, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2010

**CITY OF GLENCOE, MINNESOTA
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DECEMBER 31, 2010**

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INTRODUCTORY SECTION

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**CITY OF GLENCOE, MINNESOTA
CITY OFFICIALS
DECEMBER 31, 2010**

Elected Officials

Term Expires

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

Appointed Officials

City Administrator	Mark Larson
Finance Director	Todd Trippel
Street Superintendent	Terry Buska
Public Works Director	Gary Schreifels
Chief of Police (Interim)	James Raiter
Park Superintendent	Michael Drew

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glencoe, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Glencoe's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative data has been derived from the City of Glencoe, Minnesota's 2009 financial statements and in our report dated April 15, 2010, we expressed unqualified opinions on the respective financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glencoe, as of December 31, 2010, 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.

Honorable Mayor and
Members of the City Council
City of Glencoe

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

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

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


LarsonAllen LLP

Austin, Minnesota
June 20, 2011

BASIC FINANCIAL STATEMENTS

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CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
ASSETS				
Cash and Cash Equivalents	\$ 2,572,503	\$ 519,585	\$ 3,092,088	\$ 442,635
Taxes Receivable	52,091	-	52,091	-
Accounts Receivable	70,585	11,088	81,673	613,024
Pledges Receivable	-	673,691	673,691	-
Special Assessments Receivable	118,929	27,860	146,789	-
Lease Receivable	-	-	-	42,777
Other Receivables	-	-	-	393,613
Prepaid Expenses	-	-	-	75,823
Inventory	-	110,038	110,038	182,001
Land Held for Resale	247,063	-	247,063	-
Due from Component Unit	-	161,028	161,028	-
Deferred Charges	-	-	-	20,196
Restricted Assets	-	-	-	4,798,554
Capital Assets:				
Land	1,272,268	488,677	1,760,945	-
Other Capital Assets, Net of Depreciation	7,868,715	13,016,496	20,885,211	14,102,643
Deferred Bond Issuance Costs	96,908	85,907	182,815	-
Total Assets	12,299,062	15,094,370	27,393,432	20,671,266
LIABILITIES				
Accounts Payable	158,613	252,928	411,541	391,820
Retainages Payable	-	69,586	69,586	-
Accrued Interest Payable	110,933	85,451	196,384	-
Accrued Expenses	73,037	114,055	187,092	152,672
Customer Deposits Payable	-	-	-	57,476
Due to the Primary Government	-	-	-	161,028
Deposits	74,060	16,040	90,100	-
Non-Current Liabilities:				
Due Within One Year	1,275,905	333,710	1,609,615	492,187
Due in More Than One Year	7,367,394	5,805,887	13,173,281	5,678,240
Total Liabilities	9,059,942	6,677,657	15,737,599	6,933,423
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,766,877	8,377,611	11,144,488	8,149,905
Restricted for:				
Library Improvement	10,713	-	10,713	-
Debt Service	-	-	-	1,030,070
Unrestricted	461,530	39,102	500,632	4,557,868
Total Net Assets	\$ 3,239,120	\$ 8,416,713	\$ 11,655,833	\$ 13,737,843

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 992,267	\$ 224,511	\$ -	\$ -
Public Safety	1,424,343	216,202	91,217	30
Highways and Streets	853,766	41,469	-	207,010
Culture and Recreation	726,600	142,315	-	4,922
Economic Development	102,264	20	-	-
Interest on Long-Term Debt	416,671	-	-	-
Total Governmental Activities	4,515,911	624,517	91,217	211,962
Business-Type Activities:				
Water Fund	760,327	813,582	-	15,752
Wastewater Treatment Plant Fund	931,871	1,049,914	-	19,243
Sanitation Fund	23,029	32,594	-	-
City Center Fund	312,649	102,258	-	650,981
Municipal Liquor Fund	1,156,866	1,303,110	-	-
Airport Fund	81,503	52,746	13,776	-
Storm Water Management Fund	136,823	114,553	-	-
Total Business-Type Activities	3,403,068	3,468,757	13,776	685,976
Total Primary Government	<u>\$ 7,918,979</u>	<u>\$ 4,093,274</u>	<u>\$ 104,993</u>	<u>\$ 897,938</u>
Total Component Unit	<u>\$ 7,556,739</u>	<u>\$ 8,029,213</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes

Franchise Fees

Grants and Contributions Not

 Restricted to Certain Purposes

Unrestricted Investment Earnings

Gain on Disposal of Capital Assets

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
\$ (767,756)	\$ -	\$ (767,756)	\$ -
(1,116,894)	-	(1,116,894)	-
(605,287)	-	(605,287)	-
(579,363)	-	(579,363)	-
(102,244)	-	(102,244)	-
(416,671)	-	(416,671)	-
(3,588,215)	-	(3,588,215)	-
-	69,007	69,007	-
-	137,286	137,286	-
-	9,565	9,565	-
-	440,590	440,590	-
-	146,244	146,244	-
-	(14,981)	(14,981)	-
-	(22,270)	(22,270)	-
-	765,441	765,441	-
(3,588,215)	765,441	(2,822,774)	-
			472,474
2,013,253	-	2,013,253	-
22,359	-	22,359	-
1,162,961	-	1,162,961	-
4,965	17,397	22,362	83,139
75,366	-	75,366	-
5,927	-	5,927	-
2,377,274	(2,377,274)	-	-
5,662,105	(2,359,877)	3,302,228	83,139
2,073,890	(1,594,436)	479,454	555,613
1,165,230	10,011,149	11,176,379	13,182,230
<u>\$ 3,239,120</u>	<u>\$ 8,416,713</u>	<u>\$ 11,655,833</u>	<u>\$ 13,737,843</u>

CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)

	2010		2009	
	General	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,807,774	\$ 764,729	\$ 2,572,503	\$ 2,946,335
Accounts Receivable	61,290	9,295	70,585	94,619
Taxes Receivable				
Current	9,681	10,154	19,835	22,080
Delinquent	22,257	9,999	32,256	42,315
Special Assessments Receivable				
Current	-	1,543	1,543	10,950
Deferred	12,603	104,783	117,386	186,781
Due from Other Funds	58,046	-	58,046	64,682
Land Held for Resale	-	247,063	247,063	372,220
Total Assets	<u>\$ 1,971,651</u>	<u>\$ 1,147,566</u>	<u>\$ 3,119,217</u>	<u>\$ 3,739,982</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 144,022	\$ 14,591	\$ 158,613	\$ 223,389
Accrued Expenses	73,037	-	73,037	21,026
Due to Other Funds	-	58,046	58,046	64,682
Deferred Revenue	34,859	114,780	149,639	229,096
Deposits	9,900	64,160	74,060	-
Total Liabilities	<u>261,818</u>	<u>251,577</u>	<u>513,395</u>	<u>538,193</u>
FUND BALANCES				
Reserved for Library Improvement	-	10,713	10,713	10,683
Reserved for Land Held for Resale	-	247,063	247,063	372,220
Unreserved				
Designated for				
Cash Flows	1,500,000	-	1,500,000	1,500,000
Undesignated Reported in				
General Fund	209,833	-	209,833	512,167
Special Revenue Funds	-	151,975	151,975	171,728
Debt Service Funds	-	(22,079)	(22,079)	60,560
Capital Projects Funds	-	508,317	508,317	574,431
Total Fund Balances	<u>1,709,833</u>	<u>895,989</u>	<u>2,605,822</u>	<u>3,201,789</u>
Total Liabilities and Fund Balances	<u>\$ 1,971,651</u>	<u>\$ 1,147,566</u>	<u>\$ 3,119,217</u>	<u>\$ 3,739,982</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, 2010**

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

Total Fund Balances for Governmental Funds		\$ 2,605,822
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 1,272,268	
Buildings, Net of Accumulated Depreciation	3,638,755	
Office Equipment and Furniture, Net of Accumulated Depreciation	43,854	
Vehicles, Net of Accumulated Depreciation	407,185	
Machinery and Shop Equipment, Net of Accumulated Depreciation	400,950	
Improvements Other than Buildings, Net of Accumulated Depreciation	1,792,675	
Infrastructure, Net of Accumulated Depreciation	<u>1,585,296</u>	9,140,983
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.		
		149,639
Bond issuance costs are reported as expenditures in the governmental funds.		
		96,908
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(110,933)
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	(8,355,899)	
Other Postemployment Benefits Payable	(39,616)	
Compensated Absences Payable	<u>(247,784)</u>	<u>(8,643,299)</u>
Total Net Assets of Governmental Activities		<u><u>\$ 3,239,120</u></u>

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	2010		2009	
	General	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,322,753	\$ 772,561	\$ 2,095,314	\$ 1,980,977
Licenses and Permits	67,506	-	67,506	58,683
Intergovernmental	1,220,064	166,282	1,386,346	1,629,406
Charges for Services	248,327	114,884	363,211	290,765
Fines and Forfeits	29,931	1,408	31,339	32,339
Assessments	-	60,720	60,720	60,839
Interest Income	3,947	1,018	4,965	41,624
Contributions and Donations	13,159	4,325	17,484	64,501
Payment in Lieu of Taxes	50,000	-	50,000	50,000
Franchise Fees	-	22,359	22,359	26,562
Miscellaneous	92,982	24,392	117,374	137,901
Total Revenues	3,048,669	1,167,949	4,216,618	4,373,597
EXPENDITURES				
Current:				
General Government	846,532	19,576	866,108	796,430
Public Safety	1,316,331	266	1,316,597	1,239,683
Highways and Streets	375,216	7,962	383,178	460,230
Culture-Recreation	353,038	190,656	543,694	488,614
Economic Development	6,660	95,604	102,264	69,775
Miscellaneous	72,753	-	72,753	97,378
Capital Outlay:				
General Government	54,187	4,205	58,392	6,798
Public Safety	231,126	14,211	245,337	40,338
Highways and Streets	3,091	-	3,091	147,490
Culture-Recreation	82,938	57,057	139,995	70,632
Economic Development	-	-	-	23,736
Debt Service:				
Principal	239,969	872,634	1,112,603	890,480
Interest	89,998	317,743	407,741	422,729
Fiscal Charges	1,433	1,895	3,328	2,931
Total Expenditures	3,673,272	1,581,809	5,255,081	4,757,244
Deficiency of Revenues Under Expenditures	(624,603)	(413,860)	(1,038,463)	(383,647)
OTHER FINANCING SOURCES (USES)				
Transfers In	92,000	587,563	679,563	537,907
Transfers Out	(302,000)	(523,850)	(825,850)	(627,807)
Lease Proceeds	249,600	56,514	306,114	-
Proceeds from the Sale of Capital Assets	282,669	-	282,669	-
Proceeds from Land Held for Resale	-	-	-	42,231
Insurance Proceeds	-	-	-	12,055
Total Other Financing Sources (Uses)	322,269	120,227	442,496	(35,614)
Net Change in Fund Balances	(302,334)	(293,633)	(595,967)	(419,261)
Fund Balance - Beginning	2,012,167	1,189,622	3,201,789	3,621,050
Fund Balance - Ending	\$ 1,709,833	\$ 895,989	\$ 2,605,822	\$ 3,201,789

See accompanying Notes to Financial Statements

CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

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

Net Change in Fund Balances - Total Governmental Funds \$ (595,967)

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

Capital Outlay	\$ 355,979	
Contributed Capital Assets	2,523,561	
Proceeds from Sale of Fixed Assets	(282,669)	
Depreciation Expense	<u>(701,608)</u>	1,895,263

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 56,389

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.

Loan and Lease Proceeds	(306,114)	
Repayment of Bond, Lease, and Loan Principal	1,112,603	
Change in Accrued Interest	12,645	
Amortization of Bond Issuance Costs	(9,303)	
Amortization of Bond Premiums	87	
Amortization of Bond Discounts	<u>(1,960)</u>	807,958

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, 2009	229,096	
Deferred Revenue - December 31, 2010	<u>149,639</u>	(79,457)

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

(10,296)

Change in Net Assets of Governmental Activities \$ 2,073,890

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 119,626	\$ 291,145	\$ -
Accounts Receivable	3,737	4,529	2,718
Pledges Receivable	-	-	-
Special Assessments Receivable	12,737	15,123	-
Inventory	-	-	-
Due from Other Funds	191,526	170,908	-
Due from Component Unit	61,109	86,372	2,441
Total Current Assets	<u>388,735</u>	<u>568,077</u>	<u>5,159</u>
NON-CURRENT ASSETS			
Capital Assets			
Land	46,628	291,500	-
Construction in Progress	-	-	-
Other Fixed Assets (Net of Accumulated Depreciation)	2,659,362	4,826,308	-
Total Capital Assets	<u>2,705,990</u>	<u>5,117,808</u>	<u>-</u>
Other Assets			
Bond Issuance Costs	6,541	10,111	-
Total Other Assets	<u>6,541</u>	<u>10,111</u>	<u>-</u>
Total Non-Current Assets	<u>2,712,531</u>	<u>5,127,919</u>	<u>-</u>
Total Assets	<u><u>\$ 3,101,266</u></u>	<u><u>\$ 5,695,996</u></u>	<u><u>\$ 5,159</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 72,695	\$ 20,470	\$ 39
Retainages Payable	-	-	-
Accrued Interest Payable	7,935	13,378	-
Compensated Absences Payable	19,836	67,808	-
Accrued Expenses	4,738	4,428	-
Deposits	-	16,040	-
Due to Other Funds	-	-	683
Capital Leases Payable	-	-	-
Revenue Bonds Payable	35,000	245,000	-
Total Current Liabilities	<u>140,204</u>	<u>367,124</u>	<u>722</u>
NON-CURRENT LIABILITIES			
Other Postemployment Benefits Payable	6,237	8,249	-
Capital Leases Payable	-	-	-
Revenue Bonds Payable	417,863	1,352,530	-
Total Noncurrent Liabilities	<u>424,100</u>	<u>1,360,779</u>	<u>-</u>
Total Liabilities	<u>564,304</u>	<u>1,727,903</u>	<u>722</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,253,127	3,520,278	-
Unrestricted	283,835	447,815	4,437
Total Net Assets	<u>2,536,962</u>	<u>3,968,093</u>	<u>4,437</u>
Total Liabilities and Net Assets	<u><u>\$ 3,101,266</u></u>	<u><u>\$ 5,695,996</u></u>	<u><u>\$ 5,159</u></u>

See accompanying Notes to Financial Statements

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2010 Total Proprietary Funds	2009 Total Proprietary Funds
\$ 50,137	\$ 51,099	\$ 6,920	\$ 658	\$ 519,585	\$ 1,237,061
-	83	-	21	11,088	82,991
673,691	-	-	-	673,691	1,242,809
-	-	-	-	27,860	2,095
-	110,038	-	-	110,038	99,857
-	-	-	-	362,434	78,411
-	-	-	11,106	161,028	173,190
723,828	161,220	6,920	11,785	1,865,724	2,916,414
-	-	150,549	-	488,677	238,677
-	-	-	-	-	2,353,195
3,246,040	239,567	197,265	1,847,954	13,016,496	8,469,084
3,246,040	239,567	347,814	1,847,954	13,505,173	11,060,956
37,532	-	-	31,723	85,907	40,862
37,532	-	-	31,723	85,907	40,862
3,283,572	239,567	347,814	1,879,677	13,591,080	11,101,818
\$ 4,007,400	\$ 400,787	\$ 354,734	\$ 1,891,462	\$ 15,456,804	\$ 14,018,232
\$ 111,142	\$ 46,726	\$ 1,666	\$ 190	\$ 252,928	\$ 332,397
69,586	-	-	-	69,586	25,175
45,651	-	-	18,487	85,451	38,397
1,723	12,305	-	-	101,672	95,226
1,707	1,510	-	-	12,383	8,467
-	-	-	-	16,040	-
361,751	-	-	-	362,434	78,411
3,710	-	-	-	3,710	-
-	-	-	50,000	330,000	295,000
595,270	60,541	1,666	68,677	1,234,204	873,073
1,186	1,209	-	-	16,881	7,539
7,395	-	-	-	7,395	-
2,710,000	-	-	1,301,218	5,781,611	3,126,471
2,718,581	1,209	-	1,301,218	5,805,887	3,134,010
3,313,851	61,750	1,666	1,369,895	7,040,091	4,007,083
536,040	239,567	347,814	1,480,785	8,377,611	8,623,534
157,509	99,470	5,254	(959,218)	39,102	1,387,615
693,549	339,037	353,068	521,567	8,416,713	10,011,149
\$ 4,007,400	\$ 400,787	\$ 354,734	\$ 1,891,462	\$ 15,456,804	\$ 14,018,232

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
OPERATING REVENUES			
Charges for Services	\$ 808,136	\$ 1,035,024	\$ 9,297
Other Operating Revenues	5,446	14,890	23,297
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>813,582</u>	<u>1,049,914</u>	<u>32,594</u>
OPERATING EXPENSES			
Personal Services	283,515	301,955	12,366
Materials and Supplies	60,215	34,660	-
Repairs and Maintenance	25,158	123,351	2,253
Management Fees	31,480	11,328	6,549
Professional Services	26,895	59,539	-
Insurance	19,521	19,071	83
Utilities	58,022	84,912	467
Depreciation	77,389	214,369	-
Other	157,017	17,103	1,311
Total Operating Expenses	<u>739,212</u>	<u>866,288</u>	<u>23,029</u>
Operating Income (Loss)	74,370	183,626	9,565
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	15,752	19,243	-
State Aid and Grants	-	-	-
Donations	-	-	-
Interest on Investments	825	1,299	(12)
Interest Expense and Fiscal Charges	(20,420)	(65,249)	-
Amortization Expense	(695)	(334)	-
Total Nonoperating Revenues (Expenses)	<u>(4,538)</u>	<u>(45,041)</u>	<u>(12)</u>
Net Income (Loss) Before Contributions and Transfers	69,832	138,585	9,553
CONTRIBUTIONS AND TRANSFERS			
Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	(35,000)	(35,000)	-
Total Contributions and Transfers	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Change in Net Assets	34,832	103,585	9,553
Net Assets - Beginning	<u>2,502,130</u>	<u>3,864,508</u>	<u>(5,116)</u>
Net Assets - Ending	<u><u>\$ 2,536,962</u></u>	<u><u>\$ 3,968,093</u></u>	<u><u>\$ 4,437</u></u>

See accompanying Notes to Financial Statements.

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2010 Total Proprietary Funds	2009 Total Proprietary Funds
\$ 65,495	\$ -	\$ 51,457	\$ 114,553	\$ 2,083,962	\$ 2,075,546
36,763	-	1,289	-	81,685	46,756
-	1,303,110	-	-	1,303,110	1,268,135
-	(993,764)	-	-	(993,764)	(971,389)
102,258	309,346	52,746	114,553	2,474,993	2,419,048
61,511	90,330	-	-	749,677	668,627
19,737	16,844	31,703	-	163,159	114,878
3,716	3,348	3,151	-	160,977	264,978
-	-	867	-	50,224	77,831
14,472	2,825	4,214	2,290	110,235	121,985
342	4,611	14,021	-	57,649	58,574
19,560	11,273	3,657	-	177,891	152,336
34,473	17,068	20,165	76,727	440,191	375,188
113,324	14,997	3,725	-	307,477	225,206
267,135	161,296	81,503	79,017	2,217,480	2,059,603
(164,877)	148,050	(28,757)	35,536	257,513	359,445
-	-	-	-	34,995	4,437
425,000	-	13,776	-	438,776	83,087
170,400	-	-	-	170,400	2,036,046
15,142	154	(18)	7	17,397	7,799
(43,126)	(1,806)	-	(55,903)	(186,504)	(153,465)
(2,388)	-	-	(1,903)	(5,320)	(2,598)
565,028	(1,652)	13,758	(57,799)	469,744	1,975,306
400,151	146,398	(14,999)	(22,263)	727,257	2,334,751
55,581	-	-	-	55,581	202,144
375,000	-	-	431	375,431	460,768
(2,523,561)	(110,000)	-	(49,144)	(2,752,705)	(338,459)
(2,092,980)	(110,000)	-	(48,713)	(2,321,693)	324,453
(1,692,829)	36,398	(14,999)	(70,976)	(1,594,436)	2,659,204
2,386,378	302,639	368,067	592,543	10,011,149	7,351,945
\$ 693,549	\$ 339,037	\$ 353,068	\$ 521,567	\$ 8,416,713	\$ 10,011,149

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers	\$ 704,342	\$ 890,737	\$ 35,159
Cash Paid to Suppliers	(399,312)	(374,211)	(22,781)
Cash Paid to Employees	(307,400)	(305,304)	(12,366)
Net Cash Provided (Used) by Operating Activities	(2,370)	211,222	12
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(35,000)	(35,000)	-
Cash Received on Note Receivable	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(35,000)	(35,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from Other Funds	-	-	-
Proceeds from the Sale of Bonds	-	270,000	-
Proceeds from Capital Leases	-	-	-
Principal Paid on Bonds	(35,000)	(220,000)	-
Principal Paid on Capital Leases	-	-	-
Collection of Special Assessments	3,998	5,232	-
Interest and Agent Fees on Bonds and Leases	(20,191)	(58,366)	-
Acquisition of Capital Assets	(46,022)	(324,420)	-
Deposits on Refunding Bonds	-	16,040	-
Bond Issuance Costs	-	(10,445)	-
Capital Contributions Received	-	-	-
State Grants Received	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(97,215)	(321,959)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	825	1,299	(12)
Net Increase (Decrease) in Cash and Cash Equivalents	(133,760)	(144,438)	-
Cash and Cash Equivalents - January 1	253,386	435,583	-
Cash and Cash Equivalents - December 31	\$ 119,626	\$ 291,145	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 74,370	\$ 183,626	\$ 9,565
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	77,389	214,369	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(590)	4,592	2,450
(Increase) Decrease in Due from Other Funds	(113,115)	(170,908)	-
(Increase) Decrease in Due from Component Unit	4,465	7,139	115
(Increase) Decrease in Inventory	-	-	-
(Increase) Decrease in Customer Deposits	-	-	-
Increase (Decrease) in Accounts Payable	(52,484)	(35,575)	(89)
Increase (Decrease) in Retainages Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	3,363	2,725	-
Increase (Decrease) in Due to Other Funds	-	-	(12,029)
Increase in OPEB Payable	3,282	4,245	-
Increase (Decrease) in Accrued Expenses	950	1,009	-
Net Cash Provided (Used) by Operating Activities	\$ (2,370)	\$ 211,222	\$ 12
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of Bond Issuance Costs	\$ 695	\$ 334	\$ -
Transfer of Capital Assets	\$ -	\$ -	\$ -
Increase in Retainage and Construction Payable	\$ -	\$ -	\$ -
Capital Contributions	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2010 Total Proprietary Funds	2009 Total Proprietary Funds
\$ 102,258	\$ 1,303,076	\$ 118,232	\$ 114,996	\$ 3,268,800	\$ 3,365,431
190,600	(1,060,878)	(124,203)	(9,321)	(1,800,106)	(2,006,714)
(56,895)	(90,816)	(867)	-	(773,648)	(700,690)
235,963	151,382	(6,838)	105,675	695,046	658,027
110,000	-	-	431	110,431	389,600
-	(110,000)	-	(49,144)	(229,144)	(299,700)
-	-	-	-	-	4,188
110,000	(110,000)	-	(48,713)	(118,713)	94,088
265,000	-	-	-	265,000	-
2,710,000	-	-	-	2,980,000	-
13,227	-	-	-	13,227	-
-	(40,000)	-	-	(295,000)	(305,000)
(2,122)	-	-	-	(2,122)	-
-	-	-	-	9,230	4,961
2,525	(1,968)	-	(56,311)	(134,311)	(149,812)
(4,920,757)	-	-	-	(5,291,199)	(860,805)
-	-	-	-	16,040	-
(39,920)	-	-	-	(50,365)	-
739,518	-	-	-	739,518	793,237
425,000	-	13,776	-	438,776	83,087
(807,529)	(41,968)	13,776	(56,311)	(1,311,206)	(434,332)
15,142	154	(18)	7	17,397	7,846
(446,424)	(432)	6,920	658	(717,476)	325,629
496,561	51,531	-	-	1,237,061	911,432
\$ 50,137	\$ 51,099	\$ 6,920	\$ 658	\$ 519,585	\$ 1,237,061
\$ (164,877)	\$ 148,050	\$ (28,757)	\$ 35,536	\$ 257,513	\$ 359,445
34,473	17,068	20,165	76,727	440,191	375,188
-	(34)	65,486	-	71,904	50,594
-	-	-	-	(284,023)	(78,411)
-	-	-	443	12,162	2,811
-	(10,181)	-	-	(10,181)	4,021
-	-	-	-	-	26,148
-	(3,035)	(5,063)	(1)	(96,247)	(36,234)
-	-	-	-	-	(3,751)
1,723	(1,365)	-	-	6,446	8,512
361,751	-	(58,669)	(7,030)	284,023	(60,257)
1,186	629	-	-	9,342	7,539
1,707	250	-	-	3,916	2,422
\$ 235,963	\$ 151,382	\$ (6,838)	\$ 105,675	\$ 695,046	\$ 658,027
\$ 2,388	\$ -	\$ -	\$ 1,903	\$ 5,320	\$ 2,598
\$ (2,523,561)	\$ -	\$ -	\$ -	\$ (2,523,561)	\$ 32,409
\$ 61,189	\$ -	\$ -	\$ -	\$ 61,189	\$ 119,539
\$ 55,581	\$ -	\$ -	\$ -	\$ 55,581	\$ 202,144

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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

Accounting Principles Generally Accepted in the United States of America (GAAP) require that the City's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separate from the City. In addition, the City's financial statements are to include all component units – entities for which the City is financially accountable.

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

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

Discrete Presentation

Light and Power Commission

The Light and Power Commission provides electric services to the citizens of Glencoe. The Light and Power Commission is governed by a five-member Board appointed by the City Council.

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

Excluded Units -

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

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

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

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

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

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

City Center Fund – The City Center Fund was established to raise funds to construct a new City Center. This fund will also account for revenues from rent and donations, which are used to finance the city center operating expenses.

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

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 not to follow subsequent private-sector guidance except those that conflict with or contradict GASB guidance.

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

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

Cash balances from all funds are pooled and invested to the extent available 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, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

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

Taxes and Special Assessments

Current taxes and special assessments receivable at December 31, 2010, 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 2010 and prior years and are offset by deferred revenues in the governmental fund financial statements.

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

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

Accounts Receivable - Utilities

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

Pledges Receivable

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

Deferred Special Assessments

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventory

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$230,583. Of this amount, \$44,079 was included as part of the cost of capital assets under construction with the City Center construction project.

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

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

Deferred Revenues

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

Deposits

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

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

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the City provides health care coverage for three years provided the participant has reached the earlier of age 65 or the Rule of 85. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis.

Long-Term Obligations

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

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

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

Fund 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".

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Net Assets

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

E. Use of Estimates

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

F. Comparative Data

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 2010.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 3,186,481	\$ 3,673,272

C. Deficit Fund Equities

Certain funds had deficit fund balances at December 31, 2010, as follows:

Special Revenue Funds	
Engineering Inspection Service Fund	\$ (57,542)
Debt Service Funds	
1997 McLeod/N.C. Pond Bond	(6,655)
1997 N. Country III/Morningside	(4,521)
Willow Ridge 1st Addition	(1,719)
2001 N. Country V/Popelka	(7,993)
2004 N. Country/Glenknoll Area	(7,973)
2004 Street Improvement Bond	(4,079)
Capital Projects Funds	
Tax Increment #13 - Kestrel Properties	(19)

The deficit in the Engineering Inspection Service Fund will be reduced as charges for services are received. The deficits in the Debt Service Funds will be reduced as taxes, intergovernmental revenue and assessments are collected. The deficit in the Tax Increment #13 – Kestrel Properties will be reduced as taxes are collected.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

The City's deposits in the financial institutions at December 31, 2010 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

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

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

Investments

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

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

Interest Rate Risk

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

Deposits	<u>\$ 3,092,088</u>
Total Cash and Cash Equivalents	<u><u>\$ 3,092,088</u></u>
These amounts are reported are presented on the statement of net assets as follows:	
Cash and Cash Equivalents - Governmental Activities	\$ 2,572,503
Cash and Cash Equivalents - Business-Type Activities	<u>519,585</u>
	<u><u>\$ 3,092,088</u></u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 1,391,268	\$ 11,000	\$ (119,000)	\$ (11,000)	\$ 1,272,268
Construction in Progress	37,520	-	(37,520)	-	-
Total Capital Assets, Not Being Depreciated	1,428,788	11,000	(156,520)	(11,000)	1,272,268
Capital Assets, Being Depreciated:					
Buildings	2,195,423	-	(351,234)	2,523,561	4,367,750
Improvements Other than Buildings	2,833,595	21,230	-	-	2,854,825
Office Equipment and Furniture	43,141	34,814	(9,171)	-	68,784
Vehicles	1,482,086	206,412	(62,968)	-	1,625,530
Machinery and Shop Equipment	740,489	93,523	(37,429)	-	796,583
Infrastructure	7,693,581	37,520	-	-	7,731,101
Total Capital Assets, Being Depreciated	14,988,315	393,499	(460,802)	2,523,561	17,444,573
Accumulated Depreciation:					
Buildings	(925,772)	(67,254)	264,031	-	(728,995)
Improvements Other than Buildings	(955,733)	(106,417)	-	-	(1,062,150)
Office Equipment and Furniture	(26,138)	(7,963)	9,171	-	(24,930)
Vehicles	(1,213,383)	(67,930)	62,968	-	(1,218,345)
Machinery and Shop Equipment	(362,642)	(50,343)	17,352	-	(395,633)
Infrastructure	(5,744,104)	(401,701)	-	-	(6,145,805)
Total Accumulated Depreciation	(9,227,772)	(701,608)	353,522	-	(9,575,858)
Total Capital Assets, Being Depreciated, Net	5,760,543	(308,109)	(107,280)	2,523,561	7,868,715
Governmental Activities Capital Assets, Net	<u>\$ 7,189,331</u>	<u>\$ (297,109)</u>	<u>\$ (263,800)</u>	<u>\$ 2,512,561</u>	<u>\$ 9,140,983</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 40,616
Public Safety	69,847
Public Works	481,749
Culture and Recreation	109,396
Total Depreciation Expense, Governmental Activities	<u>\$ 701,608</u>

Capital asset activity for business-type activities for the year ended December 31, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-Type Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 238,677	\$ 250,000	\$ -	\$ -	\$ 488,677
Construction in Progress	2,353,195	5,017,069	(4,846,703)	(2,523,561)	-
Total Capital Assets, Not Being Depreciated	2,591,872	5,267,069	(4,846,703)	(2,523,561)	488,677
Capital Assets, Being Depreciated:					
Buildings	7,037,186	3,211,805	-	-	10,248,991
Improvements Other than Buildings	1,147,894	57,633	-	-	1,205,527
Vehicles	161,572	-	-	-	161,572
Office Equipment and Furniture	26,634	49,796	-	-	76,430
Machinery and Shop Equipment	1,280,811	33,470	-	-	1,314,281
Infrastructure	7,230,689	1,634,898	(1,050)	-	8,864,537
Total Capital Assets, Being Depreciated	16,884,786	4,987,602	(1,050)	-	21,871,338
Accumulated Depreciation:					
Buildings	(3,365,986)	(179,937)	-	-	(3,545,923)
Improvements Other than Buildings	(939,483)	(18,401)	-	-	(957,884)
Vehicles	(143,220)	(4,078)	-	-	(147,298)
Office Equipment and Furniture	(18,360)	(3,978)	-	-	(22,338)
Machinery and Shop Equipment	(864,578)	(68,289)	-	-	(932,867)
Infrastructure	(3,084,075)	(165,508)	1,050	-	(3,248,533)
Total Accumulated Depreciation	(8,415,702)	(440,191)	1,050	-	(8,854,843)
Total Capital Assets, Being Depreciated, Net	8,469,084	4,547,411	-	-	13,016,495
Business-Type Capital Assets, Net	<u>\$ 11,060,956</u>	<u>\$ 9,814,480</u>	<u>\$ (4,846,703)</u>	<u>\$ (2,523,561)</u>	<u>\$ 13,505,172</u>

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

The balances at December 31, 2010 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 58,046	\$ -
Nonmajor Governmental Funds	-	58,046
Water Fund	191,526	-
Wastewater Treatment Plant Fund	170,908	-
Sanitation Fund	-	683
City Center Fund	-	361,751
Total	<u>\$ 420,480</u>	<u>\$ 420,480</u>

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2010:

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities -						
General Obligation Bonds						
\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G	3.00% - 6.00%					
		\$ 550,000	\$ -	\$ (75,000)	\$ 475,000	\$ 75,000
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$974,000 Portion	1.10% - 4.10%					
		587,000	-	(61,000)	526,000	70,000
\$610,000 G.O. Taxable Tax Increment Bonds of 2007 - Series 2007B	5.50% - 6.125%					
		575,000	-	(40,000)	535,000	45,000
\$945,000 G.O. Refunding Bonds - Series 2008B \$730,000 Portion	2.75% - 4.00%					
		640,000	-	(50,000)	590,000	55,000
Total General Obligation Bonds		2,352,000	-	(226,000)	2,126,000	245,000
General Obligation Equipment Certificates of Indebtedness						
\$153,000 G.O. Equipment Certificate of Indebtedness Series 2008	4.50%					
		110,691	-	(29,911)	80,780	31,241
Total General Obligation Equipment Certificates of Indebtedness		110,691	-	(29,911)	80,780	31,241

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
<u>Special Assessment Bonds</u>						
\$605,000 G.O. Improvement Bonds of 2001	3.20% - 4.50%	\$ 280,000	\$ -	\$ (65,000)	\$ 215,000	\$ 65,000
	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/13					
\$215,000 G.O. Improvement Bonds of 2002	4.00% - 4.80%	100,000	-	(25,000)	75,000	25,000
	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/13					
\$335,000 G.O. Improvement Bonds of 2003 - Series 2003A	2.25% - 4.50%	190,000	-	(35,000)	155,000	35,000
	Interest due semi- annually on 8/1 and 2/1 and principal due annually on 2/1 until 2/1/14					
\$745,000 G.O. Improvement Bonds of 2003 - Series 2003F	2.50% - 4.90%	540,000	-	(45,000)	495,000	45,000
	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/19					
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$230,000 Portion	1.20% - 4.10%	35,000	-	(35,000)	-	-
	Interest due semi- annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/10					
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$1,360,000 Portion	1.20% - 4.10%	840,000	-	(100,000)	740,000	105,000
	Interest due semi- annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/17					

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Special Assessment Bonds (Continued)						
\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$389,000 Portion	1.10% - 4.10%					
		\$ 163,000	\$ -	(39,000)	\$ 124,000	\$ 40,000
Interest due semi-annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/13						
\$595,000 G.O. Street Reconstruction Bonds of 2004 - Series 2004A	3.00% - 4.35%					
		390,000	-	(60,000)	330,000	60,000
Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/15						
\$505,000 G.O. Street Improvement Bonds of 2004 - Series 2004B	3.00% - 4.35%					
		325,000	-	(50,000)	275,000	50,000
Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/15						
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,015,000 Portion	4.00% - 4.35%					
		1,015,000	-	(50,000)	965,000	50,000
Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28						
\$1,430,000 G.O. Street Reconstruction Bonds - Series 2008A	2.85% - 4.20%					
		1,430,000	-	(65,000)	1,365,000	75,000
Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/24						
\$945,000 G.O. Refunding Bonds - Series 2008B \$215,000 Portion	2.75% - 4.00%					
		155,000	-	(25,000)	130,000	30,000
Interest due semi-annually on 12/1 and 6/1 and principal due annually on 12/1 until 12/1/14						
		5,463,000	-	(594,000)	4,869,000	580,000
Total Special Assessment Bonds						
Total Bonds Payable		7,925,691	-	(849,911)	7,075,780	856,241

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Capital Leases Payable	4.19%	Lease payments of \$38,231 due annually on 1/22 until 1/22/10	\$ 36,694	\$ -	\$ (36,694)	\$ -	\$ -
Contender Tanker							
Johnson Control Project	4.38%	Lease payment of \$31,001 due semi-annually until 2/25/21	573,413	-	(59,617)	513,796	20,749
2007 Bobcat Toolcat	7.45%	Lease payments of \$6,625 due annually on 1/24 until 1/24/12	17,269	-	(5,365)	11,904	5,738
2007 John Deere Wheel Loader	6.25%	Lease payments of \$22,269 due annually on 5/10 until 5/10/12	59,053	-	(18,471)	40,582	19,659
Heritage Series Tanker/Pumper	4.69%	Lease payments of \$46,999 due annually on 11/5 until 11/5/14	-	205,235	(37,373)	167,862	39,126
Audio/Video System	8.34%	Lease payments of \$1,768 due monthly until 5/31/12	-	56,514	(32,635)	23,879	19,738
2010 John Deere Mower	0.00%	Lease payments of \$398 due monthly until 5/3/12	-	9,552	(2,786)	6,766	4,776
Phone System	16.25%	Lease payments of \$991 due monthly until 8/1/14	-	34,814	(2,122)	32,692	7,094
Total Capital Leases Payable			686,429	306,115	(195,063)	797,481	116,880

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Certificates of Participation - Street Maintenance	4.40% - 6.10%	\$ 505,000	\$ -	\$ (35,000)	\$ 470,000	\$ 35,000
Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/19						
Contract for Deed Schmelpfenig Contract	6.50%	12,630	-	(12,630)	-	-
Payments of \$13,453 due annually on 6/1 until 6/1/10						
Contract for Deed Stevens Seminary	0.00%	40,000	-	(20,000)	20,000	20,000
Payments of \$20,000 due annually on 12/27 until 12/27/11		52,630	-	(32,630)	20,000	20,000
Total Contracts for Deed		(10,780)	-	1,960	(8,820)	-
Unamortized Bond Discount		1,545	-	(87)	1,458	-
Unamortized Bond Premium		257,027	247,784	(257,027)	247,784	247,784
Compensated Absences Payable		20,077	19,539	-	39,616	-
Other Postemployment Benefits Payable						
Total Governmental Activities Long-Term Liabilities		\$ 9,437,619	\$ 573,438	\$ (1,367,758)	\$ 8,643,299	\$ 1,275,905
Business-Type Activities -						
\$460,000 Liquor Store Revenue Bonds of 1995	5.50% - 6.90%	\$ 40,000	\$ -	\$ (40,000)	\$ -	\$ -
Interest due semi- annually on 6/1 and 12/1 and principal due annually until 12/1/10						
\$465,000 G.O. Sewer Revenue Bonds of 2003 - Series 2003D	1.50% - 4.90%	415,000	-	(20,000)	395,000	20,000
Interest due semi- annually on 8/1 and and 2/1 and principal due annually on 2/1 until 2/1/23						

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

		Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities - (Continued)						
\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion	1.20% - 4.10%					
		\$ 1,150,000	\$ -	(200,000)	\$ 950,000	\$ 225,000
\$580,000 G.O. Water Revenue Bonds of 2005 - Series 2005A	3.10% - 4.55%					
		495,000	-	(35,000)	460,000	35,000
\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A \$1,350,000 Portion	4.00% - 4.35%					
		1,350,000	-	-	1,350,000	50,000
\$2,000,000 G.O. Taxable Capital Improvement Bonds - Series 2010A	1.85% - 6.30%					
		-	2,000,000	-	2,000,000	-
\$270,000 G.O. Taxable Sewer Revenue Bonds - Series 2010B	4.00%					
		-	270,000	-	270,000	-
\$710,000 Temporary Gross Revenue Event Facility Bonds - Series 2010C	1.70%					
		-	-	-	-	-
Total Bonds Payable		3,450,000	710,000	(295,000)	710,000	330,000
			2,980,000		6,135,000	

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Capital Leases Payable							
Dishwasher	0.00%	Lease payments of \$67 due monthly until 5/1/15	\$ -	\$ 4,010	\$ (467)	\$ 3,543	\$ 802
Hillyard Scrubber/ Carpet	5.27%	Lease payments of \$1,634 due semi- annually until 2/1/13	-	9,197	(1,635)	7,562	2,908
Total Capital Leases			-	13,207	(2,102)	11,105	3,710
Other Postemployment Benefits Payable			7,539	9,342	-	16,881	-
Unamortized Bond Premium			1,291	-	(74)	1,217	-
Unamortized Bond Discount			(29,820)	-	5,214	(24,606)	-
Total Business-Type Long-Term Liabilities			\$ 3,429,010	\$ 3,002,549	\$ (291,962)	\$ 6,139,597	\$ 333,710

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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
2011	\$ 856,241	\$ 288,072	\$ 330,000	\$ 247,000	\$ 1,186,241	\$ 535,072
2012	927,685	253,701	425,000	235,223	1,352,685	488,924
2013	896,854	215,902	1,170,000	220,731	2,066,854	436,633
2014	735,000	181,617	475,000	192,121	1,210,000	373,738
2015	655,000	151,685	235,000	174,160	890,000	325,845
2016 - 2020	2,065,000	408,667	1,295,000	716,569	3,360,000	1,125,236
2021 - 2025	750,000	112,910	1,140,000	424,241	1,890,000	537,151
2026 - 2030	190,000	12,833	920,000	162,389	1,110,000	175,222
2031	-	-	145,000	4,567	145,000	4,567
Total	<u>\$ 7,075,780</u>	<u>\$ 1,625,387</u>	<u>\$ 6,135,000</u>	<u>\$ 2,377,001</u>	<u>\$ 13,210,780</u>	<u>\$ 4,002,388</u>

On March 1, 2010, the City of Glencoe issued \$2,000,000 of General Obligation Capital Improvement Plan Bonds, Series 2010A. The proceeds of the issue were used to complete construction of the City Center. Assets of the City Center Fund, together with scheduled ad valorem taxes are dedicated to retire these bonds.

On September 2, 2010, the City of Glencoe issued \$270,000 of Taxable General Obligation Sewer Revenue Bonds, Series 2010B. Proceeds of the issue were used for the acquisition of real property to be used for the deposit of bio-solid materials. Assets and revenues of the Wastewater Treatment Plant Fund are dedicated to retire these bonds.

On September 2, 2010, the City of Glencoe issued \$710,000 of Temporary Gross Revenue Event Facility Bonds, Series 2010C. The proceeds of the issue were used to complete construction of the City Center. Assets and revenues of the City Center Fund are dedicated to retire these bonds.

Subsequent to December 31, 2010, the City of Glencoe issued General Obligation Refunding Bonds, Series 2011A in the amount of \$4,020,000 on January 20, 2011. These bonds will bear interest at annual rates ranging from .55% to 3.45% and will mature on December 1, 2022. These bonds were issued to refund several debt issues of the City.

Subsequent to December 31, 2010, the City of Glencoe issued General Obligation Capital Improvement Plan Refunding Bonds, Series 2011B in the amount of \$500,000 on January 20, 2011. These bonds will bear interest at annual rates ranging from 1.10% to 2.85% and will mature on December 1, 2019. These bonds were issued to refund the Certificates of Participation of 1999.

In 2010, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of equipment totaling \$319,322. These lease agreements and prior 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 all capital leases have a cost of \$945,415 and \$196,993 of accumulated depreciation at December 31, 2010.

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of the City's minimum lease payments as of December 31, 2010 are as follows:

Year Ending December 31	Capital Leases Payable
2011	\$ 149,854
2012	162,109
2013	125,329
2014	120,030
2015	64,337
2016 - 2020	320,011
2021	32,001
Total Minimum Lease Payments	973,671
Less Amount Representing Interest	165,085
Present Value of Minimum Lease Payments	<u>\$ 808,586</u>

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
2011	\$ 35,000	\$ 28,315
2012	40,000	26,355
2013	45,000	23,955
2014	45,000	21,255
2015	50,000	18,555
2016 - 2020	255,000	40,870
	<u>\$ 470,000</u>	<u>\$ 159,305</u>

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

Annual debt service requirements to maturity for the City's contract for deed is as follows:

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Conduit Debt

On April 1, 2001, the City issued Healthcare Facilities Revenue Bonds, Series 2001. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to pay off existing debt and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. On August 1, 2005, the City issued Healthcare Facilities Revenue Bonds, Series 2005 in the amount of \$25,075,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2001 and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. As of December 31, 2010, the principal amount outstanding was \$23,890,000.

Limited Pay-As-You-Go Note

The City of Glencoe has issued a Limited Revenue Pay-As-You-Go Note for the purpose of financing a tax increment project. This note is not a general obligation of the City as it is payable only to the extent of future tax increments received. The balance as of December 31, 2010 was \$382,000.

NOTE 7 OPERATING LEASES

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

Year Ending December 31,	
2011	\$ 30,113
2012	30,113
2013	11,020
2014	5,308
2015	5,308
2016	5,308
2017	1,327
	<u>\$ 88,497</u>

The City had \$54,261 of expenditures for these leases in 2010.

NOTE 8 RESERVED AND DESIGNATED FUND BALANCES

Reserved for Library Improvement - Reserves to be Used for Purposes of Improving the Library as Deemed Appropriate by the City Council or Library Board	\$ 10,713
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	\$ 247,063
Unreserved, Designated Fund Balance is to be Used for Operations in 2011 Until the City Receives Their State Aid and County Tax Settlements	\$ 1,500,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. 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. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters, and peace officers who qualify for membership by statute are covered by the PEPFF. PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, 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. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.40% of their annual covered salary in 2010. In 2010, the City of Glencoe was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.00% for Coordinated Plan members, and 14.10% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009, and 2008 were \$149,612, \$146,619, and \$144,704, 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 for the years ended December 31, 2010, 2009, and 2008 were \$68,779, \$58,342, and \$58,342, respectively.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 10 DEFERRED COMPENSATION PLAN

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

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

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

B. Funding Policy

Contributions requirements are also negotiated between the City and union representatives. The City contributes 100 percent of the cost of current-year premiums for eligible retired plan members. For fiscal year 2010, the City contributed \$0 to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

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

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

Annual Required Contribution	\$ 29,313
Interest on Net OPEB Obligation	1,105
Adjustment to Annual Required Contribution	<u>(1,537)</u>
Annual OPEB Cost (Expense)	28,881
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	28,881
Net OPEB Obligation - Beginning of Year	<u>27,616</u>
Net OPEB Obligation - End of Year	<u><u>\$ 56,497</u></u>

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

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

D. Funded Status and Funding Progress

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

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

E. Methods and Assumptions

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 11 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Methods and Assumptions (Continued)

The following simplifying assumptions were made:

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

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

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

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

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

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

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4 percent was used. In addition, the Projected Unit Credit cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years on an open basis. The remaining amortization period at December 31, 2010, was 29 years.

NOTE 12 FRANCHISE TO CITY

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

For years beginning in 1998, the Commission and the City of Glencoe agreed that the annual transfers in lieu of taxes will be \$50,000. In addition, the Commission provided street lights and street light maintenance in the amount of \$49,842 for 2010.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 13 RISK MANAGEMENT

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

NOTE 14 CONTINGENT LIABILITIES

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

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

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

NOTE 15 RECONCILIATION OF OPERATING TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types		
General Fund	\$ 2,615,561	\$ (302,000)
Nonmajor Governmental Funds	<u>587,563</u>	<u>(523,850)</u>
Total Governmental Funds	3,203,124	(825,850)
Proprietary Fund Types		
Water Fund	-	(35,000)
Waste Water Treatment Plant	-	(35,000)
City Center	375,000	(2,523,561)
Liquor Store	-	(110,000)
Storm Water Management	<u>431</u>	<u>(49,144)</u>
Total Proprietary Funds	375,431	(2,752,705)
Total Operating Transfers	<u><u>\$ 3,578,555</u></u>	<u><u>\$ (3,578,555)</u></u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 RECONCILIATION OF OPERATING TRANSFERS (CONTINUED)

Throughout the year, the City has to make occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate. Other transfers were made between funds for financing various purchases, funding debt payments, closing out funds that are no longer required to be maintained and transferring of capital assets. The transfer out from the City Center Fund of \$2,523,561 was for the contributions of capital assets to the General Fund. Accordingly, there is no transfer or contribution of \$2,523,561 recorded in the General Fund because it is a governmental fund.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
REVENUES					
Taxes -					
General Property Taxes	\$ 1,423,618	\$ 1,423,618	\$ 1,309,337	\$ (114,281)	\$ 1,260,127
Special Assessments	-	-	4,728	4,728	4,088
Franchise Taxes	12,000	12,000	8,688	(3,312)	10,548
Total Taxes	1,435,618	1,435,618	1,322,753	(112,865)	1,274,763
Licenses and Permits	47,000	47,000	67,506	20,506	58,683
Intergovernmental -					
Local Government Aid	1,063,153	1,063,153	1,063,153	-	1,169,474
Market Value Credit Aid	3,500	3,500	57,438	53,938	133,225
PERA Rate Increase Aid	4,500	4,500	4,491	(9)	4,491
Police State Aid	60,000	60,000	59,014	(986)	67,512
Fire State Aid	29,000	29,000	30,419	1,419	30,156
Miscellaneous State Aid	1,000	1,000	4,049	3,049	2,096
Miscellaneous Federal Aid	-	-	1,500	1,500	24,740
Total Intergovernmental	1,161,153	1,161,153	1,220,064	58,911	1,431,694
Charges for Services -					
Special Services, Police	65,000	65,000	70,756	5,756	65,248
Special Services, Fire	40,000	87,000	93,990	6,990	45,900
Miscellaneous Charges	32,600	32,600	83,581	50,981	74,099
Total Charges for Services	137,600	184,600	248,327	63,727	185,247
Fines and Forfeits	35,000	35,000	29,931	(5,069)	32,339
Interest	45,000	45,000	3,947	(41,053)	35,701
Contributions and Donations	6,000	10,200	13,159	2,959	20,265
Payments in Lieu of Taxes	75,000	75,000	50,000	(25,000)	50,000
Miscellaneous -					
Park Fees	11,000	11,000	13,585	2,585	10,192
Reimbursements and Refunds	66,100	66,100	79,397	13,297	113,109
Total Miscellaneous	77,100	77,100	92,982	15,882	123,301
Total Revenues	3,019,471	3,070,671	3,048,669	(22,002)	3,211,993

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
EXPENDITURES					
General Government -					
Administration:					
Salaries	\$ 162,517	\$ 162,517	\$ 160,114	\$ 2,403	\$ 161,954
Employee Benefits	58,198	58,198	50,793	7,405	49,651
Payroll Taxes	10,076	10,076	9,293	783	9,428
Workers' Compensation	2,100	2,100	1,880	220	1,823
Office Supplies	11,200	11,200	17,490	(6,290)	9,376
Printing and Binding	4,000	4,000	3,321	679	4,707
Repairs and Maintenance	13,500	13,500	24,146	(10,646)	14,229
Professional Services	45,000	45,000	100,669	(55,669)	63,565
Auditing and Accounting	33,000	33,000	24,120	8,880	34,864
Legal Fees	50,000	50,000	46,582	3,418	54,415
Chamber	32,300	32,300	32,874	(574)	26,810
Computer Software	2,500	2,500	11,208	(8,708)	603
Telephone	7,500	7,500	10,753	(3,253)	9,274
Postage	4,000	4,000	4,823	(823)	3,527
Advertising	3,000	3,000	3,464	(464)	5,164
Travel	5,000	5,000	3,182	1,818	4,864
Training	-	-	567	(567)	3,806
Insurance	17,600	17,600	31,845	(14,245)	18,937
Utilities	123,000	123,000	80,574	42,426	90,977
Subscriptions	250	250	60	190	68
Continuing Education and Dues	4,000	4,000	6,937	(2,937)	8,860
League of Minnesota Cities	14,000	14,000	14,474	(474)	14,338
Capital Lease Principal	39,313	39,313	61,739	(22,426)	37,646
Capital Lease Interest	24,690	24,690	38,229	(13,539)	26,357
Capital Outlay	6,500	6,500	51,869	(45,369)	4,154
Miscellaneous	2,800	2,800	541	2,259	391
Total Administration	676,044	676,044	791,547	(115,503)	659,788
Finance:					
Salaries	111,490	111,490	112,446	(956)	107,345
Employee Benefits	38,021	38,021	40,474	(2,453)	35,407
Payroll Taxes	6,912	6,912	6,260	652	6,109
Office Supplies	2,000	2,000	1,045	955	720
Printing and Binding	500	500	837	(337)	615
Repairs and Maintenance	500	500	-	500	89
Computer Software	4,100	4,100	4,066	34	4,066
Postage	50	50	5	45	5
Travel	500	500	95	405	83
Continuing Education & Dues	200	200	75	125	35
Subscriptions	50	50	-	50	-
Capital Outlay	2,000	2,000	2,318	(318)	2,644
Training	500	500	-	500	-
Miscellaneous	400	400	380	20	455
Total Finance	167,223	167,223	168,001	(778)	157,573

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Expenditures: - (Cont'd.)					
General Government - (Cont'd.)					
City Council:					
Salaries	\$ 29,200	\$ 29,200	\$ 28,075	\$ 1,125	\$ 28,052
Employee Benefits	1,548	1,548	1,478	70	1,498
Payroll Taxes	423	423	407	16	412
Workers' Compensation	100	100	63	37	47
Insurance	400	400	709	(309)	323
Office Supplies	600	600	214	386	144
Travel	1,500	1,500	394	1,106	1,599
Training	1,500	1,500	619	881	1,056
Dues and Subscriptions	400	400	170	230	20
Miscellaneous	1,000	1,000	9,010	(8,010)	1,585
Total City Council	36,671	36,671	41,139	(4,468)	34,736
Total General Government	879,938	879,938	1,000,687	(120,749)	852,097
Public Safety -					
Police Department:					
Salaries	559,806	559,806	624,443	(64,637)	610,349
Employee Benefits	231,800	231,800	251,114	(19,314)	240,738
Payroll Taxes	3,273	3,273	3,459	(186)	3,099
Unemployment Insurance	-	-	5,006	(5,006)	2
Workers' Compensation	25,000	25,000	18,433	6,567	22,051
Supplies	12,700	12,700	7,538	5,162	7,870
Motor Fuels	1,000	11,000	8,893	2,107	120
Repairs and Maintenance	36,000	36,000	23,472	12,528	32,519
Training	18,000	18,000	9,800	8,200	11,552
Continuing Education and Dues	1,000	1,000	160	840	785
Investigation	3,750	3,750	1,650	2,100	2,176
Vaccinations	500	500	598	(98)	120
Telephone	15,000	15,000	11,530	3,470	11,544
Printing and Binding	500	500	-	500	80
Insurance	12,223	12,223	11,452	771	12,218
Legal Fees	1,000	1,000	-	1,000	-
Uniforms	9,000	9,000	5,408	3,592	9,959
Animal Control	2,500	2,500	2,085	415	2,761
Operating Leases	71,500	61,500	59,693	1,807	57,539
Capital Outlay	12,000	12,000	9,579	2,421	10,899
Utilities	-	-	5,110	(5,110)	-
Miscellaneous	5,400	5,400	3,136	2,264	3,502
Total Police Department	1,021,952	1,021,952	1,062,559	(40,607)	1,039,883

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Expenditures: - (Cont'd.)					
Public Safety - (Cont'd.)					
Fire Department:					
Salaries	\$ 18,556	\$ 18,556	\$ 18,354	\$ 202	\$ 19,039
Employee Benefits	1,004	1,004	882	122	969
Unemployment Insurance	-	-	514	(514)	568
State Fire Aid	30,000	30,000	30,419	(419)	30,156
Municipal Fire Aid Contribution	69,900	69,900	68,779	1,121	58,342
Payroll Taxes	1,419	1,419	1,404	15	1,457
Workers' Compensation	7,000	7,000	7,399	(399)	5,689
Office Supplies	500	500	965	(465)	941
Motor Fuels	4,800	4,800	3,239	1,561	2,988
Repairs and Maintenance	16,700	16,700	14,818	1,882	12,956
Training	9,000	9,000	8,104	896	8,636
Telephone	1,700	1,700	1,346	354	1,422
Travel	1,650	1,650	819	831	1,566
Advertising	600	600	557	43	480
Insurance	10,000	10,000	14,181	(4,181)	10,829
Utilities	11,300	11,300	6,539	4,761	5,217
Continuing Education and Dues	6,000	6,000	4,274	1,726	4,653
Capital Lease Principal	36,694	36,694	74,067	(37,373)	35,218
Capital Lease Interest	1,538	1,538	11,163	(9,625)	3,013
Capital Outlay	11,000	16,900	221,547	(204,647)	11,094
Miscellaneous	3,100	3,100	3,539	(439)	3,790
Total Fire Department	242,461	248,361	492,909	(244,548)	219,023
Code Enforcement:					
Office Supplies	350	350	740	(390)	743
Building Inspector	20,000	20,000	76,479	(56,479)	39,543
Total Code Enforcement	20,350	20,350	77,219	(56,869)	40,286
Total Public Safety	1,284,763	1,290,663	1,632,687	(342,024)	1,299,192
Streets and Highways -					
Salaries	161,840	161,840	173,225	(11,385)	201,366
Employee Benefits	55,361	55,361	52,679	2,682	56,504
Payroll Taxes	10,034	10,034	10,360	(326)	12,073
Workers' Compensation	16,000	16,000	10,963	5,037	14,620
Supplies	250	250	999	(749)	1,055
Motor Fuels	20,000	20,000	29,367	(9,367)	21,942
Repairs and Maintenance	24,500	24,500	49,827	(25,327)	29,152
Street Maintenance	10,000	10,000	8,455	1,545	12,199
Street Overlay and Seal Coat	40,000	40,000	5,688	34,312	37,229
Landscaping	1,000	1,000	642	358	1,320
Telephone	1,300	1,300	1,038	262	1,188

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Expenditures: - (Cont'd.)					
Streets and Highways - (Cont'd.)					
Mosquito Control	\$ 2,000	\$ 2,000	\$ 4,690	\$ (2,690)	\$ -
Insurance	6,800	6,800	10,698	(3,898)	9,089
Utilities	13,500	13,500	7,631	5,869	12,501
Capital Lease Principal	48,326	48,326	48,382	(56)	45,868
Capital Lease Interest	8,341	8,341	8,285	56	10,799
Maintenance Facility Principal	35,000	35,000	35,000	-	30,000
Maintenance Facility Interest	30,240	30,240	30,240	-	31,860
Fiscal Agent Fees	-	-	1,433	(1,433)	1,250
Capital Outlay	4,000	4,000	3,091	909	23,452
Miscellaneous	16,600	16,600	8,954	7,646	28,213
Total Street and Highways	505,092	505,092	501,647	3,445	581,680
Culture and Recreation -					
Parks and Recreation:					
Salaries	134,434	134,434	132,061	2,373	128,326
Employee Benefits	41,434	41,434	48,009	(6,575)	43,998
Payroll Taxes	8,335	8,335	7,720	615	8,834
Workers' Compensation	4,400	4,400	4,719	(319)	4,881
Supplies	10,050	10,050	7,891	2,159	6,335
Motor Fuels	8,000	8,000	10,074	(2,074)	7,819
Repairs and Maintenance	22,400	22,400	19,626	2,774	31,672
Telephone	1,700	1,700	1,251	449	1,223
Insurance	13,700	13,700	15,730	(2,030)	15,638
Utilities	9,800	9,800	5,948	3,852	5,383
Capital Lease Principal	5,340	5,340	8,151	(2,811)	4,887
Capital Lease Interest	1,285	1,285	1,260	25	1,738
Capital Outlay	20,000	20,000	14,714	5,286	41,741
Miscellaneous	5,700	5,700	5,418	282	4,431
Total Park and Recreation	286,578	286,578	282,572	4,006	306,906
Library and Community Center:					
Supplies	2,288	2,288	4,863	(2,575)	1,767
Repairs and Maintenance	1,560	1,560	889	671	1,666
Management Fees	71,716	71,716	72,591	(875)	71,716
Janitorial	2,160	2,160	2,032	128	1,357
Telephone	2,160	2,160	1,926	234	2,046
Insurance	1,352	1,352	1,437	(85)	1,491
Utilities	10,816	10,816	10,773	43	10,416
Capital Outlay	14,000	14,000	68,224	(54,224)	5,390
Continuing Education and Dues	260	260	80	180	-
Miscellaneous	245	245	-	245	-
Total Library and Community Center	106,557	106,557	162,815	(56,258)	95,849
Total Culture and Recreation	393,135	393,135	445,387	(52,252)	402,755

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Expenditures: - (Cont'd.)					
Economic Development	\$ 5,000	\$ 5,000	\$ 6,660	\$ (1,660)	\$ 6,334
Miscellaneous -					
Sales Tax	2,200	2,200	2,032	168	1,997
State Surcharge	1,000	1,000	5,725	(4,725)	2,529
Vehicle Towing	7,000	7,000	7,782	(782)	8,368
Refunds and Reimbursements	42,000	89,000	57,214	31,786	84,484
Capital Lease Principal	12,632	12,632	12,630	2	36,861
Capital Lease Interest	821	821	821	-	1,592
Total Miscellaneous	<u>65,653</u>	<u>112,653</u>	<u>86,204</u>	<u>26,449</u>	<u>135,831</u>
Total Expenditures	3,133,581	3,186,481	3,673,272	(486,791)	3,277,889
Deficiency of Revenues Under Expenditures	(114,110)	(115,810)	(624,603)	(508,793)	(65,896)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	220,000	220,000	92,000	(128,000)	201,500
Operating Transfers Out	(100,000)	(100,000)	(302,000)	(202,000)	(170,740)
Lease Proceeds	-	-	249,600	249,600	-
Proceeds from the Sale of Capital Assets	-	-	282,669	282,669	-
Insurance Proceeds	-	-	-	-	12,055
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>120,000</u>	<u>322,269</u>	<u>202,269</u>	<u>42,815</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,890	4,190	(302,334)	(306,524)	(23,081)
Fund Balance - Beginning	<u>2,012,167</u>	<u>2,012,167</u>	<u>2,012,167</u>	<u>-</u>	<u>2,035,248</u>
Fund Balance - Ending	<u>\$ 2,018,057</u>	<u>\$ 2,016,357</u>	<u>\$ 1,709,833</u>	<u>\$ (306,524)</u>	<u>\$ 2,012,167</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2010

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010**

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 2010.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 3,186,481	\$ 3,673,272

COMBINING FUND STATEMENTS

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

		Other Governmental Funds		
		2010		
		Special Revenue	Debt Service	Capital Projects
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$	222,230	\$ 30,961	\$ 511,538
Accounts Receivable		9,295	-	-
Taxes Receivable				
Current		-	4,040	6,114
Delinquent		-	9,999	-
Special Assessments Receivable				
Current		700	843	-
Deferred		19,137	85,646	-
Land Held for Resale		-	-	247,063
Total Assets	\$	251,362	\$ 131,489	\$ 764,715
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$	3,975	\$ 1,281	\$ 9,335
Due to Other Funds		57,542	504	-
Deferred Revenue		19,137	95,643	-
Deposits		8,020	56,140	-
Total Liabilities		88,674	153,568	9,335
FUND BALANCES				
Reserved for Library Improvement		10,713	-	-
Reserved for Land Held for Resale		-	-	247,063
Unreserved, Reported in				
Special Revenue		151,975	-	-
Debt Service		-	(22,079)	-
Capital Projects		-	-	508,317
Total Fund Balances		162,688	(22,079)	755,380
Total Liabilities and Fund Balances	\$	251,362	\$ 131,489	\$ 764,715

<u>2010</u>	<u>2009</u>
<u>Total</u>	<u>Total</u>
<u>Other</u>	<u>Other</u>
<u>Governmental</u>	<u>Governmental</u>
<u>Funds</u>	<u>Funds</u>
\$ 764,729	\$ 943,889
9,295	31,420
10,154	6,131
9,999	12,019
1,543	10,810
104,783	174,247
247,063	372,220
<u>\$ 1,147,566</u>	<u>\$ 1,550,736</u>

\$ 14,591	\$ 110,166
58,046	64,682
114,780	186,266
64,160	-
<u>251,577</u>	<u>361,114</u>
10,713	10,683
247,063	372,220
151,975	171,728
(22,079)	60,560
508,317	574,431
<u>895,989</u>	<u>1,189,622</u>
<u>\$ 1,147,566</u>	<u>\$ 1,550,736</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

	Other Governmental Funds		
	2010		
	Special Revenue	Debt Service	Capital Projects
REVENUES			
Taxes	\$ 7,000	\$ 585,212	\$ 180,349
Intergovernmental	141,562	24,524	196
Charges for Services	114,884	-	-
Fines and Forfeits	1,408	-	-
Assessments	2,913	57,807	-
Interest Income	442	(1,230)	1,806
Contributions and Donations	4,325	-	-
Franchise Taxes	22,359	-	-
Miscellaneous	24,392	-	-
Total Revenues	319,285	666,313	182,351
EXPENDITURES			
Current:			
General Government	19,576	-	-
Public Safety	266	-	-
Highways and Streets	7,353	-	609
Culture-Recreation	190,656	-	-
Economic Development	-	-	95,604
Capital Outlay:			
General Government	4,205	-	-
Public Safety	14,211	-	-
Highways and Streets	-	-	-
Culture-Recreation	57,057	-	-
Economic Development	-	-	-
Debt Service:			
Principal	93,634	779,000	-
Interest	23,381	294,362	-
Fiscal Charges	183	1,712	-
Total Expenditures	410,522	1,075,074	96,213
Excess (Deficiency) of Revenue Over (Under) Expenditures	(91,237)	(408,761)	86,138
OTHER FINANCING SOURCES (USES)			
Transfers In	25,000	327,105	235,458
Transfers Out	(10,000)	(983)	(512,867)
Lease Proceeds	56,514	-	-
Proceeds from Land Held for Resale	-	-	-
Total Other Financing Sources (Uses)	71,514	326,122	(277,409)
Net Change in Fund Balances	(19,723)	(82,639)	(191,271)
Fund Balances - Beginning	182,411	60,560	946,651
Fund Balances - Ending	\$ 162,688	\$ (22,079)	\$ 755,380

2010	2009
Total	Total
Other	Other
Governmental	Governmental
Funds	Funds
\$ 772,561	\$ 706,214
166,282	197,712
114,884	105,518
1,408	-
60,720	60,839
1,018	5,923
4,325	44,236
22,359	26,562
24,392	14,600
1,167,949	1,161,604
19,576	15,134
266	715
7,962	21,779
190,656	139,615
95,604	63,441
4,205	-
14,211	18,345
-	124,038
57,057	23,501
-	23,736
872,634	700,000
317,743	347,370
1,895	1,681
1,581,809	1,479,355
(413,860)	(317,751)
587,563	336,407
(523,850)	(457,067)
56,514	-
-	42,231
120,227	(78,429)
(293,633)	(396,180)
1,189,622	1,585,802
\$ 895,989	\$ 1,189,622

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

Special Revenue Funds					
2010					
	Library Improvement	Park Improvement	Crime Prevention	Charitable Gambling	Aquatic Center
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 10,091	\$ 31,044	\$ 14,288	\$ 5,411	\$ 3,084
Accounts Receivable	-	4,000	-	-	-
Special Assessments Receivable					
Current	-	700	-	-	-
Deferred	-	4,262	-	-	-
Total Assets	<u>\$ 10,091</u>	<u>\$ 40,006</u>	<u>\$ 14,288</u>	<u>\$ 5,411</u>	<u>\$ 3,084</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,025
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	4,262	-	-	-
Deposits	-	-	-	-	-
Total Liabilities	-	4,262	-	-	1,025
FUND BALANCES					
Reserved for Library Improvement	10,713	-	-	-	-
Unreserved, Undesignated	(622)	35,744	14,288	5,411	2,059
Total Fund Balances	<u>10,091</u>	<u>35,744</u>	<u>14,288</u>	<u>5,411</u>	<u>2,059</u>
Total Liabilities and Fund Balances	<u>\$ 10,091</u>	<u>\$ 40,006</u>	<u>\$ 14,288</u>	<u>\$ 5,411</u>	<u>\$ 3,084</u>

Special Revenue Funds					
2010					2009
Cable TV	Cemetery	Municipal State Aid	Engineering Inspection Service Fund	Total Special Revenue	Total Special Revenue
\$ 10,676	\$ 83,379	\$ 64,257	\$ -	\$ 222,230	\$ 249,191
5,185	110	-	-	9,295	31,420
-	-	-	-	700	-
-	-	-	14,875	19,137	-
<u>\$ 15,861</u>	<u>\$ 83,489</u>	<u>\$ 64,257</u>	<u>\$ 14,875</u>	<u>\$ 251,362</u>	<u>\$ 280,611</u>
\$ 100	\$ 1,159	\$ 1,691	\$ -	\$ 3,975	\$ 40,816
-	-	-	57,542	57,542	57,384
-	-	-	14,875	19,137	-
-	-	8,020	-	8,020	-
<u>100</u>	<u>1,159</u>	<u>9,711</u>	<u>72,417</u>	<u>88,674</u>	<u>98,200</u>
-	-	-	-	10,713	10,683
15,761	82,330	54,546	(57,542)	151,975	171,728
<u>15,761</u>	<u>82,330</u>	<u>54,546</u>	<u>(57,542)</u>	<u>162,688</u>	<u>182,411</u>
<u>\$ 15,861</u>	<u>\$ 83,489</u>	<u>\$ 64,257</u>	<u>\$ 14,875</u>	<u>\$ 251,362</u>	<u>\$ 280,611</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

	Special Revenue Funds				
	2010				
	Library Improvement	Park Improvement	Crime Prevention	Charitable Gambling	Aquatic Center
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,000
Intergovernmental	-	-	-	-	-
Assessments	-	2,913	-	-	-
Charges for Services	-	1,600	-	-	102,627
Fines and Forfeits	-	-	1,408	-	-
Interest Income	30	108	35	14	(10)
Contributions and Donations	-	4,295	30	-	-
Franchise Fees	-	-	-	-	-
Miscellaneous	-	7,485	12,784	-	4,103
Total Revenues	30	16,401	14,257	14	113,720
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	266	-	-
Highways and Streets	-	-	-	-	-
Culture-Recreation	1,254	24,612	-	-	137,150
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	14,211	-	-
Highways and Streets	-	-	-	-	-
Culture-Recreation	-	-	-	-	543
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal Charges	-	-	-	-	-
Total Expenditures	1,254	24,612	14,477	-	137,693
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,224)	(8,211)	(220)	14	(23,973)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	25,000
Transfers Out	-	-	-	-	-
Lease Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	25,000
Net Change in Fund Balances	(1,224)	(8,211)	(220)	14	1,027
Fund Balance - Beginning	11,315	43,955	14,508	5,397	1,032
Fund Balances - Ending	\$ 10,091	\$ 35,744	\$ 14,288	\$ 5,411	\$ 2,059

Special Revenue Funds					
2010					2009
Cable TV	Cemetery	Municipal State Aid	Engineering Inspection Service Fund	Total Special Revenue	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 5,669
-	-	141,562	-	141,562	145,619
-	-	-	-	2,913	-
-	10,657	-	-	114,884	105,518
-	-	-	-	1,408	-
82	245	96	(158)	442	3,014
-	-	-	-	4,325	4,100
22,359	-	-	-	22,359	26,562
20	-	-	-	24,392	14,600
22,461	10,902	141,658	(158)	319,285	305,082
-	19,576	-	-	19,576	15,134
-	-	-	-	266	715
-	-	7,353	-	7,353	15,251
3,206	-	-	24,434	190,656	139,615
-	4,205	-	-	4,205	-
-	-	-	-	14,211	18,345
-	-	-	-	-	40,000
56,514	-	-	-	57,057	23,501
32,634	-	61,000	-	93,634	64,000
1,791	-	21,590	-	23,381	23,510
-	-	183	-	183	-
94,145	23,781	90,126	24,434	410,522	340,071
(71,684)	(12,879)	51,532	(24,592)	(91,237)	(34,989)
-	-	-	-	25,000	29,000
(10,000)	-	-	-	(10,000)	(250,000)
56,514	-	-	-	56,514	-
46,514	-	-	-	71,514	(221,000)
(25,170)	(12,879)	51,532	(24,592)	(19,723)	(255,989)
40,931	95,209	3,014	(32,950)	182,411	438,400
\$ 15,761	\$ 82,330	\$ 54,546	\$ (57,542)	\$ 162,688	\$ 182,411

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

		Debt Service Funds		
		2010		
		City Sinking	1995 Storm Sewer Bond	1997 Storm Sewer Bond
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents		\$ 82	\$ -	\$ -
Taxes Receivable				
Current		-	-	-
Delinquent		-	-	-
Special Assessments Receivable				
Current		-	-	-
Deferred		6,232	-	-
Total Assets		<u>\$ 6,314</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable		\$ -	\$ -	\$ -
Due to Other Funds		-	-	-
Deferred Revenue		6,232	-	-
Deposits		-	-	-
Total Liabilities		<u>6,232</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Unreserved, Undesignated		<u>82</u>	<u>-</u>	<u>-</u>
Total Fund Balances		<u>82</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances		<u>\$ 6,314</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Funds

2010

1997 McLeod/N.C. Pond Bond	1997 N. Country III/ Morningside	1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition	2001 N. Country V/Popelka	2002 Willow Ridge Estates 2nd Addition
\$ 712	\$ 3,416	\$ -	\$ 2,639	\$ 5,513	\$ -	\$ -
836	266	463	201	252	287	117
2,032	657	1,126	469	625	704	313
-	-	-	-	719	-	-
-	73	-	-	-	16,875	-
<u>\$ 3,580</u>	<u>\$ 4,412</u>	<u>\$ 1,589</u>	<u>\$ 3,309</u>	<u>\$ 7,109</u>	<u>\$ 17,866</u>	<u>\$ 430</u>
\$ 183	\$ 183	\$ -	\$ -	\$ 183	\$ 183	\$ -
-	-	317	-	-	78	109
2,032	730	1,126	469	625	17,578	313
8,020	8,020	-	-	8,020	8,020	-
<u>10,235</u>	<u>8,933</u>	<u>1,443</u>	<u>469</u>	<u>8,828</u>	<u>25,859</u>	<u>422</u>
(6,655)	(4,521)	146	2,840	(1,719)	(7,993)	8
<u>(6,655)</u>	<u>(4,521)</u>	<u>146</u>	<u>2,840</u>	<u>(1,719)</u>	<u>(7,993)</u>	<u>8</u>
<u>\$ 3,580</u>	<u>\$ 4,412</u>	<u>\$ 1,589</u>	<u>\$ 3,309</u>	<u>\$ 7,109</u>	<u>\$ 17,866</u>	<u>\$ 430</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

		Debt Service Funds		
		2010		
		2003 Tax Increment Bond	County State Aid Hwy #3 Bond	2004 N. Country/ Glenknoll Area
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents		\$ 554	\$ 9,772	\$ 61
Taxes Receivable				
Current		-	418	168
Delinquent		-	1,001	438
Special Assessments Receivable				
Current		-	124	-
Deferred		-	11,087	51,379
		<u>\$ 554</u>	<u>\$ 22,402</u>	<u>\$ 52,046</u>
Total Assets				
		<u>\$ 554</u>	<u>\$ 22,402</u>	<u>\$ 52,046</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable		\$ -	\$ 183	\$ 183
Due to Other Funds		-	-	-
Deferred Revenue		-	12,088	51,816
Deposits		-	8,020	8,020
Total Liabilities		<u>-</u>	<u>20,291</u>	<u>60,019</u>
FUND BALANCES				
Unreserved, Undesignated		<u>554</u>	<u>2,111</u>	<u>(7,973)</u>
Total Fund Balances		<u>554</u>	<u>2,111</u>	<u>(7,973)</u>
Total Liabilities and Fund Balances		<u>\$ 554</u>	<u>\$ 22,402</u>	<u>\$ 52,046</u>

Debt Service Funds					
2010					2009
2004 Street Improvement Bond	2007 Tax Increment Bond	2007 Storm Sewer Bond	2008 11th Street Morningside	Total Debt Service	Total Debt Service
\$ 3,643	\$ 547	\$ -	\$ 4,022	\$ 30,961	\$ 50,917
481	-	-	551	4,040	6,131
1,149	-	-	1,485	9,999	12,019
-	-	-	-	843	10,810
-	-	-	-	85,646	174,247
<u>\$ 5,273</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 6,058</u>	<u>\$ 131,489</u>	<u>\$ 254,124</u>
\$ 183	\$ -	\$ -	\$ -	\$ 1,281	\$ -
-	-	-	-	504	7,298
1,149	-	-	1,485	95,643	186,266
8,020	-	-	-	56,140	-
<u>9,352</u>	<u>-</u>	<u>-</u>	<u>1,485</u>	<u>153,568</u>	<u>193,564</u>
(4,079)	547	-	4,573	(22,079)	60,560
<u>(4,079)</u>	<u>547</u>	<u>-</u>	<u>4,573</u>	<u>(22,079)</u>	<u>60,560</u>
<u>\$ 5,273</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 6,058</u>	<u>\$ 131,489</u>	<u>\$ 254,124</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

	Debt Service Funds		
	2010		
	City Sinking	1995 Storm Sewer Bond	1997 Storm Sewer Bond
REVENUES			
Taxes	\$ 36	\$ -	\$ -
Intergovernmental	-	-	-
Assessments	7,540	-	-
Interest Income	4	-	1
Total Revenues	7,580	-	1
EXPENDITURES			
Debt Service:			
Principal	20,000	35,000	-
Interest	-	1,121	-
Fiscal Charges	-	-	-
Total Expenditures	20,000	36,121	-
Excess (Deficiency) of Revenue Over (Under) Expenditures	(12,420)	(36,121)	1
OTHER FINANCING SOURCES (USES)			
Transfers In	12,961	36,088	-
Transfers Out	(552)	-	(431)
Total Other Financing Sources (Uses)	12,409	36,088	(431)
Net Change in Fund Balances	(11)	(33)	(430)
Fund Balances - Beginning	93	33	430
Fund Balances - Ending	\$ 82	\$ -	\$ -

Debt Service Funds

2010

1997 McLeod/N.C. Pond Bond	1997 N. Country III/ Morningside	1999 Swimming Pool Bond	County State Aid #33 Bond	Willow Ridge 1st Addition	2001 N. Country V/Popelka	2002 Willow Ridge Estates 2nd Addition
\$ 119,140	\$ 38,427	\$ 65,955	\$ 27,563	\$ 36,597	\$ 41,221	\$ 18,199
4,985	1,611	2,761	1,150	1,534	1,726	767
-	47	-	3,038	1,545	24,511	-
20	9	21	11	(74)	(143)	(51)
<u>124,145</u>	<u>40,094</u>	<u>68,737</u>	<u>31,762</u>	<u>39,602</u>	<u>67,315</u>	<u>18,915</u>
100,000	39,000	50,000	25,000	35,000	65,000	25,000
30,697	5,490	23,485	5,155	7,329	10,942	4,125
183	183	-	-	183	183	-
<u>130,880</u>	<u>44,673</u>	<u>73,485</u>	<u>30,155</u>	<u>42,512</u>	<u>76,125</u>	<u>29,125</u>
(6,735)	(4,579)	(4,748)	1,607	(2,910)	(8,810)	(10,210)
-	-	-	-	-	800	9,300
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	800	9,300
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>9,300</u>
(6,735)	(4,579)	(4,748)	1,607	(2,910)	(8,010)	(910)
80	58	4,894	1,233	1,191	17	918
<u>\$ (6,655)</u>	<u>\$ (4,521)</u>	<u>\$ 146</u>	<u>\$ 2,840</u>	<u>\$ (1,719)</u>	<u>\$ (7,993)</u>	<u>\$ 8</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

	Debt Service Funds		
	2010		
	2003 Tax Increment Bond	County State Aid Hwy #3 Bond	2004 N. Country/ Glenknoll Area
REVENUES			
Taxes	\$ -	\$ 58,671	\$ 25,513
Intergovernmental	-	2,454	1,074
Assessments	-	4,428	16,698
Interest Income	(234)	(100)	(99)
Total Revenues	(234)	65,453	43,186
EXPENDITURES			
Debt Service:			
Principal	75,000	45,000	50,000
Interest	26,950	23,386	12,612
Fiscal Charges	431	183	183
Total Expenditures	102,381	68,569	62,795
Excess (Deficiency) of Revenue Over (Under) Expenditures	(102,615)	(3,116)	(19,609)
OTHER FINANCING SOURCES (USES)			
Transfers In	103,000	-	2,950
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	103,000	-	2,950
Net Change in Fund Balances	385	(3,116)	(16,659)
Fund Balances - Beginning	169	5,227	8,686
Fund Balances - Ending	\$ 554	\$ 2,111	\$ (7,973)

Debt Service Funds					
2010					2009
2004 Street Improvement Bond	2007 Tax Increment Bond	2007 Storm Sewer Bond	2008 11th Street Morningside	Total Debt Service	Total Debt Service
\$ 67,362	\$ -	\$ -	\$ 86,528	\$ 585,212	\$ 497,888
2,819	-	-	3,643	24,524	51,735
-	-	-	-	57,807	60,839
(133)	(343)	(6)	(113)	(1,230)	(1,959)
<u>70,048</u>	<u>(343)</u>	<u>(6)</u>	<u>90,058</u>	<u>666,313</u>	<u>608,503</u>
60,000	90,000	-	65,000	779,000	636,000
15,135	74,206	-	53,729	294,362	323,860
183	-	-	-	1,712	1,681
<u>75,318</u>	<u>164,206</u>	<u>-</u>	<u>118,729</u>	<u>1,075,074</u>	<u>961,541</u>
(5,270)	(164,549)	(6)	(28,671)	(408,761)	(353,038)
-	162,000	6	-	327,105	298,767
-	-	-	-	(983)	-
-	162,000	6	-	326,122	298,767
(5,270)	(2,549)	-	(28,671)	(82,639)	(54,271)
1,191	3,096	-	33,244	60,560	114,831
<u>\$ (4,079)</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$ (22,079)</u>	<u>\$ 60,560</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2010
(WITH COMPARATIVE DATA AS OF DECEMBER 31, 2009)**

		Capital Project Funds			
		2010			
		Tax Increment #3- Lakeland	Tax Increment #4- Industrial Park	Tax Increment #13- Kestrel Properties	Tax Increment #14- Downtown Redevelopment
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$	-	\$ 52,487	\$ 9,316	\$ 225,047
Taxes Receivable					
Current		-	2,346	-	1,884
Land Held for Resale		-	-	-	-
Total Assets	\$	-	\$ 54,833	\$ 9,316	\$ 226,931
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$	-	\$ -	\$ 9,335	\$ -
Total Liabilities		-	-	9,335	-
FUND BALANCES					
Reserved for Land Held for Resale		-	-	-	-
Unreserved, Undesignated		-	54,833	(19)	226,931
Total Fund Balances		-	54,833	(19)	226,931
Total Liabilities and Fund Balances	\$	-	\$ 54,833	\$ 9,316	\$ 226,931

Capital Project Funds					
2010					2009
Tax Increment #15- Industrial Park	Panther Heights 2nd Addition	Tax Increment #16- Grand Meadows	2008 11th Street Morningside	Total Capital Projects	Total Capital Projects
\$ 221,374	\$ -	\$ 3,314	\$ -	\$ 511,538	\$ 643,781
1,884	-	-	-	6,114	-
247,063	-	-	-	247,063	372,220
<u>\$ 470,321</u>	<u>\$ -</u>	<u>\$ 3,314</u>	<u>\$ -</u>	<u>\$ 764,715</u>	<u>\$ 1,016,001</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,335	\$ 69,350
-	-	-	-	9,335	69,350
247,063	-	-	-	247,063	372,220
223,258	-	3,314	-	508,317	574,431
470,321	-	3,314	-	755,380	946,651
<u>\$ 470,321</u>	<u>\$ -</u>	<u>\$ 3,314</u>	<u>\$ -</u>	<u>\$ 764,715</u>	<u>\$ 1,016,001</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, 2010
(WITH COMPARATIVE DATA FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Capital Project Funds			
	2010			
	Tax Increment #3- Lakeland	Tax Increment #4- Industrial Park	Tax Increment #13- Kestrel Properties	Tax Increment #14- Downtown Redevelopment
REVENUES				
Taxes	\$ 43,661	\$ 110,537	\$ 9,301	\$ 11,658
Intergovernmental	-	-	-	98
Interest Income	467	689	6	296
Contributions and Donations	-	-	-	-
Total Revenues	<u>44,128</u>	<u>111,226</u>	<u>9,307</u>	<u>12,052</u>
EXPENDITURES				
Current:				
Highways and Streets	-	-	-	-
Economic Development	5,552	19,500	9,335	50,451
Capital Outlay:				
Highways and Streets	-	-	-	-
Economic Development	-	-	-	-
Total Expenditures	<u>5,552</u>	<u>19,500</u>	<u>9,335</u>	<u>50,451</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	38,576	91,726	(28)	(38,399)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	117,453
Transfers Out	(234,906)	(277,000)	-	-
Proceeds from Land Held for Resale	-	-	-	-
Total Other Financing Sources (Uses)	<u>(234,906)</u>	<u>(277,000)</u>	<u>-</u>	<u>117,453</u>
Net Change in Fund Balances	(196,330)	(185,274)	(28)	79,054
Fund Balances - Beginning	196,330	240,107	9	147,877
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 54,833</u>	<u>\$ (19)</u>	<u>\$ 226,931</u>

Capital Project Funds					
2010					2009
Tax Increment #15- Industrial Park	Panther Heights 2nd Addition	Tax Increment #16- Grand Meadows	2008 11th Street Morningside	Total Capital Projects	Total Capital Projects
\$ 1,884	\$ -	\$ 3,308	\$ -	\$ 180,349	\$ 202,657
98	-	-	-	196	358
346	(1)	1	2	1,806	4,868
-	-	-	-	-	40,136
2,328	(1)	3,309	2	182,351	248,019
-	609	-	-	609	6,528
10,766	-	-	-	95,604	63,441
-	-	-	-	-	-
-	-	-	-	-	84,038
-	-	-	-	-	23,736
10,766	609	-	-	96,213	177,743
(8,438)	(610)	3,309	2	86,138	70,276
117,453	552	-	-	235,458	8,640
-	-	-	(961)	(512,867)	(207,067)
-	-	-	-	-	42,231
117,453	552	-	(961)	(277,409)	(156,196)
109,015	(58)	3,309	(959)	(191,271)	(85,920)
361,306	58	5	959	946,651	1,032,571
\$ 470,321	\$ -	\$ 3,314	\$ -	\$ 755,380	\$ 946,651

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SUPPLEMENTARY INFORMATION

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010

	\$700,000 G.O. Tax Increment Bonds of 2003 - Series 2003G		\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$974,000 Portion	
	Principal	Interest	Principal	Interest
2011	\$ 75,000	\$ 23,462	\$ 70,000	\$ 19,638
2012	100,000	19,162	70,000	17,328
2013	100,000	14,087	71,000	14,948
2014	50,000	10,163	75,000	12,428
2015	25,000	8,094	75,000	9,615
2016	25,000	6,656	75,000	6,690
2017	25,000	5,219	90,000	3,690
2018	25,000	3,750	-	-
2019	25,000	2,250	-	-
2020	25,000	750	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 475,000</u>	<u>\$ 93,593</u>	<u>\$ 526,000</u>	<u>\$ 84,337</u>

\$610,000 G.O. Taxable Tax Increment Bonds of 2007 - Series 2007B		\$945,000 G.O. Refunding Bonds - Series 2008B \$730,000 Portion		\$153,000 G.O. Equipment Certificate of Indebtedness Series 2008	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 45,000	\$ 30,732	\$ 55,000	\$ 21,985	\$ 31,241	\$ 3,157
50,000	28,001	55,000	20,335	32,685	1,714
50,000	25,089	60,000	18,465	16,854	344
55,000	21,991	60,000	16,425	-	-
60,000	18,569	65,000	14,205	-	-
60,000	14,969	70,000	11,800	-	-
65,000	11,178	70,000	9,000	-	-
70,000	7,044	75,000	6,200	-	-
80,000	2,450	80,000	3,200	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 535,000</u>	<u>\$ 160,023</u>	<u>\$ 590,000</u>	<u>\$ 121,615</u>	<u>\$ 80,780</u>	<u>\$ 5,215</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010

	\$605,000 G.O. Improvement Bonds of 2001		\$215,000 G.O. Improvement Bonds of 2002	
	Principal	Interest	Principal	Interest
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	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 215,000</u>	<u>\$ 14,897</u>	<u>\$ 75,000</u>	<u>\$ 5,375</u>

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CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010

	\$2,410,000 G.O. Refunding Bonds of 2003 - Series 2003B \$389,000 Portion		\$595,000 G.O. Street Reconstruction Bonds of 2004 - Series 2004A	
	Principal	Interest	Principal	Interest
2011	\$ 40,000	\$ 4,242	\$ 60,000	\$ 12,735
2012	40,000	2,922	60,000	10,335
2013	44,000	1,562	65,000	7,721
2014	-	-	70,000	4,785
2015	-	-	75,000	1,631
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 124,000</u>	<u>\$ 8,726</u>	<u>\$ 330,000</u>	<u>\$ 37,207</u>

\$505,000 G.O. Street Improvement Bonds of 2004 - Series 2004B		\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,015,000 Portion		\$1,430,000 G.O. Street Reconstruction Bonds - Series 2008A	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 50,000	\$ 10,612	\$ 50,000	\$ 39,080	\$ 75,000	\$ 51,734
50,000	8,613	50,000	37,080	80,000	49,365
50,000	6,525	50,000	35,080	80,000	46,765
60,000	4,132	50,000	33,080	85,000	43,935
65,000	1,414	50,000	31,080	85,000	40,875
-	-	50,000	29,080	90,000	37,545
-	-	50,000	27,080	90,000	33,945
-	-	50,000	25,055	100,000	30,145
-	-	50,000	23,005	100,000	26,145
-	-	50,000	20,942	105,000	21,993
-	-	50,000	18,867	110,000	17,585
-	-	55,000	16,675	115,000	12,915
-	-	55,000	14,365	115,000	8,085
-	-	55,000	12,028	135,000	2,835
-	-	60,000	9,555	-	-
-	-	60,000	6,960	-	-
-	-	60,000	4,350	-	-
-	-	70,000	1,523	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 275,000</u>	<u>\$ 31,296</u>	<u>\$ 965,000</u>	<u>\$ 384,885</u>	<u>\$ 1,365,000</u>	<u>\$ 423,867</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010

	\$945,000 G.O. Refunding Bonds - Series 2008B \$215,000 Portion		Capital Lease Johnson Controls Project	
	Principal	Interest	Principal	Interest
2011	\$ 30,000	\$ 4,405	\$ 20,749	\$ 11,252
2012	30,000	3,505	42,871	21,131
2013	35,000	2,485	44,770	19,233
2014	35,000	1,295	46,752	17,250
2015	-	-	48,822	15,180
2016	-	-	50,984	13,018
2017	-	-	53,241	10,761
2018	-	-	55,599	8,403
2019	-	-	58,061	5,942
2020	-	-	60,632	3,370
2021	-	-	31,315	686
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 130,000</u>	<u>\$ 11,690</u>	<u>\$ 513,796</u>	<u>\$ 126,226</u>

Capital Lease Bobcat Toolcat		Capital Lease John Deere Wheel Loader		Capital Lease Heritage Series Tanker/Pumper	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 5,738	\$ 887	\$ 19,659	\$ 2,610	\$ 39,126	\$ 7,873
6,166	459	20,923	1,346	40,961	6,038
-	-	-	-	42,882	4,117
-	-	-	-	44,893	2,105
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 11,904	\$ 1,346	\$ 40,582	\$ 3,956	\$ 167,862	\$ 20,133

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010**

	Capital Lease Audio/Video System		Capital Lease 2010 John Deere Mower	
	Principal	Interest	Principal	Interest
2011	\$ 19,738	\$ 1,483	\$ 4,776	\$ -
2012	4,141	121	1,990	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 23,879</u>	<u>\$ 1,604</u>	<u>\$ 6,766</u>	<u>\$ -</u>

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CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010

	\$465,000 G.O. Sewer Revenue Bonds,- Series 2003D		\$3,745,000 G.O. Refunding Bonds of 2003 - Series 2003C \$2,155,000 Portion	
	Principal	Interest	Principal	Interest
2011	\$ 20,000	\$ 17,732	\$ 225,000	\$ 33,325
2012	25,000	16,858	225,000	25,900
2013	25,000	15,845	250,000	18,250
2014	25,000	14,801	250,000	9,375
2015	25,000	13,720	-	-
2016	30,000	12,495	-	-
2017	30,000	11,130	-	-
2018	30,000	9,735	-	-
2019	35,000	8,190	-	-
2020	35,000	6,493	-	-
2021	35,000	4,777	-	-
2022	35,000	3,063	-	-
2023	45,000	1,102	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 395,000</u>	<u>\$ 135,941</u>	<u>\$ 950,000</u>	<u>\$ 86,850</u>

\$580,000 G.O. Water Revenue Bonds of 2005 - Series 2005A		\$2,365,000 G.O. Sewer and Improvement Bonds of 2007 - Series 2007A - \$1,350,000 Portion		\$2,000,000 G.O. Taxable Capital Improvement Bonds - Series 2010A	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 35,000	\$ 18,930	\$ 50,000	\$ 55,310	\$ -	\$ 99,733
30,000	17,700	55,000	53,210	70,000	99,085
35,000	16,400	55,000	51,010	75,000	97,556
35,000	15,000	60,000	48,710	80,000	95,535
45,000	13,355	60,000	46,310	80,000	93,075
40,000	11,570	60,000	43,910	80,000	90,255
40,000	9,890	70,000	41,310	85,000	86,991
50,000	7,925	70,000	38,475	85,000	83,336
50,000	5,675	70,000	35,605	90,000	79,330
45,000	3,526	70,000	32,718	90,000	75,010
55,000	1,251	75,000	29,709	95,000	70,406
-	-	80,000	26,472	100,000	65,408
-	-	85,000	23,007	100,000	60,158
-	-	90,000	19,287	105,000	54,646
-	-	95,000	15,310	105,000	48,845
-	-	95,000	11,201	115,000	42,628
-	-	100,000	6,960	120,000	35,840
-	-	110,000	2,393	120,000	28,730
-	-	-	-	125,000	21,317
-	-	-	-	135,000	13,320
-	-	-	-	145,000	4,567
<u>\$ 460,000</u>	<u>\$ 121,222</u>	<u>\$ 1,350,000</u>	<u>\$ 580,907</u>	<u>\$ 2,000,000</u>	<u>\$ 1,345,771</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2010

	\$270,000 G.O. Taxable Sewer Revenue Bonds - Series 2010B		\$710,000 Temporary Gross Revenue Event Facility Bonds - Series 2010C	
	Principal	Interest	Principal	Interest
2011	\$ -	\$ 9,900	\$ -	\$ 12,070
2012	20,000	10,400	-	12,070
2013	20,000	9,600	710,000	12,070
2014	25,000	8,700	-	-
2015	25,000	7,700	-	-
2016	25,000	6,700	-	-
2017	25,000	5,700	-	-
2018	25,000	4,700	-	-
2019	30,000	3,600	-	-
2020	35,000	2,300	-	-
2021	40,000	800	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
	<u>\$ 270,000</u>	<u>\$ 70,100</u>	<u>\$ 710,000</u>	<u>\$ 36,210</u>

Capital Lease Dishwasher		Capital Lease Hillyard Scrubber/Carpet		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 802	\$ -	\$ 2,908	\$ 361	\$ 1,361,831	\$ 592,651
802	-	3,061	207	1,521,936	548,137
802	-	1,593	40	2,211,697	486,074
802	-	-	-	1,354,913	415,110
335	-	-	-	989,157	359,580
-	-	-	-	875,984	319,961
-	-	-	-	928,241	280,648
-	-	-	-	760,599	238,208
-	-	-	-	813,061	201,681
-	-	-	-	515,632	167,102
-	-	-	-	491,315	144,081
-	-	-	-	385,000	124,533
-	-	-	-	400,000	106,717
-	-	-	-	385,000	88,796
-	-	-	-	260,000	73,710
-	-	-	-	270,000	60,789
-	-	-	-	280,000	47,150
-	-	-	-	300,000	32,646
-	-	-	-	125,000	21,317
-	-	-	-	135,000	13,320
-	-	-	-	145,000	4,567
<u>\$ 3,543</u>	<u>\$ -</u>	<u>\$ 7,562</u>	<u>\$ 608</u>	<u>\$ 14,509,366</u>	<u>\$ 4,326,778</u>

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OTHER REPORTS SECTION

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CPAs, Consultants & Advisors
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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, 2010, and have issued our report thereon dated June 20, 2011.

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

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

The results of our tests indicate that for the items tested the City of Glencoe complied with the material terms and conditions of applicable legal provisions.

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


LarsonAllen LLP

Austin, Minnesota
June 20, 2011



