

CITY OF GLENCOE, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



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**CITY OF GLENCOE, MINNESOTA
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YEAR ENDED DECEMBER 31, 2020**

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INTRODUCTORY SECTION

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**CITY OF GLENCOE
CITY OFFICIALS
DECEMBER 31, 2020**

Elected Officials

Term Expires

Mayor	12/31/2020	Randal Wilson
Council Member	12/31/2022	John Schrupp
Council Member	12/31/2022	Allen Robeck
Council Member	12/31/2022	Paul Lemke
Council Member	12/31/2020	Milan Alexander
Council Member	12/31/2020	Cory Neid

Appointed Officials

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

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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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Glencoe, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Glencoe, Minnesota, as listed in the table of contents.

Managements Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor and
Members of the City Council
City of Glencoe

Opinion

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, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Glencoe, Minnesota's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

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

Honorable Mayor and
Members of the City Council
City of Glencoe

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Glencoe, Minnesota's basic financial statements as a whole. The Combining Fund Statements and Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

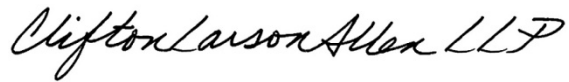
The Combining Fund Statements and Supplementary Information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Glencoe, Minnesota as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated June 29, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The Combining Fund Statements and Supplementary Information for the year ended December 31, 2019 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The Combining Fund Statements and Supplementary Information have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Fund Statements and Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

Honorable Mayor and
Members of the City Council
City of Glencoe

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the City of Glencoe, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Windom's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Glencoe, Minnesota's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
June 25, 2021

BASIC FINANCIAL STATEMENTS

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**CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Primary Government			Component Unit Light and Power Commission
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 5,142,408	\$ 6,000,738	\$ 11,143,146	\$ 865,464
Taxes Receivable	96,688	5,617	102,305	-
Accounts Receivable	192,505	566,512	759,017	613,930
Special Assessments Receivable	1,879,857	1,895	1,881,752	-
Note Receivable	26,561	-	26,561	-
Other Receivables	-	-	-	468,232
Prepaid Expenses	-	-	-	119,054
Inventory	-	332,851	332,851	215,002
Land Held for Resale	274,888	-	274,888	-
Due from Component Unit	-	376,029	376,029	-
Restricted Assets	-	-	-	4,991,863
Net Pension Asset	280,791	-	280,791	-
Capital Assets:				
Land	1,221,150	992,925	2,214,075	-
Construction in Progress	807,195	21,430,761	22,237,956	-
Other Capital Assets, Net of Depreciation	16,819,422	22,142,287	38,961,709	16,693,761
Total Assets	<u>26,741,465</u>	<u>51,849,615</u>	<u>78,591,080</u>	<u>23,967,306</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Bond Refunding	-	911	911	-
OPEB Related	33,823	-	33,823	29,854
Pension Related	497,074	43,942	541,016	93,154
Total Deferred Outflows of Resources	<u>530,897</u>	<u>44,853</u>	<u>575,750</u>	<u>123,008</u>
LIABILITIES				
Accounts Payable	169,033	1,159,804	1,328,837	321,518
Contracts Payable	-	-	-	18,685
Retainages Payable	6,387	922,305	928,692	-
Accrued Interest Payable	265,015	62,882	327,897	-
Accrued Expenses	27,620	230,681	258,301	135,424
Customer Deposits Payable	-	-	-	134,750
Due to the Primary Government	-	-	-	376,029
Long-Term Liabilities:				
Due Within One Year	2,184,550	1,144,302	3,328,852	5,152
Due in More Than One Year	20,209,969	11,481,761	31,691,730	105,872
Net Pension Liability	1,374,493	562,910	1,937,403	947,282
Other Postemployment Benefit Liability- Current	34,137	-	34,137	-
Other Postemployment Benefit Liability-Noncurrent	93,621	63,808	157,429	369,734
Total Liabilities	<u>24,364,825</u>	<u>15,628,453</u>	<u>39,993,278</u>	<u>2,414,446</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	604	506	1,110	-
Pension Related	656,726	35,343	692,069	50,949
Total Deferred Inflows of Resources	<u>657,330</u>	<u>35,849</u>	<u>693,179</u>	<u>50,949</u>
NET POSITION				
Net Investment in Capital Assets	5,400,390	30,355,956	35,756,346	16,668,346
Restricted for:				
Street Improvement Projects	1,741,246	-	1,741,246	-
Debt Service	2,533,917	-	2,533,917	-
Capital Projects	428,110	-	428,110	-
Firemen's Relief Association Net Pension Asset	280,791	-	280,791	-
Unrestricted	(8,134,247)	5,874,210	(2,260,037)	4,956,573
Total Net Position	<u>\$ 2,250,207</u>	<u>\$ 36,230,166</u>	<u>\$ 38,480,373</u>	<u>\$ 21,624,919</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,585,561	\$ 285,236	\$ -	\$ 57,225
Public Safety	1,639,489	70,782	553,387	-
Highways and Streets	1,323,677	41,519	-	1,567,544
Culture and Recreation	749,232	51,354	-	2,500
Economic Development	190,960	-	-	-
Interest on Long-Term Debt	634,422	-	-	-
Total Governmental Activities	<u>6,123,341</u>	<u>448,891</u>	<u>553,387</u>	<u>1,627,269</u>
Business-Type Activities:				
Water Fund	919,397	1,505,078	-	103
Wastewater Treatment Plant Fund	1,633,172	2,413,085	3,352,064	641
Sanitation Fund	29,550	33,300	-	-
City Center Fund	350,410	45,506	-	9,000
Municipal Liquor Fund	2,239,057	2,531,225	-	-
Airport Fund	428,006	74,585	-	1,067,102
Storm Water Management Fund	268,336	524,578	-	82,106
Total Business-Type Activities	<u>5,867,928</u>	<u>7,127,357</u>	<u>3,352,064</u>	<u>1,158,952</u>
Total Primary Government	<u>\$ 11,991,269</u>	<u>\$ 7,576,248</u>	<u>\$ 3,905,451</u>	<u>\$ 2,786,221</u>
Total Component Unit	<u>\$ 8,006,521</u>	<u>\$ 8,800,866</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

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

Transfers

- Total General Revenues and Transfers
- Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
\$ (1,243,100)	\$ -	\$ (1,243,100)	\$ -
(1,015,320)	-	(1,015,320)	-
285,386	-	285,386	-
(695,378)	-	(695,378)	-
(190,960)	-	(190,960)	-
(634,422)	-	(634,422)	-
(3,493,794)	-	(3,493,794)	-
-	585,784	585,784	-
-	4,132,618	4,132,618	-
-	3,750	3,750	-
-	(295,904)	(295,904)	-
-	292,168	292,168	-
-	713,681	713,681	-
-	338,348	338,348	-
-	5,770,445	5,770,445	-
(3,493,794)	5,770,445	2,276,651	-
			794,345
2,462,730	148,273	2,611,003	-
232,152	-	232,152	-
30,587	-	30,587	-
1,518,855	-	1,518,855	-
4,248	6,986	11,234	118,886
-	1,393	1,393	-
92,932	-	92,932	-
1,346,583	(1,346,583)	-	-
5,688,087	(1,189,931)	4,498,156	118,886
2,194,293	4,580,514	6,774,807	913,231
55,914	31,649,652	31,705,566	20,711,688
\$ 2,250,207	\$ 36,230,166	\$ 38,480,373	\$ 21,624,919

CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	2020		
	General	Municipal State Aid	2015 Street Improvement
ASSETS			
Cash and Cash Equivalents	\$ 2,124,414	\$ 1,763,857	\$ 79,614
Accounts Receivable	184,960	-	-
Interest Receivable	-	-	-
Note Receivable	26,561	-	-
Taxes Receivable			
Current	51,951	-	3,971
Delinquent	18,037	-	1,377
Special Assessments Receivable			
Current	-	-	831
Noncurrent	97,620	-	421,865
Due from Other Funds	79,862	-	-
Due from Other Governments	-	-	-
Land Held for Resale	101,064	-	-
	<u>\$ 2,684,469</u>	<u>\$ 1,763,857</u>	<u>\$ 507,658</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 106,176	\$ 22,611	\$ -
Retainages Payable	6,387	-	-
Accrued Expenses	27,620	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>140,183</u>	<u>22,611</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	142,218	-	423,241
FUND BALANCES			
Nonspendable	101,064	-	-
Restricted for:			
Street Improvement Projects	-	1,741,246	-
Debt Service	-	-	84,417
Capital Projects	-	-	-
Committed for:			
Aquatic Center	-	-	-
Cable TV	-	-	-
Assigned for:			
Park Improvement	124,371	-	-
Engineering and Inspection Services	59,573	-	-
Cemetery	79	-	-
Unassigned	2,116,981	-	-
Total Fund Balances	<u>2,402,068</u>	<u>1,741,246</u>	<u>84,417</u>
	<u>\$ 2,684,469</u>	<u>\$ 1,763,857</u>	<u>\$ 507,658</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,684,469</u>	<u>\$ 1,763,857</u>	<u>\$ 507,658</u>

See accompanying Notes to Financial Statements.

CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

2020			2019
2017 Street Improvement	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
\$ 261,444	\$ 913,079	\$ 5,142,408	\$ 4,139,473
-	7,545	192,505	211,348
-	-	-	21
-	-	26,561	31,672
3,828	12,032	71,782	5,802
1,329	4,163	24,906	26,015
8,536	25,685	35,052	2,581
466,262	859,058	1,844,805	2,004,554
-	-	79,862	-
-	-	-	673,527
-	173,824	274,888	274,888
<u>\$ 741,399</u>	<u>\$ 1,995,386</u>	<u>\$ 7,692,769</u>	<u>\$ 7,369,881</u>
\$ -	\$ 40,246	\$ 169,033	\$ 142,488
-	-	6,387	52,812
-	-	27,620	13,055
-	79,862	79,862	-
-	120,108	282,902	208,355
467,591	863,223	1,896,273	2,732,617
-	173,824	274,888	274,888
-	-	1,741,246	131,185
273,808	686,652	1,044,877	1,106,733
-	247,899	247,899	490,813
-	-	-	2,252
-	19,620	19,620	16,323
-	-	124,371	127,661
-	-	59,573	27,158
-	-	79	221
-	(115,940)	2,001,041	2,251,675
<u>273,808</u>	<u>1,012,055</u>	<u>5,513,594</u>	<u>4,428,909</u>
<u>\$ 741,399</u>	<u>\$ 1,995,386</u>	<u>\$ 7,692,769</u>	<u>\$ 7,369,881</u>

See accompanying Notes to Financial Statements.

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**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balances for Governmental Funds \$ 5,513,594

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

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

Land	\$ 1,221,150	
Construction in Progress	807,195	
Buildings, Net of Accumulated Depreciation	3,070,297	
Office Equipment and Furniture, Net of Accumulated Depreciation	15,767	
Vehicles, Net of Accumulated Depreciation	529,520	
Office Equipment and Furniture, Net of Accumulated Depreciation	465,027	
Improvements Other than Buildings, Net of Accumulated Depreciation	710,723	
Infrastructure, Net of Accumulated Depreciation	<u>12,028,088</u>	18,847,767

Some of the City's property taxes, tax increments, special assessments and state aids will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as Deferred Inflows of Resources in the governmental funds. 1,896,273

Gain on Refunding is reported as a Deferred Inflow of Resources in the Statement of Net Position. (604)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (265,015)

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

Net Pension Asset	280,791	
Net Pension Liability	(1,374,493)	
Deferred Outflows of Resources - Pension Related	497,074	
Deferred Inflows of Resources - Pension Related	<u>(656,726)</u>	(1,253,354)

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

Other Postemployment Benefit Liability	(127,758)	
Deferred Outflows of Resources - OPEB Related	<u>33,823</u>	(93,935)

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

Bonds, Leases, Loans and Certificates of Participation Payable	(22,011,156)	
Compensated Absences Payable	<u>(383,363)</u>	<u>(22,394,519)</u>

Total Net Position of Governmental Activities \$ 2,250,207

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	2020		
	General	Municipal State Aid	2015 Street Improvement
REVENUES			
Taxes	\$ 1,889,385	\$ -	\$ 143,561
Tax Increments	1,584	-	-
Licenses and Permits	85,405	-	-
Intergovernmental	1,660,054	1,825,338	-
Charges for Services	129,643	-	-
Fines and Forfeits	27,463	-	-
Assessments	63,598	-	97,053
Interest Income	3,031	191	(101)
Contributions and Donations	59,725	-	-
Payment in Lieu of Taxes	97,500	-	-
Franchise Fees	6,900	-	-
Miscellaneous	129,409	-	-
Total Revenues	<u>4,153,697</u>	<u>1,825,529</u>	<u>240,513</u>
EXPENDITURES			
Current:			
General Government	990,200	-	-
Public Safety	1,536,442	-	-
Highways and Streets	1,179,611	70,553	-
Culture-Recreation	561,938	-	-
Economic Development	24,546	-	-
Miscellaneous	120,211	-	-
Capital Outlay:			
General Government	74,836	17,366	-
Public Safety	59,251	-	-
Highways and Streets	167,864	-	-
Culture-Recreation	41,566	-	-
Economic Development	-	-	-
Debt Service:			
Principal	176,372	-	425,000
Interest	22,608	-	141,725
Fiscal Charges	-	-	-
Total Expenditures	<u>4,955,445</u>	<u>87,919</u>	<u>566,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(801,748)	1,737,610	(326,212)
OTHER FINANCING SOURCES (USES)			
Transfers In	727,235	-	340,000
Transfers Out	(113,600)	(127,549)	-
Proceeds from the Sale of Capital Assets	1,408	-	-
Insurance Proceeds	80,994	-	-
Total Other Financing Sources (Uses)	<u>696,037</u>	<u>(127,549)</u>	<u>340,000</u>
Net Change in Fund Balances	(105,711)	1,610,061	13,788
Fund Balance - Beginning	<u>2,507,779</u>	<u>131,185</u>	<u>70,629</u>
Fund Balances - End of Year	<u>\$ 2,402,068</u>	<u>\$ 1,741,246</u>	<u>\$ 84,417</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

		2020		2019	
2017	Other	Total	Total	Total	Total
Street	Governmental	Governmental	Governmental	Governmental	Governmental
Improvement	Funds	Funds	Funds	Funds	Funds
\$ 138,600	\$ 434,118	\$ 2,605,664	\$ 2,442,910	\$ 2,442,910	\$ 2,442,910
-	230,568	232,152	222,157	222,157	222,157
-	-	85,405	195,777	195,777	195,777
-	415,878	3,901,270	1,711,489	1,711,489	1,711,489
-	376	130,019	562,316	562,316	562,316
-	-	27,463	36,653	36,653	36,653
71,097	183,985	415,733	490,785	490,785	490,785
241	885	4,247	14,674	14,674	14,674
-	-	59,725	95,884	95,884	95,884
-	-	97,500	95,000	95,000	95,000
-	30,587	37,487	41,784	41,784	41,784
-	327	129,736	125,683	125,683	125,683
<u>209,938</u>	<u>1,296,724</u>	<u>7,726,401</u>	<u>6,035,112</u>	<u>6,035,112</u>	<u>6,035,112</u>
-	415,878	1,406,078	1,101,597	1,101,597	1,101,597
-	-	1,536,442	1,622,953	1,622,953	1,622,953
-	68,727	1,318,891	731,684	731,684	731,684
-	23,595	585,533	712,334	712,334	712,334
-	81,414	105,960	452,349	452,349	452,349
-	-	120,211	175,972	175,972	175,972
-	-	92,202	6,193	6,193	6,193
-	-	59,251	64,308	64,308	64,308
-	67,291	235,155	2,040,527	2,040,527	2,040,527
-	77,783	119,349	13,689	13,689	13,689
-	85,000	85,000	24,216	24,216	24,216
295,000	906,000	1,802,372	1,978,597	1,978,597	1,978,597
124,200	390,656	679,189	752,346	752,346	752,346
-	1,485	1,485	1,484	1,484	1,484
<u>419,200</u>	<u>2,117,829</u>	<u>8,147,118</u>	<u>9,678,249</u>	<u>9,678,249</u>	<u>9,678,249</u>
(209,262)	(821,105)	(420,717)	(3,643,137)	(3,643,137)	(3,643,137)
165,000	753,756	1,985,991	1,572,883	1,572,883	1,572,883
-	(321,842)	(562,991)	(650,489)	(650,489)	(650,489)
-	-	1,408	13,748	13,748	13,748
-	-	80,994	17,295	17,295	17,295
<u>165,000</u>	<u>431,914</u>	<u>1,505,402</u>	<u>953,437</u>	<u>953,437</u>	<u>953,437</u>
(44,262)	(389,191)	1,084,685	(2,689,700)	(2,689,700)	(2,689,700)
<u>318,070</u>	<u>1,401,246</u>	<u>4,428,909</u>	<u>7,118,609</u>	<u>7,118,609</u>	<u>7,118,609</u>
<u>\$ 273,808</u>	<u>\$ 1,012,055</u>	<u>\$ 5,513,594</u>	<u>\$ 4,428,909</u>	<u>\$ 4,428,909</u>	<u>\$ 4,428,909</u>

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**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 1,084,685

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 1,151,461	
Loss on Disposal of Capital Assets	(9,865)	
Depreciation Expense	<u>(1,104,754)</u>	36,842

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

Repayment of Bond, Equipment Certificates, Lease and Loan Principal	1,802,340	
Change in Accrued Interest	30,396	
Amortization of Bond Premiums	46,353	
Amortization of Bond Discounts	(154)	
Amortization of Gain on Bond Refunding	<u>85</u>	1,879,020

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

Unavailable Revenue - December 31, 2019	2,732,617	
Unavailable Revenue - December 31, 2020	<u>1,896,273</u>	(836,344)

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

59,922

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

(6,184)

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

(23,648)

Change in Net Position of Governmental Activities \$ 2,194,293

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,095,251	\$ 3,571,316	\$ 10,277
Accounts Receivable	918	274,199	7,548
Taxes Receivable	-	-	-
Special Assessments Receivable	449	664	-
Inventory	-	-	-
Due from Other Funds	543,289	-	-
Due from Component Unit	112,644	212,633	2,384
Total Current Assets	2,752,551	4,058,812	20,209
NONCURRENT ASSETS			
Capital Assets:			
Land	41,628	312,678	-
Construction in Progress	-	20,350,075	-
Other Capital Assets (Net of Accumulated Depreciation)	5,228,816	4,453,533	-
Total Capital Assets	5,270,444	25,116,286	-
Total Noncurrent Assets	5,270,444	25,116,286	-
Total Assets	8,022,995	29,175,098	20,209
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Bond Refunding	-	911	-
Pension Related	14,501	14,859	-
OPEB Related	-	-	-
Total Deferred Outflows of Resources	14,501	15,770	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	72,192	962,705	86
Retainages Payable	-	903,799	-
Accrued Interest Payable	593	32,217	-
Compensated Absences Payable	85,560	90,293	-
Accrued Expenses	4,256	4,916	-
Due to Other Funds	-	-	-
Loan Payable	-	-	-
Revenue Bonds Payable	50,000	819,828	-
Total Current Liabilities	212,601	2,813,758	86
NONCURRENT LIABILITIES			
Loan Payable	-	8,823,135	-
Revenue Bonds Payable	-	40,000	-
Net Pension Liability	185,764	190,343	-
Other Postemployment Benefit Liability	21,512	20,411	-
Total Noncurrent Liabilities	207,276	9,073,889	-
Total Liabilities	419,877	11,887,647	86
DEFERRED INFLOWS OF RESOURCES			
Gain on Bond Refunding	-	-	-
Pension Related	11,663	11,951	-
Total Deferred Inflows of Resources	11,663	11,951	-
NET POSITION			
Net Investment in Capital Assets	5,220,444	14,530,435	-
Unrestricted	2,385,512	2,760,835	20,123
Total Net Position	\$ 7,605,956	\$ 17,291,270	\$ 20,123

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2020	2019
				Total Proprietary Funds	Total Proprietary Funds
\$ 14,915	\$ 97,026	\$ -	\$ 211,953	\$ 6,000,738	\$ 5,904,446
28	-	282,704	1,115	566,512	448,940
5,617	-	-	-	5,617	1,786
-	-	-	782	1,895	1,949
-	332,851	-	-	332,851	322,466
-	-	-	-	543,289	253,981
-	-	-	48,368	376,029	471,593
<u>20,560</u>	<u>429,877</u>	<u>282,704</u>	<u>262,218</u>	<u>7,826,931</u>	<u>7,405,161</u>
-	30,207	169,232	439,180	992,925	911,752
-	-	1,058,761	21,925	21,430,761	12,779,706
<u>2,716,912</u>	<u>507,877</u>	<u>1,932,835</u>	<u>7,302,314</u>	<u>22,142,287</u>	<u>19,526,851</u>
<u>2,716,912</u>	<u>538,084</u>	<u>3,160,828</u>	<u>7,763,419</u>	<u>44,565,973</u>	<u>33,218,309</u>
<u>2,716,912</u>	<u>538,084</u>	<u>3,160,828</u>	<u>7,763,419</u>	<u>44,565,973</u>	<u>33,218,309</u>
2,737,472	967,961	3,443,532	8,025,637	52,392,904	40,623,470
-	-	-	-	911	2,517
6,909	7,673	-	-	43,942	38,929
-	-	-	-	-	10,574
<u>6,909</u>	<u>7,673</u>	<u>-</u>	<u>-</u>	<u>44,853</u>	<u>52,020</u>
3,396	93,736	18,240	9,449	1,159,804	1,517,862
-	-	18,506	-	922,305	360,720
21,044	561	-	8,467	62,882	34,883
18,565	17,702	-	-	212,120	192,697
2,077	7,312	-	-	18,561	9,802
343,492	-	199,797	-	543,289	253,981
-	-	-	17,474	17,474	17,123
144,000	33,000	-	80,000	1,126,828	1,083,062
<u>532,574</u>	<u>152,311</u>	<u>236,543</u>	<u>115,390</u>	<u>4,063,263</u>	<u>3,470,130</u>
-	-	-	112,425	8,935,560	1,932,929
1,544,000	313,000	-	649,201	2,546,201	2,913,089
88,506	98,297	-	-	562,910	526,462
14,626	7,259	-	-	63,808	59,416
<u>1,647,132</u>	<u>418,556</u>	<u>-</u>	<u>761,626</u>	<u>12,108,479</u>	<u>5,431,896</u>
<u>2,179,706</u>	<u>570,867</u>	<u>236,543</u>	<u>877,016</u>	<u>16,171,742</u>	<u>8,902,026</u>
-	-	-	506	506	577
5,557	6,172	-	-	35,343	123,235
<u>5,557</u>	<u>6,172</u>	<u>-</u>	<u>506</u>	<u>35,849</u>	<u>123,812</u>
1,028,912	192,084	3,142,322	6,241,759	30,355,956	28,054,879
(469,794)	206,511	64,667	906,356	5,874,210	3,594,773
<u>\$ 559,118</u>	<u>\$ 398,595</u>	<u>\$ 3,206,989</u>	<u>\$ 7,148,115</u>	<u>\$ 36,230,166</u>	<u>\$ 31,649,652</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
 YEAR ENDED DECEMBER 31, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
OPERATING REVENUES			
Charges for Services	\$ 1,471,388	\$ 2,403,837	\$ 9,509
Other Operating Revenues	33,690	9,248	23,791
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>1,505,078</u>	<u>2,413,085</u>	<u>33,300</u>
OPERATING EXPENSES			
Personal Services	337,115	343,817	7,601
Materials and Supplies	85,372	59,492	-
Repairs and Maintenance	79,254	183,074	7,419
Management Fees	31,929	17,055	2,441
Professional Services	44,178	119,091	10,047
Insurance	19,443	26,580	53
Utilities	51,889	96,168	960
Depreciation	158,767	691,601	-
Other	109,132	20,173	1,029
Total Operating Expenses	<u>917,079</u>	<u>1,557,051</u>	<u>29,550</u>
Operating Income (Loss)	587,999	856,034	3,750
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	103	641	-
Taxes	-	-	-
Federal Aid and Grants	-	124,880	-
State Aid and Grants	-	3,227,184	-
Donations	-	-	-
Interest on Investments	3,044	3,909	25
Interest Expense and Fiscal Charges	(2,318)	(76,121)	-
Gain (Loss) on Sale of Capital Assets	-	1,393	-
Total Nonoperating Revenues (Expenses)	<u>829</u>	<u>3,281,886</u>	<u>25</u>
Net Income (Loss) Before Transfers	588,828	4,137,920	3,775
TRANSFERS			
Capital Contributions	4,262	15,284	-
Transfers In	-	-	-
Transfers Out	(475,000)	(466,000)	(7,000)
Total Transfers	<u>(470,738)</u>	<u>(450,716)</u>	<u>(7,000)</u>
Change in Net Position	118,090	3,687,204	(3,225)
Net Position - Beginning of Year	<u>7,487,866</u>	<u>13,604,066</u>	<u>23,348</u>
Net Position - End of Year	<u>\$ 7,605,956</u>	<u>\$ 17,291,270</u>	<u>\$ 20,123</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2020 Total Proprietary Funds	2019 Total Proprietary Funds
\$ 36,487	\$ -	\$ 48,800	\$ 522,531	\$ 4,492,552	\$ 4,233,897
9,019	-	25,785	2,047	103,580	108,843
-	2,531,225	-	-	2,531,225	2,042,822
-	(1,881,095)	-	-	(1,881,095)	(1,486,659)
<u>45,506</u>	<u>650,130</u>	<u>74,585</u>	<u>524,578</u>	<u>5,246,262</u>	<u>4,898,903</u>
155,165	168,621	-	-	1,012,319	1,049,053
3,335	55,429	29,620	20	233,268	247,351
7,600	13,377	1,826	29,815	322,365	293,324
-	-	1,430	-	52,855	59,634
4,814	4,565	63,568	7,066	253,329	213,173
23,846	18,898	18,624	12,986	120,430	98,100
10,908	12,901	5,254	-	178,080	162,820
73,910	44,039	278,147	198,896	1,445,360	1,390,789
19,526	25,396	29,537	-	204,793	174,612
<u>299,104</u>	<u>343,226</u>	<u>428,006</u>	<u>248,783</u>	<u>3,822,799</u>	<u>3,688,856</u>
(253,598)	306,904	(353,421)	275,795	1,423,463	1,210,047
-	-	-	933	1,677	2,046
148,270	-	3	-	148,273	150,387
-	-	794,541	-	919,421	600,802
-	-	272,561	-	3,499,745	4,699,624
4,000	-	-	-	4,000	71,161
(593)	163	1	437	6,986	13,581
(51,306)	(14,736)	-	(19,553)	(164,034)	(103,983)
-	-	-	-	1,393	(4,791)
<u>100,371</u>	<u>(14,573)</u>	<u>1,067,106</u>	<u>(18,183)</u>	<u>4,417,461</u>	<u>5,428,827</u>
(153,227)	292,331	713,685	257,612	5,840,924	6,638,874
5,000	-	-	138,044	162,590	11,200
300,000	-	-	-	300,000	1,557,234
-	(325,000)	-	(450,000)	(1,723,000)	(1,119,004)
<u>305,000</u>	<u>(325,000)</u>	<u>-</u>	<u>(311,956)</u>	<u>(1,260,410)</u>	<u>449,430</u>
151,773	(32,669)	713,685	(54,344)	4,580,514	7,088,304
<u>407,345</u>	<u>431,264</u>	<u>2,493,304</u>	<u>7,202,459</u>	<u>31,649,652</u>	<u>24,561,348</u>
<u>\$ 559,118</u>	<u>\$ 398,595</u>	<u>\$ 3,206,989</u>	<u>\$ 7,148,115</u>	<u>\$ 36,230,166</u>	<u>\$ 31,649,652</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers	\$ 1,252,896	\$ 2,586,101	\$ 34,187
Cash Paid to Suppliers	(405,890)	(854,926)	(30,716)
Cash Paid to Employees	(366,110)	(359,858)	(7,601)
Net Cash Provided (Used) by Operating Activities	<u>480,896</u>	<u>1,371,317</u>	<u>(4,130)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal Grants Received	-	124,880	-
Transfers from Other Funds	-	15,284	-
Transfers to Other Funds	(475,000)	(466,000)	(7,000)
Due to/ from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(475,000)</u>	<u>(325,836)</u>	<u>(7,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Loans	-	7,769,858	-
Principal Paid on Bonds	(45,000)	(782,234)	-
Collection of Special Assessments	130	668	-
Collection of Taxes	-	-	-
Interest and Agent Fees on Bonds and Leases	(1,224)	(44,346)	-
Acquisition of Capital Assets	(29,406)	(10,892,409)	-
Capital Contributions Received	-	-	-
Donations	-	-	-
Interest on BAB Bonds	-	-	-
Federal Grants Received	-	-	-
State Grants Received	-	3,227,184	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(75,500)</u>	<u>(721,279)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>3,044</u>	<u>3,909</u>	<u>25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(66,560)	328,111	(11,105)
Cash and Cash Equivalents - January 1	<u>2,161,811</u>	<u>3,243,205</u>	<u>21,382</u>
Cash and Cash Equivalents - December 31	<u>\$ 2,095,251</u>	<u>\$ 3,571,316</u>	<u>\$ 10,277</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 587,999	\$ 856,034	\$ 3,750
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	158,767	691,601	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	566	129,071	(19)
(Increase) Decrease in Due from Other Funds	(289,308)	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related	697	607	-
(Increase) Decrease in Due from Component Unit	36,560	43,945	906
(Increase) Decrease in Inventory	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - OPEB Related	-	-	-
Increase (Decrease) in Accounts Payable	(16,622)	(350,348)	(8,767)
Increase (Decrease) in Retainages Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	10,253	8,089	-
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) In Deferred Inflows of Resources - Pension Related	(28,180)	(28,594)	-
Increase (Decrease) In Net Pension Liability	15,558	17,132	-
Increase (Decrease) in OPEB	2,507	872	-
Increase (Decrease) in Accrued Expenses	2,099	2,908	-
Increase (Decrease) In Deferred Inflows of Resources - OPEB Related	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 480,896</u>	<u>\$ 1,371,317</u>	<u>\$ (4,130)</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of Loss on Bond Refunding	\$ 1,150	\$ 456	\$ -
Amortization of Gain on Bond Refunding	\$ -	\$ -	\$ -
Transfer of Capital Assets	\$ 4,262	\$ 15,284	\$ -
Increase (Decrease) in Retainage and Construction Payable	\$ -	\$ 543,079	\$ -
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2020	2019
				Total Proprietary Funds	Total Proprietary Funds
\$ 46,180	\$ 2,531,225	\$ (179,216)	\$ 544,668	\$ 6,816,041	\$ 5,923,872
(79,730)	(1,992,090)	(149,815)	(51,077)	(3,564,244)	(1,118,539)
(175,820)	(165,223)	(1,430)	-	(1,076,042)	(1,092,561)
(209,370)	373,912	(330,461)	493,591	2,175,755	3,712,772
-	-	-	-	124,880	566,942
300,000	-	-	56,870	372,154	1,308,688
-	(325,000)	-	(450,000)	(1,723,000)	(1,119,004)
89,511	-	199,797	-	289,308	-
389,511	(325,000)	199,797	(393,130)	(936,658)	756,626
-	-	-	-	7,769,858	2,516,391
(138,000)	(32,000)	-	(92,011)	(1,089,245)	(379,684)
-	-	-	933	1,731	2,474
144,439	-	3	-	144,442	150,862
(53,009)	(14,782)	-	-	(113,361)	(83,515)
(127,063)	-	(1,040,254)	(81,175)	(12,170,307)	(8,935,380)
5,000	-	-	24,304	29,304	82,361
4,000	-	-	(20,499)	4,000	-
-	-	-	-	(20,499)	(21,947)
-	-	794,541	-	794,541	33,860
-	-	272,561	-	3,499,745	4,699,624
(164,633)	(46,782)	26,851	(168,448)	(1,149,791)	(1,934,954)
(593)	163	1	437	6,986	13,579
14,915	2,293	(103,812)	(67,550)	96,292	2,548,023
-	94,733	103,812	279,503	5,904,446	3,356,423
\$ 14,915	\$ 97,026	\$ -	\$ 211,953	\$ 6,000,738	\$ 5,904,446
\$ (253,598)	\$ 306,904	\$ (353,421)	\$ 275,795	\$ 1,423,463	\$ 1,210,047
73,910	44,039	278,147	198,896	1,445,360	1,390,789
674	-	(253,801)	3,461	(120,048)	(349,672)
-	-	-	-	(289,308)	23,320
1,284	13,547	-	-	16,135	-
-	-	-	16,629	98,040	(135,338)
-	(10,385)	-	-	(10,385)	(38,645)
-	(10,574)	-	-	(10,574)	-
(9,701)	29,956	(1,386)	(1,190)	(358,058)	1,258,743
-	-	-	-	-	360,720
(4,195)	5,276	-	-	19,423	11,772
-	-	-	-	-	(23,320)
(15,921)	(15,197)	-	-	(87,892)	(27,629)
(3,249)	7,007	-	-	36,448	-
477	536	-	-	4,392	-
949	2,803	-	-	8,759	(26,452)
-	-	-	-	-	58,437
\$ (209,370)	\$ 373,912	\$ (330,461)	\$ 493,591	\$ 2,175,755	\$ 3,712,772
\$ -	\$ -	\$ -	\$ -	\$ 1,606	\$ 1,837
\$ -	\$ -	\$ -	\$ (71)	\$ (71)	\$ (72)
\$ -	\$ -	\$ -	\$ 56,870	\$ 76,416	\$ 248,546
\$ -	\$ -	\$ 18,506	\$ -	\$ 561,585	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (831)

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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds, 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 of commissioners appointed by the city council.

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

Excluded Units -

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

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

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

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

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

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

Municipal State Aid Fund – This special revenue fund is used to account for the accumulation of specific revenue sources that are restricted or committed to expenditure for various street and trail projects and long-term debt principal and interest related to General Obligation State Aid Street Bonds.

2015 Street Improvement Fund – This debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and other activity related to the \$6,735,000 General Obligation Improvement Bonds, Series 2015A.

2017 Street Improvement Fund – This debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and other activity related to the \$4,935,000 General Obligation Bonds, Series 2017B.

The City reports the following major proprietary funds:

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents

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

Taxes and Special Assessments

Current taxes and special assessments receivable at December 31, 2020, 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 2020 and prior years and are offset by unavailable revenues in the governmental fund financial statements.

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

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

Accounts Receivable - Utilities

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

Noncurrent Special Assessments

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

Inventory

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

Land Held for Resale

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital 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 acquisition value as of the date of the donation. Capital assets are defined by the City as assets with an initial cost of more than \$5,000. The cost of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Deferred Outflows of Resources

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

Compensated Absences

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Postemployment Benefit Liability

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

Long-Term Obligations

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

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

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

Pensions

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows of Resources

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

Fund Balance

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

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

Interfund Receivables and Payables

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

Property Tax Revenue Recognition

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property Tax Revenue Recognition (Continued)

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

Net Position

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

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. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2019, from which the summarized comparative information was derived. Certain amounts in the prior year financial statements have been reclassified for comparative purposes with the presentation in the current year financial statements.

**CITY OF GLENCOE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were supplemental appropriations in 2020.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 4,663,242	\$ 4,955,445

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

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. The City’s deposits were not exposed to custodial credit risk at December 31, 2020.

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

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

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

The City’s deposits in the depository banks at December 31, 2020 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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

Investments

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

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

The City had no investments at December 31, 2020.

The deposits are presented in the financial statements as follows:

Deposits	\$ 11,143,146
Total	\$ 11,143,146

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

Cash and Cash Equivalents - Governmental Activities	\$ 5,142,408
Cash and Cash Equivalents - Business-Type Activities	6,000,738
Total	\$ 11,143,146

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,221,150	\$ -	\$ -	\$ 1,221,150
Construction in Progress	2,453,551	889,932	(2,536,288)	807,195
Total Capital Assets, Not Being Depreciated	3,674,701	889,932	(2,536,288)	2,028,345
Capital Assets, Being Depreciated:				
Buildings	4,729,461	8,529	-	4,737,990
Improvements Other than Buildings	2,844,857	73,007	-	2,917,864
Office Equipment and Furniture	8,955	9,743	-	18,698
Vehicles	2,131,747	29,406	-	2,161,153
Machinery and Shop Equipment	1,056,694	140,844	(128,349)	1,069,189
Infrastructure	17,167,634	2,536,288	-	19,703,922
Total Capital Assets, Being Depreciated	27,939,348	2,797,817	(128,349)	30,608,816
Accumulated Depreciation:				
Buildings	(1,574,959)	(92,734)	-	(1,667,693)
Improvements Other than Buildings	(2,093,808)	(113,333)	-	(2,207,141)
Office Equipment and Furniture	(895)	(2,036)	-	(2,931)
Vehicles	(1,512,752)	(118,881)	-	(1,631,633)
Machinery and Shop Equipment	(664,853)	(57,793)	118,484	(604,162)
Infrastructure	(6,955,857)	(719,977)	-	(7,675,834)
Total Accumulated Depreciation	(12,803,124)	(1,104,754)	118,484	(13,789,394)
Total Capital Assets, Being Depreciated, Net	15,136,224	1,693,063	(9,865)	16,819,422
Governmental Activities Capital Assets, Net	<u>\$ 18,810,925</u>	<u>\$ 2,582,995</u>	<u>\$ (2,546,153)</u>	<u>\$ 18,847,767</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 19,434
Public Safety	112,961
Public Works	814,154
Culture and Recreation	158,205
Total Depreciation Expense, Governmental Activities	<u>\$ 1,104,754</u>

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended December 31, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital Assets, not Being Depreciated				
Land	\$ 911,752	\$ 81,173	\$ -	\$ 992,925
Construction in Progress	12,779,706	12,495,779	(3,844,724)	21,430,761
Total Capital Assets, not Being Depreciated	13,691,458	12,576,952	(3,844,724)	22,423,686
Capital Assets, Being Depreciated:				
Buildings	10,786,414	131,988	-	10,918,402
Improvements Other than Buildings	4,901,864	256,603	-	5,158,467
Vehicles	181,796	29,406	-	211,202
Office Equipment and Furniture	123,158	-	-	123,158
Machinery and Shop Equipment	1,485,818	11,173	-	1,496,991
Infrastructure	16,696,944	3,631,626	-	20,328,570
Total Capital Assets, Being Depreciated	34,175,994	4,060,796	-	38,236,790
Accumulated Depreciation:				
Buildings	(6,246,109)	(614,685)	-	(6,860,794)
Improvements Other than Buildings	(1,683,674)	(310,660)	-	(1,994,334)
Vehicles	(153,680)	(13,697)	-	(167,377)
Office Equipment and Furniture	(51,324)	(14,537)	-	(65,861)
Machinery and Shop Equipment	(1,311,639)	(53,405)	-	(1,365,044)
Infrastructure	(5,202,717)	(438,376)	-	(5,641,093)
Total Accumulated Depreciation	(14,649,143)	(1,445,360)	-	(16,094,503)
Total Capital Assets, Being Depreciated, Net	19,526,851	2,615,436	-	22,142,287
Business-Type Capital Assets, Net	\$ 33,218,309	\$ 15,192,388	\$ (3,844,724)	\$ 44,565,973

Depreciation expense was charged to proprietary activities as follow:

Proprietary Activities:	
Water Fund	\$ 158,767
Wastewater Treatment Plant Fund	691,601
City Center Fund	73,910
Municipal Liquor Fund	44,039
Airport Fund	278,147
Storm Water Management Fund	198,896
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,445,360</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2020:

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities -							
<u>General Obligation Bonds</u>							
\$380,000 Taxable G.O. Tax Increment Bonds - Series 2014C	3.25% - 4.45%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/29	\$ 290,000	\$ -	\$ (25,000)	\$ 265,000	\$ 25,000
\$453,000 G.O. Tax Increment Revenue Bonds - Series 2018B	3.50% - 4.00%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 6/1 until 6/1/34	453,000	-	(31,000)	422,000	23,000
Total General Obligation Bonds			743,000	-	(56,000)	687,000	48,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

				Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - (Continued)								
<u>Special Assessment Bonds</u>								
\$2,415,000 G.O. Refunding Bonds - Series 2012A \$810,000 Portion	.55% - 2.75%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28		\$ 520,000	\$ -	\$ (55,000)	\$ 465,000	\$ 55,000
\$1,925,000 G.O. Improvement Bonds - Series 2014A	2.00% - 2.50%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/25		1,200,000	-	(190,000)	1,010,000	190,000
\$6,735,000 G.O. Improvement Bonds - Series 2015A	2.00% - 3.50%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/30		5,105,000	-	(425,000)	4,680,000	430,000
\$4,025,000 G.O. Bonds - Series 2016A	2.00% - 3.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/31		3,345,000	-	(245,000)	3,100,000	255,000
\$875,000 G.O. Refunding Bonds - Series 2016B	2.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/24		565,000	-	(110,000)	455,000	110,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - (Continued)							
<u>Special Assessment Bonds (Continued)</u>							
\$4,935,000 G.O. Bonds - Series 2017B	2.00% - 3.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/32	\$ 4,440,000	\$ -	\$ (295,000)	\$ 4,145,000	\$ 300,000
\$6,985,000 G.O. Bonds - Series 2018A	3.00% - 4.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/1/39	6,785,000	-	(250,000)	6,535,000	265,000
Total Special Assessment Bonds			<u>21,960,000</u>	<u>-</u>	<u>(1,570,000)</u>	<u>20,390,000</u>	<u>1,605,000</u>
Total Bonds Payable			22,703,000	-	(1,626,000)	21,077,000	1,653,000
<u>Loans</u>							
DEED Loan	2.00%	Interest due semi- annually on 2/15 and 8/15 and principal due annually on 2/15 until 2/15/30	70,131	-	(6,341)	63,790	6,379
2018 Case Puma Tractor Loan	4.50%	Interest and principal due annually on 4/15 until 4/15/23	82,238	-	(19,217)	63,021	20,077
Total Loans			152,369	-	(25,558)	126,811	26,456

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - (Continued)							
<u>Capital Leases</u>							
Johnson Control Project	4.38%	Lease payment of \$31,001 due semi-annually until 2/25/21	\$ 91,947	\$ -	\$ (60,632)	\$ 31,315	\$ 31,315
2017 Ford F-550 Pickup	2.25%	Lease payments of \$14,665 due annually until 2/23/21	28,370	-	(14,027)	14,343	14,343
2018 Rosenbauer Commander	4.35%	Lease payments of \$90,267 due annually until 3/1/23	324,955	-	(76,123)	248,832	79,436
Total Capital Leases			445,272	-	(150,782)	294,490	125,094
Unamortized Bond Discount			(819)	-	154	(665)	-
Unamortized Bond Premium			559,872	-	(46,353)	513,519	-
Compensated Absences Payable			359,715	222,456	(198,807)	383,364	380,000
Total Governmental Activities Long-Term Liabilities			<u>\$ 24,219,409</u>	<u>\$ 222,456</u>	<u>\$ (2,047,346)</u>	<u>\$ 22,394,519</u>	<u>\$ 2,184,550</u>

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities							
\$270,000 G.O. Taxable Sewer Revenue Bonds - Series 2010B	4.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/21	\$ 75,000	\$ -	\$ (35,000)	\$ 40,000	\$ 40,000
\$4,020,000 G.O. Refunding Bonds - Series 2011A \$380,000 Portion	.55% - 3.45%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/22	105,000	-	(35,000)	70,000	30,000
\$2,415,000 G.O. Refunding Bonds - Series 2012A \$410,000 Portion	.55% - 2.75%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/21	95,000	-	(45,000)	50,000	50,000
\$2,415,000 G.O. Refunding Bonds - Series 2012A \$1,195,000 Portion	.55% - 2.75%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	805,000	-	(75,000)	730,000	80,000
\$626,000 Gross Revenue Event Facility Refunding Bonds - Series 2013A	2.50% - 4.75%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	410,000	-	(38,000)	372,000	40,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities - (Continued)							
\$517,000 Liquor Store Revenue Bonds - Series 2014	2.30% - 4.25%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/29	\$ 378,000	\$ -	\$ (32,000)	\$ 346,000	\$ 33,000
\$1,516,000 G.O. Capital Improvement Plan Refunding Bonds - Series 2017A	2.60%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/31	1,416,000	-	(100,000)	1,316,000	104,000
Total Bonds Payable			<u>3,284,000</u>	<u>-</u>	<u>(360,000)</u>	<u>2,924,000</u>	<u>377,000</u>
Loan Payable - Marsh Creek Project	2.00%	Interest and principal due annually on 5/10 until 5/10/27	147,022	-	(17,123)	129,899	17,474
2019 Clean Water State Revolving Loan Fund	1.00%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 8//1 until 8/20/38	2,516,317	7,769,858	(713,062)	9,573,113	749,828
Total Bonds Payable			5,947,339	7,769,858	(1,090,185)	12,627,012	1,144,302
Unamortized Bond Discount			(1,136)	-	187	(949)	-
Total Business-Type Long-Term Liabilities			<u>\$ 5,946,203</u>	<u>\$ 7,769,858</u>	<u>\$ (1,089,998)</u>	<u>\$ 12,626,063</u>	<u>\$ 1,144,302</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 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
2021	\$ 1,653,000	\$ 621,115	\$ 377,000	\$ 82,270	\$ 2,030,000	\$ 703,385
2022	1,689,000	584,401	310,000	72,881	1,999,000	657,282
2023	1,705,000	544,391	276,000	63,997	1,981,000	608,388
2024	1,786,000	491,580	285,000	56,012	2,071,000	547,592
2025	1,702,000	444,207	292,000	47,479	1,994,000	491,686
2026 - 2030	7,843,000	1,554,096	1,242,000	101,703	9,085,000	1,655,799
2031 - 2035	3,264,000	549,501	142,000	1,846	3,406,000	551,347
2036 - 2040	1,435,000	105,175	-	-	1,435,000	105,175
Total	<u>\$ 21,077,000</u>	<u>\$ 4,894,466</u>	<u>\$ 2,924,000</u>	<u>\$ 426,188</u>	<u>\$ 24,001,000</u>	<u>\$ 5,320,654</u>

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

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

In 2015, the City of Glencoe entered into a loan agreement with the Minnesota Department of Employment and Economic Development in the amount of \$82,927. The proceeds of the loan were used to pay the costs associated with the demolition of the former Economart Building for future economic development within the City. Assets of the City are dedicated to retire this loan.

In 2018, the City of Glencoe entered into a loan agreement with Security Bank & Trust Co. in the amount of \$100,540. The proceeds of the loan were used to pay for a 2018 Case Puma Tractor. Assets of the City are dedicated to retire this loan.

In 2018, the City of Glencoe entered into a loan agreement with the Buffalo Creek Watershed District in the amount of \$183,186. The proceeds of the loan were used to pay the costs associated with the Marsh Water Project. Assets of the City are dedicated to retire this loan.

In 2019, the City of Glencoe entered into a loan agreement through the Minnesota Public Facilities Authority Clean Water State Revolving Loan Fund for the rehabilitation of existing facilities and advanced treatment improvements to meet phosphorus limits. The City is authorized to borrow up to \$15,397,062 under the loan agreement. As of December 31, 2020, the City has borrowed \$10,286,175.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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

Year Ending December 31,	DEED Loan		Case Puma Tractor Loan		Marsh Creek Project Loan		MN PFA CWRF Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 6,379	\$ 1,212	\$ 20,077	\$ 2,875	\$ 17,474	\$ 2,598	\$ 749,828	\$ 142,531	\$ 793,758	\$ 149,216
2022	6,379	1,084	20,993	1,959	17,823	2,249	756,000	135,570	801,195	140,862
2023	6,379	957	21,951	1,002	18,180	1,892	764,000	127,970	810,510	131,821
2024	6,379	829	-	-	18,539	1,533	771,000	120,295	795,918	122,657
2025	6,379	702	-	-	18,914	1,158	779,000	112,545	804,293	114,405
2026 - 2030	31,895	1,604	-	-	38,969	1,173	4,012,000	104,720	4,082,864	107,497
2031 - 2035	-	-	-	-	-	-	4,219,000	238,025	4,219,000	238,025
2036 - 2038	-	-	-	-	-	-	2,634,000	39,690	2,634,000	39,690
Total	\$ 63,790	\$ 6,388	\$ 63,021	\$ 5,836	\$ 129,899	\$ 10,603 *	\$ 14,684,828	\$ 1,021,346	\$ 14,941,538	\$ 1,044,173

* As of December 31, 2020, the City had drawn \$10,286,175 of the \$15,397,062 available. The remaining \$5,110,887 will be drawn in future years.

In 2020 and prior years, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital assets related to the capital leases have a cost of \$789,459 and \$340,457 of accumulated depreciation at December 31, 2020.

The future minimum lease obligations and the net present value of the City's minimum lease payments as of December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Capital Leases Payable</u>
2021	\$ 136,933
2022	90,267
2023	90,267
Total Minimum Lease Payments	317,467
Less Amount Representing Interest	22,977
Present Value of Minimum Lease Payments	<u>\$ 294,490</u>

Conduit Debt

On August 1, 2005, the City issued Health Care Facilities Revenue Bonds, Series 2005 in the amount of \$25,075,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2001 and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. On February 1, 2013, the City issued Health Care Facilities Revenue Refunding Bonds, Series 2013 in the amount of \$22,190,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2005. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. As of December 31, 2020, the principal amount outstanding was \$15,205,000.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 OPERATING LEASES

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 20,819
2022	9,302
2023	4,479
2024	2,613
Total	<u>\$ 37,213</u>

The City had \$35,031 of expenditures for these leases in 2020.

NOTE 7 RESTRICTED FUND BALANCES

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

A. Restricted for Street Improvement Projects

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

B. Restricted for Debt Service

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

C. Restricted for Capital Projects

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

D. Restricted for Firemen's Relief Association Pension Asset

This restricted fund balance represents accumulated resources available for the payment of retirement benefits associated with the City's Fire Department Relief Association.

NOTE 8 COMMITTED FUND BALANCES

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

A. Committed for Aquatic Center

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 COMMITTED FUND BALANCES (CONTINUED)

B. Committed for Cable TV

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

NOTE 9 ASSIGNED FUND BALANCES

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

A. Assigned for Park Improvement

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

B. Assigned for Cemetery

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

C. Assigned for Engineering and Inspection Services

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

NOTE 10 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Benefits Provided

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

1. General Employees Plan Benefits

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

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

2. Police and Fire Plan Benefits

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefit (Continued)

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

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020, were \$117,098. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of their pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$104,054. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$1,277,032 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2020. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$39,457 for a total of \$1,316,489. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The City's proportionate share was .0213% at the end of the measurement period and .0212% for the beginning of the period.

For the year ended December 31, 2020, the City recognized pension expense of \$50,453 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$3,434 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 11,643	\$ 4,832
Changes in Actuarial Assumptions	-	47,345
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,062	-
Changes in Proportion	6,388	28,000
Contributions Paid to PERA Subsequent to the Measurement Date	59,595	-
Total	<u>\$ 99,688</u>	<u>\$ 80,177</u>

\$59,595 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (83,209)
2022	(13,602)
2023	25,872
2024	30,855

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$660,371 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers.

The City's proportionate share was .0501% at the end of the measurement period and .0525% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$71,321 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$4,779 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$15,533 for a total of \$675,905 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2020, the City reported its proportionate share of the Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 29,179	\$ 31,361
Changes in Actuarial Assumptions	221,304	411,850
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,059	-
Changes in Proportion	33,865	59,866
Contributions Paid to PERA Subsequent to the Measurement Date	55,735	-
Total	<u>\$ 360,142</u>	<u>\$ 503,077</u>

\$55,735 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (57,032)
2022	(191,446)
2023	25,988
2024	30,216
2025	(6,396)

E. Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2020, was \$226,595.

F. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>
Inflation	2.25 Percent per Year	2.50 Percent per Year
Active Member Payroll Growth	3.00 Percent per Year	3.25 Percent per Year
Investment Rate of Return	7.50 Percent	7.50 Percent

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommend assumptions for the plan was adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates for disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5 %	5.10%
International Stocks	17.5	5.30%
Fixed Income	20.0	0.75%
Alternative Assets	25.0	5.90%
Cash Equivalents	2.0	0.00%
Totals	<u>100 %</u>	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

Description	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
City's Proportionate Share of the GERF Net Pension Liability	\$ 2,046,640	\$ 1,277,032	\$ 642,168
City's Proportionate Share of the PEPFP Net Pension Liability	1,316,216	660,371	117,776

I. Pension Plan Fiduciary Net Position

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

NOTE 11 DEFINED CONTRIBUTION PLAN

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

**CITY OF GLENCOE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 11 DEFINED CONTRIBUTION PLAN (CONTINUED)

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

Total contributions made by the City during 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,485	\$ 1,485	5%	5%	5%

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

Plan Description

Firefighters of the City are members of the Glencoe Fire Department Relief Association. The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2018, membership includes 40 active participants, eight terminated members entitled to benefit but not yet receiving them and eight retired members currently receiving benefits. The plan issues a stand-alone financial statement.

Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 20 years of active service with such department before retirement, and has been a member of the Association in good standing at least five years prior to such retirement shall be entitled to a lump sum service pension in the amount of \$3,000 for each year of active Fire Department service (including each year over 20) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

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

If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum of \$3,000 for each year the member was an active member of the Glencoe Fire Department. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension. A death benefit is also available, which is payable to a survivor.

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

Contributions

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

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

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$45,591 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2019. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2019 was \$0.

Pension Costs

At December 31, 2020, the City reported an asset of \$280,791 for the Association's net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Pension Costs

As a result of its requirement not to contribute to the Relief Association, the City recognized expense of \$96,608 for the year ended December 31, 2020. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 6,635	\$ 23,006
Changes in Actuarial Assumptions	34,775	12,612
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	73,197
City Contributions Subsequent to the Measurement Date	39,776	-
Total	<u>\$ 81,186</u>	<u>\$ 108,815</u>

The City contributions to the Association subsequent to the measurement date, \$39,776 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to the Association's pension will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (20,968)
2021	(17,546)
2022	(5,482)
2023	(32,801)
2024	28
Thereafter	9,364

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight Line Closed
Actuarial Assumptions:	
Discount Rate	5.75%
Investment Rate of Return	5.75%
20-Year Municipal Bond Yield	2.75%
Inflation Rate	2.50%
Age of Service Retirement	50

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.75%).

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

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan’s asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation at December 31, 2019</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash and Equivalents	11.75 %	0.74%	3.24%
Fixed Income	23.99	2.01%	4.51%
Domestic Equity	61.52	4.76%	7.26%
International Equity	2.74	5.41%	7.91%
Real Estate and Alternatives	-	4.53%	7.03%
Total Portfolio	<u>100.00 %</u>		

Discount Rate

The discount rate used to measure the total pension liability was 5.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Pension Liability Sensitivity

The following presents the City of Glencoe’s proportionate share of the net pension asset of the Association, calculated using the discount rate of 5.75%, as well as what the Association’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

	1% Decrease	Selected Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (245,051)	\$ (280,791)	\$ (314,470)
Discount Rate	4.75%	5.75%	6.75%

Plan’s Fiduciary Net Position

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

ASSETS

Cash and Cash Equivalents	\$ 50,568
Fixed Income Securities	437,249
Mutual Funds	877,019
Accounts Receivable	960
Accrued Interest	2,397
Total Assets	\$ 1,368,193

NET POSITION

Restricted for Fire Pensions	\$ 1,368,193
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REVENUES

Fire State Aid	\$ 43,591
State 10% Supplemental Reimbursement	2,000
Municipal Contribution	29,211
Investment Income	213,025
Total Revenues	287,827

EXPENSES

Pension Distributions	34,493
Administrative	12,152
Total Expenses	46,645

CHANGE IN NET POSITION

	241,182
Net Position - Beginning of Year	1,127,011

NET POSITION - END OF YEAR

	\$ 1,368,193
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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

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

	Measurement Date December 31, 2019
<u>Total Pension Liability</u>	
Service Cost	\$ 49,984
Interest	57,642
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Changes of Benefit Terms	44,542
Benefit Payments, Including Member Contribution Refunds	<u>(34,493)</u>
Net Change in Total Pension Liability	117,675
Total Pension Liability - Beginning of Year	<u>969,727</u>
Total Pension Liability - End of Year (a)	1,087,402
Plan Fiduciary Net Position	
Municipal Contributions	29,211
State Contributions	45,591
Net Investment Income	213,025
Miscellaneous	-
Transfer from General Fund	-
Benefit Payments	(34,493)
Administrative Expenses	<u>(12,152)</u>
Net Change in Fiduciary Net Position	241,182
Fiduciary Net Position - Beginning of Year	<u>1,127,011</u>
Fiduciary Net Position - End of Year (b)	<u>1,368,193</u>
Association’s Net Pension Liability/(Asset) - End of Year (a) - (b)	<u>\$ (280,791)</u>

NOTE 13 TOTAL OF ALL PENSION PLANS

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

	Pension Liability (Asset)	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
Public Employees Retirement Association - City	\$ 1,937,403	\$ 459,830	\$ 583,254	\$ 125,208
Public Employees Retirement Association - Component Unit	845,903	93,154	50,949	90,067
Fire Relief Association	(280,791)	81,186	108,815	241,182
Total	<u>\$ 2,502,515</u>	<u>\$ 634,170</u>	<u>\$ 743,018</u>	<u>\$ 456,457</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 13 TOTAL OF ALL PENSION PLANS (CONTINUED)

Description	General Employees Plan	Police and Fire Fund	Fire Relief Association	Total
Net Pension Asset	\$ -	\$ -	\$ 280,791	\$ 280,791
Net Pension Liability	1,277,032	660,371	-	1,937,403
Deferred Outflows of Resources	99,688	360,142	81,186	541,016
Deferred Inflows of Resources	80,180	503,077	108,815	692,072
Pension Expense	53,887	76,100	96,608	226,595

NOTE 14 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 does not contribute to the plan.

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City operates a single-employer postemployment defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the City's health insurance plan. The plan covers active and retired employees who have reached age 65 or the rule of 85 or are disabled in the line of duty for police and fire employees. There are 28 active participants and 3 retired participants. Benefit and eligibility provisions are established through the City's Personnel Policy. The City has the authority to change the Personnel Policy at any time. The plan does not issue a publicly available financial report.

Funding Policy

The City does not have assets designated to pay for OPEB related costs. Contribution requirements are set by the City. The City contributes 100% of the cost of current-year premiums for eligible retired plan members. Payments for these benefits are on a pay-as-you-go method under which the contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. For the year ended December 31, 2020, there were three retirees and \$30,575 of contributions to the plan.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The City's OPEB liability was measured as of December 31, 2019, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2019.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	5.2% Decreasing to 4.0% in 2075 and later years

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

The actuarial assumptions used in December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.75%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Changes in the Net OPEB Liability

	Total OPEB Liability
Balances at December 31, 2019	<u>\$ 175,345</u>
Changes for the Year:	
Service Cost	5,312
Interest	6,135
Assumption Changes	11,187
Difference between expected and actual experience	24,162
Benefit Payments	<u>(30,575)</u>
Net Change in Total OPEB Liability	<u>16,221</u>
Balances at December 31, 2020	<u><u>\$ 191,566</u></u>

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

	1% Decrease <u>(1.75%)</u>	Discount Rate <u>(2.75%)</u>	1% Decrease <u>(3.75%)</u>
Net OPEB Liability	<u>\$ 181,776</u>	<u>\$ 191,566</u>	<u>\$ 202,707</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.20% decreasing to 3.0% over five years) or 1% higher (7.2% decreasing to 5% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.2% Decreasing to 3.0%)	Current Trend Rates (6.2% Decreasing to 4.0%)	1% Increase (7.2% Decreasing to 5.0%)
<u>Medical Trend Rate</u>			
Net OPEB Liability	\$ 165,430	\$ 191,566	\$ 186,441

For the year ended December 31, 2020, the City recognized OPEB expense of \$46,797. At December 31, 2020, the City reported no deferred inflows of resources, and \$33,823 in deferred outflows of resources resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year December 31, 2021.

NOTE 16 FRANCHISE TO CITY

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

Beginning in 1998, the Commission and the City of Glencoe agreed that the annual transfers in lieu of taxes would be \$50,000. Starting in 2011, this amount increased to \$75,000. In addition, the Commission approved a \$2,500 increase starting in 2012 for seven consecutive years. In addition, the Commission provided, at no cost to the City, street lights and street light maintenance in the amount of \$21,038 for 2020.

NOTE 17 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 18 COMMITMENTS AND CONTINGENT LIABILITIES

The City has entered into a construction contract for the wastewater treatment plant phosphorus project. The estimated costs to completion of the approximately \$20,500,000 project are approximately \$3,472,000 as of December 31, 2020. Accounts payable and retainages payable at December 31, 2020 include \$903,799 in contracts and retainages payable.

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 19 RECONCILIATION OF OPERATING TRANSFERS

	Transfers In	Transfers Out
Governmental Fund Types		
General Fund	\$ 727,235	\$ (113,600)
Municipal State Aid	-	(127,549)
2015 Street Improvement Fund	340,000	-
2017 Street Improvement Fund	165,000	-
Nonmajor Governmental Funds	753,756	(321,842)
Total Governmental Funds	1,985,991	(562,991)
Proprietary Fund Types		
Water Fund	-	(475,000)
Wastewater Treatment Plant Fund	-	(466,000)
Sanitation Fund	-	(7,000)
City Center Fund	300,000	-
Municipal Liquor Fund	-	(325,000)
Storm Water Management Fund	-	(450,000)
Total Proprietary Funds	300,000	(1,723,000)
Total Operating Transfers	\$ 2,285,991	\$ (2,285,991)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 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 deficit reduction, funding debt payments, shared services, paying for management services provided by City Administrative staff, project administration, campground improvements, equipment upgrades, Hennepin Avenue ADA Improvement Project Costs, 2016 Street Improvement Project Costs, 2017 Street Improvement Project Costs and 2018 Storm Water Improvement Project Costs. \$52,692 of the transfers out from the Nonmajor Governmental Funds were for the contribution of capital assets to other funds, \$23,724 of the transfers out from the general fund was for the contribution of capital assets to other funds, and \$476,949 of transfers out from the Water fund were for the contribution of capital assets to other funds. Accordingly, these are recorded as transfers in of \$4,262 in the Water Fund, \$15,284 in the Wastewater Treatment Plant Fund, \$56,870 in the Storm Water Management Fund, \$176,949 in the General Fund, \$140,000 in the 2015 Street Improvement Fund, \$70,000 in the 2017 Street Improvement fund and \$90,000 in the Nonmajor Governmental funds, respectively.

NOTE 20 TAX ABATEMENTS

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

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

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

As of December 31, 2020, the Developer has not completed the requirements for the tax abatement, therefore, there were no abated property taxes by the City in 2020 under this agreement.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 21 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, the City Council approved the issuance of general obligation refunding bonds totaling \$1,905,000. The bonds are expected to be used to currently refund general obligation refunding bonds series 2012A and currently refund general obligation improvement bonds series 2014A.

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Commission’s deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. The Commission’s deposits were not exposed to custodial credit risk at December 31, 2020.

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

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

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

The Commission’s deposits in banks at December 31, 2020 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Deposits and Investments (Continued)

Investments (Continued)

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

At December 31, 2020, the Light and Power Commission had the following investments:

	Amount
Negotiable Certificates of Deposit	\$ 497,985

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Commission’s investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the Commission’s investments by maturity:

Type	Total	12 Months or less	13 to 24 Months	25 to 60 Months
Negotiable CD's	\$ 497,985	\$ 497,985	\$ -	\$ -

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Deposits and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk – Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Investments in any one issuer (other than U.S. Treasury) that represent 5% or more of total fund investments at December 31, 2020 are as follows:

<u>Type</u>	<u>Amount</u>	<u>Percentage</u>
GE Cap Ret Bk Draper UT CD	\$ 245,938	49.4
CIT Salt Lake City UT CD	252,047	50.6
Total	<u>\$ 497,985</u>	

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The deposits and investments are made up of the following:

<u>Type</u>	<u>Credit Quality Rating</u>	<u>Amount</u>
Negotiable Certificates of Deposit	Not Rated	<u>\$ 497,985</u>

Fair Value Measurements

The Commission follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Commission has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are value using inputs and that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are value based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Asset measured at fair value on a recurring basis:

	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
Investments by fair value level				
Negotiable Certification of Deposits	\$ 497,985	\$ -	\$ 497,985	\$ -

Restricted Assets

Commission resolutions have established the following restricted assets to reflect conditions of bond issues and other financial considerations:

Expansion Fund	\$ 3,047,791
Catastrophic Reserve Fund	1,944,072
Total Designated Cash	<u>\$ 4,991,863</u>

A summary of the significant purposes of the restricted assets is as follows:

Expansion Fund - Designated

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

Catastrophic Reserve Fund - Designated

Commission designated funds for relief from unexpected catastrophic events.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

A summary of capital asset activity for the year ended December 31, 2020 is as follows:

	2020			
	Beginning Balance	Additions	Retirements	Ending Balance
PLANT IN SERVICE				
Buildings, Land, and Land Improvements	\$ 1,977,503	\$ 10,237	\$ -	\$ 1,987,740
Engines, Auxiliaries, and Switch Boards	13,763,323	172,400	-	13,935,723
Distribution System	7,696,283	-	-	7,696,283
Transmission System	11,544,191	-	-	11,544,191
Street Lights	175,454	-	-	175,454
Substation	2,697,596	27,897	-	2,725,493
Loop Feeder	468,366	-	-	468,366
Meters	630,538	244,117	-	874,655
Total Plant in Service	38,953,254	454,651	-	39,407,905
Less: Accumulated Depreciation	(22,741,173)	(858,823)	-	(23,599,996)
Net Plant in Service	16,212,081	(404,172)	-	15,807,909
CONSTRUCTION WORK-IN-PROGRESS				
Net Utility Plant	11,979	142,445	(146,924)	7,500
Net Utility Plant	16,224,060	(261,727)	(146,924)	15,815,409
NONUTILITY PROPERTY				
Building and Improvements	447,364	-	-	447,364
Transportation Equipment	1,398,149	-	-	1,398,149
Plant Tools and Equipment	178,254	-	-	178,254
Office Equipment	217,942	9,364	-	227,306
Total Nonutility Property	2,241,709	9,364	-	2,251,073
Less: Accumulated Depreciation	(1,264,576)	(108,145)	-	(1,372,721)
Net Nonutility Property	977,133	(98,781)	-	878,352
Total Net Capital Assets	<u>\$ 17,201,193</u>	<u>\$ (360,508)</u>	<u>\$ (146,924)</u>	<u>\$ 16,693,761</u>

Capital assets that are not being depreciated (including land and construction-in-progress) totaled \$297,767 at December 31, 2020.

Long-Term Liabilities

A summary of long-term debt activity for the year ended December 31, 2020 is as follows:

	Beginning	Additions	Retirements	Ending
Revenue Bonds Payable	\$ 3,230,000	\$ -	\$ (3,230,000)	\$ -
Plus Issuance Premiums	51,637	-	(51,637)	-
Compensated Absences Payable	153,363	131,628	(180,697)	104,294
Capital Lease Payable	10,740	-	(4,010)	6,730
Total	<u>\$ 3,445,740</u>	<u>\$ 131,628</u>	<u>\$ (3,466,344)</u>	<u>\$ 111,024</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 6,697
2022	1,169
Total Minimum Lease Payments	7,866
Less: Amount representing Interest	(1,136)
Present Value of Minimum Lease Payments	<u>\$ 6,730</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan

Pension Description

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

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

Benefits Provided

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

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Contributions

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Contributions (Continued)

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2020 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2020 were \$84,619. The Commission's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2020, the Commission reported a liability of \$947,282 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2020. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$29,34. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the Commission's proportionate share was .0158% at the end of the measurement period and .0153% for the beginning of the period.

For the year ended December 31, 2020, the Commission recognized pension expense of \$24,909 for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$2,528 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the Commission reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 8,637	\$ 3,584
Changes in Actuarial Assumptions	-	35,119
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	16,365	-
Changes in Proportion	27,001	12,246
Commission Contributions Subsequent to the Measurement Date	41,151	-
Total	<u>\$ 93,154</u>	<u>\$ 50,949</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Pension Costs (Continued)

\$41,151 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2021	\$ (56,440)
2022	8,633
2023	25,973
2024	22,888

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

<u>Assumptions</u>	<u>General Employee Plan</u>
Inflation	2.25% per Year
Salary Increases	3.00% per Year
Investment Rate of Return	7.50%

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

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates for disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5 %	5.10%
International Stocks	17.5	5.30%
Fixed Income	20.0	0.75%
Alternative Assets	25.0	5.90%
Cash Equivalents	2.0	0.00%
Totals	<u>100 %</u>	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

<u>Measurement Date</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
June 30, 2020			
<u>General Employee Plan Discount Rate</u>	6.50%	7.50%	8.50%
Commission's Proportionate Share of the Net Pension Liability	\$ 1,518,165	\$ 947,282	\$ 476,350

Pension Plan Fiduciary Net Position

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

Other Postemployment Benefits

Plan Description

The Commission operates a single-employer postemployment defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the Commission's health insurance plan. The plan covers active and retired employees who have reached 20 years of service and are under the age of 62 or 15 years of service and are age 63. There are 14 active participants and 2 retired participants. Benefit and eligibility provisions are established through the Commission's Personnel Policy. The Commission has the authority to change the Personnel Policy at any time. The plan does not issue a publicly available financial report.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

Funding Policy

The Commission does not have assets designated to pay for OPEB related costs. Contribution requirements are set by the Commission. The Commission contributes 100 percent of the cost of current-year premiums for eligible retired plan members. Payments for these benefits are on a pay-as-you-go method under which the contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. For the year ended December 31, 2020, there were two retirees and \$21,131 of contributions to the plan.

Actuarial Methods and Assumptions

The Commission's OPEB liability was measured as of December 31, 2019, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2019.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	6.2% Decreasing to 4.0% Over Several Decades

Mortality rates were based on the RP-2014 with projected mortality improvements based on scale MP-2018, and other adjustments.

The actuarial assumptions used in December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.75%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

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

- Retiree premiums were updated to current levels.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 22 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Changes in the Net OPEB Liability:

	<u>Total OPEB Liability</u>
Balances at December 31, 2019	\$ 355,842
Changes for the Year:	
Service Cost	13,106
Interest	13,296
Assumption Changes	12,306
Difference between Expected and Actual Experience	(3,685)
Benefit Payments	<u>(21,131)</u>
Net Change in Total OPEB Liability	13,892
Balances at December 31, 2020	<u><u>\$ 369,734</u></u>

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

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Decrease (3.75%)
Net OPEB Liability \$	382,831	\$ 369,734	\$ 356,951

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

	1% Decrease (5.2% Decreasing to 4.2%)	Current Trend Rates (6.2% Decreasing to 5.2%)	1% Decrease (7.2% Decreasing to 6.2%)
<u>Medical Trend Rate</u>			
Net OPEB Liability \$	353,785	\$ 369,734	\$ 387,048

For the year ended December 31, 2020, the Commission recognized OPEB expense of \$35,023. At December 31, 2020, the Commission reported no deferred inflows of resources, and \$29,854 in deferred inflows of resources resulting from Commission contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year December 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REVENUES					
Taxes -					
General Property Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,889,385	\$ 289,385	\$ 1,592,777
Tax Increments	6,000	6,000	1,584	(4,416)	968
Special Assessments	100,500	100,500	63,598	(36,902)	4,035
Franchise Taxes	12,500	12,500	6,900	(5,600)	11,498
Total Taxes	<u>1,719,000</u>	<u>1,719,000</u>	<u>1,961,467</u>	<u>242,467</u>	<u>1,609,278</u>
Licenses and Permits	44,200	44,200	85,405	41,205	195,777
Intergovernmental -					
Local Government Aid	1,515,106	1,515,106	1,518,826	3,720	1,408,061
Market Value Credit Aid	-	-	29	29	28
PERA Rate Increase Aid	4,500	4,500	-	(4,500)	4,491
Police State Aid	67,000	67,000	75,608	8,608	66,407
Fire State Aid	46,282	46,282	48,130	1,848	47,631
Miscellaneous State Aid	6,000	6,000	3,690	(2,310)	14,004
Miscellaneous Federal Aid	-	-	13,771	13,771	20,042
Total Intergovernmental	<u>1,638,888</u>	<u>1,638,888</u>	<u>1,660,054</u>	<u>21,166</u>	<u>1,560,664</u>
Charges for Services -					
Special Services, Police	500	500	-	(500)	-
Special Services, Fire	36,000	36,000	51,767	15,767	38,790
Miscellaneous Charges	73,500	73,500	77,876	4,376	453,206
Total Charges for Services	<u>110,000</u>	<u>110,000</u>	<u>129,643</u>	<u>19,643</u>	<u>491,996</u>
Fines and Forfeits	35,000	35,000	27,463	(7,537)	36,653
Interest	3,400	3,400	3,031	(369)	6,256
Contributions and Donations	6,000	6,000	59,725	53,725	95,884
Payments in Lieu of Taxes	97,500	97,500	97,500	-	95,000
Miscellaneous -					
Park Fees	12,000	12,000	37,794	25,794	17,328
Reimbursements, Refunds and Miscellaneous	41,200	41,200	91,615	50,415	106,537
Total Miscellaneous	<u>53,200</u>	<u>53,200</u>	<u>129,409</u>	<u>76,209</u>	<u>123,865</u>
Total Revenues	<u>3,707,188</u>	<u>3,707,188</u>	<u>4,153,697</u>	<u>446,509</u>	<u>4,215,373</u>

See the accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
EXPENDITURES					
General Government -					
Administration:					
Salaries	\$ 29,700	\$ 29,700	\$ 214,600	\$ (184,900)	\$ 209,862
Employee Benefits	89,286	19,286	88,879	(69,593)	79,977
Payroll Taxes	13,516	-	12,693	(12,693)	12,416
Workers' Compensation	2,200	2,200	2,120	80	1,699
Office Supplies	6,000	6,000	9,778	(3,778)	4,695
Printing and Binding	6,000	6,000	3,497	2,503	4,051
Repairs and Maintenance	15,500	8,500	32,134	(23,634)	6,612
Professional Services	-	-	104,837	(104,837)	88,616
Auditing and Accounting	-	-	44,142	(44,142)	36,000
Legal Fees	-	-	68,619	(68,619)	45,635
Chamber	6,000	6,000	5,851	149	5,851
Telephone	5,000	5,000	4,057	943	4,886
Postage	3,300	3,300	2,861	439	3,437
Advertising	3,500	3,500	6,057	(2,557)	3,630
Travel	2,000	2,000	172	1,828	1,679
Training	2,000	2,000	1,900	100	1,802
Insurance	28,000	28,000	30,142	(2,142)	27,564
Utilities	68,000	68,000	52,622	15,378	60,363
Subscriptions	700	700	234	466	505
Continuing Education and Dues	1,500	1,500	-	1,500	132
League of Minnesota Cities	17,500	17,500	25,828	(8,328)	15,481
Capital Lease Principal	60,632	60,632	60,632	-	58,061
Capital Lease Interest	3,371	3,371	3,371	-	5,941
Capital Outlay	5,000	5,000	74,836	(69,836)	4,313
Miscellaneous	600	600	536	64	637
Total Administration	369,305	278,789	850,398	(571,609)	683,845
Finance:					
Salaries	141,129	141,129	143,833	(2,704)	139,430
Employee Benefits	72,632	72,632	65,557	7,075	60,788
Payroll Taxes	8,750	8,750	8,394	356	8,215
Office Supplies	2,000	2,000	947	1,053	1,888
Printing and Binding	500	500	526	(26)	339
Repairs and Maintenance	500	500	-	500	-
Computer Software	5,000	5,000	4,841	159	4,611
Postage	-	-	8	(8)	7
Travel	500	500	14	486	18
Continuing Education and Dues	200	200	-	200	-
Capital Outlay	1,000	1,000	-	1,000	1,880
Training	500	500	-	500	66
Miscellaneous	600	600	363	237	429
Total Finance	233,311	233,311	224,483	8,828	217,671

See the accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
EXPENDITURES - (Cont'd.)					
General Government - (Cont'd.)					
City Council:					
Salaries	\$ 217,994	\$ 217,994	\$ 43,800	\$ 174,194	\$ 29,900
Employee Benefits	1,485	85,001	1,485	83,516	1,495
Payroll Taxes	431	431	431	-	398
Workers' Compensation	75	75	78	(3)	62
Office Supplies	500	500	582	(82)	27
Travel	1,500	1,500	298	1,202	2,152
Training	3,500	3,500	551	2,949	3,635
Dues and Subscriptions	1,000	1,000	30	970	315
Capital Outlay	-	7,000	-	7,000	10,285
Miscellaneous	179,500	179,500	6,903	172,597	6,375
Total City Council	<u>405,985</u>	<u>496,501</u>	<u>54,158</u>	<u>442,343</u>	<u>54,644</u>
 Total General Government	 1,008,601	 1,008,601	 1,129,039	 (120,438)	 956,160
Public Safety -					
Police Department:					
Salaries	657,623	657,623	715,337	(57,714)	641,153
Employee Benefits	296,930	296,930	286,965	9,965	267,267
Payroll Taxes	5,015	5,015	4,207	808	4,068
Workers' Compensation	25,000	25,000	31,182	(6,182)	24,857
Supplies	9,700	9,700	11,679	(1,979)	12,285
Motor Fuels	21,000	21,000	16,104	4,896	20,969
Repairs and Maintenance	32,000	33,700	33,862	(162)	45,698
Training	14,000	14,000	7,642	6,358	13,477
Continuing Education and Dues	750	750	155	595	787
Investigation	4,000	4,000	2,327	1,673	2,015
Vaccinations	500	500	-	500	-
Telephone	8,000	8,000	9,516	(1,516)	8,696
Insurance	19,000	19,000	24,778	(5,778)	23,421
Legal Fees	27,000	27,000	60,078	(33,078)	59,793
Uniforms	7,000	7,000	7,262	(262)	5,132
Animal Control	2,500	2,500	-	2,500	946
Operating Leases	52,500	52,500	44,813	7,687	37,594
Capital Outlay	27,000	33,299	41,761	(8,462)	34,572
Utilities	13,200	13,200	12,604	596	13,060
Miscellaneous	3,100	3,100	4,812	(1,712)	6,504
Total Police Department	<u>1,225,818</u>	<u>1,233,817</u>	<u>1,315,084</u>	<u>(81,267)</u>	<u>1,222,294</u>

See the accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
EXPENDITURES - (Cont'd.)					
Public Safety - (Cont'd.)					
Fire Department:					
Salaries	\$ 22,200	\$ 22,200	\$ 22,200	\$ -	\$ 22,200
Employee Benefits	1,260	1,260	1,260	-	1,155
State Fire Aid	-	-	48,130	(48,130)	47,631
Municipal Fire Aid Contribution	-	-	39,776	(39,776)	29,211
Payroll Taxes	1,699	1,699	1,698	1	1,803
Workers' Compensation	15,000	15,000	14,814	186	11,798
Office Supplies	3,000	3,000	6,616	(3,616)	6,301
Motor Fuels	7,000	7,000	3,764	3,236	4,664
Repairs and Maintenance	39,500	39,500	16,257	23,243	23,137
Training	10,500	10,500	8,360	2,140	10,917
Telephone	2,000	2,000	791	1,209	906
Travel	1,000	1,000	85	915	1,572
Advertising	1,300	1,300	1,122	178	564
Insurance	4,200	4,200	4,204	(4)	4,479
Utilities	6,800	6,800	5,709	1,091	6,204
Continuing Education and Dues	4,000	4,000	1,568	2,432	1,278
Capital Lease Principal	76,124	76,124	76,123	1	76,388
Capital Lease Interest	14,144	14,144	14,144	-	13,879
Capital Outlay	17,500	21,425	17,490	3,935	29,736
Miscellaneous	19,500	24,500	13,675	10,825	40,077
Total Fire Department	<u>246,727</u>	<u>255,652</u>	<u>297,786</u>	<u>(42,134)</u>	<u>333,900</u>
Code Enforcement:					
Office Supplies	600	600	-	600	174
Building Inspector	-	-	73,090	(73,090)	221,160
Total Code Enforcement	<u>600</u>	<u>600</u>	<u>73,090</u>	<u>(72,490)</u>	<u>221,334</u>
Total Public Safety	1,473,145	1,490,069	1,685,960	(195,891)	1,777,528
Streets and Highways -					
Salaries	250,276	250,276	191,858	58,418	202,588
Employee Benefits	71,745	71,745	56,085	15,660	58,081
Payroll Taxes	13,038	13,038	11,649	1,389	12,212
Workers' Compensation	19,200	19,200	17,443	1,757	13,896
Supplies	1,500	1,500	1,943	(443)	2,732
Motor Fuels	30,000	30,000	20,912	9,088	33,509
Repairs and Maintenance	63,000	63,000	49,573	13,427	57,977
Professional Services	2,000	2,000	1,303	697	1,008
Street Maintenance	20,000	20,000	23,358	(3,358)	24,844
Street Overlay and Seal Coat	37,000	737,000	753,054	(16,054)	22,931
Landscaping	1,500	1,500	522	978	165
Telephone	2,100	2,100	1,348	752	1,453

See the accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
EXPENDITURES - (Cont'd.)					
Streets and Highways - (Cont'd.)					
Mosquito Control	\$ 11,000	\$ 11,000	\$ 11,208	\$ (208)	\$ 10,920
Insurance	7,500	7,500	8,070	(570)	8,513
Utilities	8,000	8,000	7,175	825	8,104
Capital Lease Principal	33,219	33,219	33,238	(19)	67,740
Capital Lease Interest	4,400	4,400	4,380	20	6,768
Maintenance Facility Principal	-	-	-	-	70,000
Maintenance Facility Interest	-	-	-	-	1,995
Capital Outlay	156,000	185,407	167,864	17,543	7,311
Miscellaneous	59,300	60,200	24,110	36,090	33,570
Total Street and Highways	790,778	1,521,085	1,385,093	135,992	646,317
Culture and Recreation -					
Parks and Recreation:					
Salaries	224,776	224,776	264,612	(39,836)	249,406
Employee Benefits	80,661	80,661	82,949	(2,288)	79,969
Payroll Taxes	16,417	16,417	15,670	747	14,939
Workers' Compensation	14,000	14,000	10,653	3,347	8,484
Supplies	3,500	3,400	12,160	(8,760)	14,962
Motor Fuels	11,000	11,000	9,411	1,589	12,486
Repairs and Maintenance	22,500	22,500	17,496	5,004	26,816
Telephone	2,100	2,100	1,480	620	1,615
Insurance	20,000	20,000	23,486	(3,486)	21,118
Utilities	7,700	7,700	6,595	1,105	6,849
Capital Lease Principal	-	-	-	-	-
Capital Lease Interest	-	-	-	-	-
Capital Outlay	29,000	29,000	40,820	(11,820)	9,946
Miscellaneous	95,800	95,800	7,726	88,074	8,030
Total Park and Recreation	527,454	527,354	493,058	34,296	454,620
Library and Community Center:					
Supplies	900	-	2,778	(2,778)	2,880
Repairs and Maintenance	3,000	3,000	3,187	(187)	2,709
Management Fees	-	-	89,760	(89,760)	88,000
Telephone	800	800	756	44	734
Insurance	1,900	1,900	2,311	(411)	2,117
Utilities	18,000	18,000	10,908	7,092	17,708
Capital Outlay	-	-	746	(746)	3,743
Total Library and Community Center	24,600	23,700	110,446	(86,746)	117,891
Total Culture and Recreation	552,054	551,054	603,504	(52,450)	572,511

See the accompanying Notes to the Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
EXPENDITURES - (Cont'd.)					
Economic Development	\$ 10,000	\$ 10,000	\$ 24,546	\$ (14,546)	\$ 247,103
Miscellaneous -					
Sales Tax	2,000	2,000	3,464	(1,464)	3,990
State Surcharge	6,000	6,000	2,298	3,702	10,445
Vehicle Towing	5,000	5,000	2,992	2,008	4,005
Refunds and Reimbursements	22,000	22,000	57,415	(35,415)	122,933
Capital Lease Principal	6,379	6,379	6,379	-	6,408
Capital Lease Interest	1,340	1,340	713	627	1,453
Other	23,710	39,714	54,042	(14,328)	34,599
Total Miscellaneous	<u>66,429</u>	<u>82,433</u>	<u>127,303</u>	<u>(44,870)</u>	<u>183,833</u>
Total Expenditures	<u>3,901,007</u>	<u>4,663,242</u>	<u>4,955,445</u>	<u>(292,203)</u>	<u>4,383,452</u>
Deficiency of Revenues Under Expenditures	(193,819)	(956,054)	(801,748)	154,306	(168,079)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	435,000	435,000	727,235	292,235	404,764
Operating Transfers Out	(10,000)	(10,000)	(113,600)	(103,600)	(137,606)
Proceeds from the Sale of Capital Assets	1,000	1,000	1,408	408	13,748
Insurance Proceeds	5,000	5,000	80,994	75,994	17,295
Total Other Financing Sources (Uses)	<u>431,000</u>	<u>431,000</u>	<u>696,037</u>	<u>265,037</u>	<u>298,201</u>
Net Change in Fund Balances	237,181	(525,054)	(105,711)	419,343	130,122
Fund Balances - Beginning of Year	<u>2,507,779</u>	<u>2,507,779</u>	<u>2,507,779</u>	<u>-</u>	<u>2,377,657</u>
Fund Balances - End of Year	<u>\$ 2,744,960</u>	<u>\$ 1,982,725</u>	<u>\$ 2,402,068</u>	<u>\$ 419,343</u>	<u>\$ 2,507,779</u>

See the accompanying Notes to the Required Supplementary Information.

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2020

	Measurement Date December 31, 2019	Measurement Date December 31, 2018	Measurement Date December 31, 2017
Total OPEB Liability			
Service Cost	\$ 5,312	\$ 6,116	\$ 5,237
Interest	6,135	7,261	8,956
Difference Between Expected and Actual Experience	24,162	-	-
Assumption Changes	11,187	(30,011)	4,369
Benefit Payments	<u>(30,575)</u>	<u>(42,526)</u>	<u>(27,792)</u>
Net Change in Total OPEB Liability	16,221	(59,160)	(9,230)
Total OPEB Liability - Beginning	175,345	234,505	243,735
Net OPEB Liability - Ending	<u>\$ 191,566</u>	<u>\$ 175,345</u>	<u>\$ 234,505</u>
Covered Payroll	\$ 2,084,022	\$ 1,986,408	\$ 2,233,168
City's Net OPEB Liability as a Percentage of Covered Payroll	9.2%	8.8%	10.5%

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

No assets are accumulated in a trust.

See the accompanying Notes to the Required Supplementary Information.

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

	Measurement Date December 31, 2019	Measurement Date December 31, 2018	Measurement Date December 31, 2017	Measurement Date December 31, 2016	Measurement Date December 31, 2015	Measurement Date December 31, 2014
Total Pension Liability						
Service Cost	\$ 49,984	\$ 46,293	\$ 37,968	\$ 45,629	\$ 35,804	\$ 31,824
Interest	57,642	58,461	60,831	60,464	62,332	54,683
Differences Between Expected and Actual Experience	-	8,251	-	(43,098)	-	-
Changes in Assumptions	-	21,529	14,376	(23,628)	24,334	-
Changes in Benefit Terms	44,542	-	79,790	-	51,986	49,874
Benefit Payments, Including Member Contribution Refunds	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Net Change in Total Pension Liability	117,675	(51,202)	53,117	(115,585)	146,052	119,401
Total Pension Liability - Beginning of Year	969,727	1,020,929	967,812	1,083,397	937,345	817,944
Total Pension Liability - End of Year (a)	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345
Plan Fiduciary Net Position						
Municipal Contributions	29,211	29,192	25,500	68,795	68,795	68,774
State Contributions	45,591	49,282	45,695	46,437	43,134	40,108
Net Investment Income	213,025	(51,005)	140,849	81,653	(11,916)	72,568
Miscellaneous	-	-	-	-	25	-
Transfer from General Fund	-	-	30,000	-	-	-
Benefit Payments	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Administrative Expenses	(12,152)	(11,860)	(17,305)	(12,535)	(14,116)	(8,658)
Net Change in Fiduciary Net Position	241,182	(170,127)	84,891	29,398	57,518	155,812
Fiduciary Net Position - Beginning of Year	1,127,011	1,297,138	1,212,247	1,182,849	1,125,331	969,519
Fiduciary Net Position - End of Year (b)	1,368,193	1,127,011	1,297,138	1,212,247	1,182,849	1,125,331
Association's Net Pension Liability/(Asset) - End of Year (a) - (b)	\$ (280,791)	\$ (157,284)	\$ (276,209)	\$ (244,435)	\$ (99,452)	\$ (187,986)
Fiduciary Net Position as a Percentage of the Total Pension Asset	125.82%	116.22%	127.05%	125.26%	109.18%	120.06%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

See the accompanying Notes to the Required Supplementary Information.

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

Calendar Year	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
PERA - General Employees Retirement Plan - City						
City's Proportion of the Net Pension Liability	0.0213%	0.0212%	0.0221%	0.0220%	0.0213%	0.0218%
City's Proportionate Share of the Net Pension Liability	\$ 1,277,032	\$ 1,138,372	\$ 1,226,018	\$ 1,404,465	\$ 1,729,454	\$ 1,129,789
State's Proportionate Share of the Net Pension Liability	39,457	36,498	40,172	17,628	22,610	-
Total City's Proportionate Share of the Net Pension Liability	<u>\$ 1,316,489</u>	<u>\$ 1,174,870</u>	<u>\$ 1,266,190</u>	<u>\$ 1,422,093</u>	<u>\$ 1,752,064</u>	<u>\$ 1,129,789</u>
City's Covered Payroll	\$ 1,519,375	\$ 1,501,772	\$ 1,483,355	\$ 1,414,709	\$ 1,323,518	\$ 1,276,439
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.05%	75.80%	82.65%	99.28%	130.67%	88.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%
PERA - Public Employees Police and Fire Plan - City						
City's Proportion of the Net Pension Liability	0.0501%	0.0525%	0.0496%	0.0510%	0.0530%	0.0540%
City's Proportionate Share of the Net Pension Liability	\$ 660,371	\$ 558,916	\$ 528,685	\$ 688,561	\$ 2,126,982	\$ 613,566
City's Covered Payroll	\$ 566,326	\$ 553,556	\$ 523,215	\$ 522,873	\$ 514,958	\$ 482,740
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	116.61%	100.97%	101.05%	131.69%	413.04%	127.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	89.30%	88.80%	85.40%	63.90%	86.60%

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

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

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

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

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

	Measurement Date <u>June 30, 2020</u>	Measurement Date <u>June 30, 2019</u>	Measurement Date <u>June 30, 2018</u>	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>
Commission's Proportion of the Net Pension Liability	0.0158%	0.0153%	0.0152%	0.0160%	0.0167%	0.0160%
Commission's Proportionate Share of the Net Pension Liability	\$ 947,282	\$ 845,903	\$ 843,234	\$ 1,021,429	\$ 1,355,957	\$ 844,751
State's Proportionate Share of the Net Pension Liability	29,234	26,332	22,686	12,829	-	-
Total Commission's Proportionate Share of the Net Pension Liability	<u>\$ 976,516</u>	<u>\$ 872,235</u>	<u>\$ 865,920</u>	<u>\$ 1,034,258</u>	<u>\$ 1,355,957</u>	<u>\$ 844,751</u>
Commission's Covered Payroll	\$ 1,174,918	\$ 1,123,080	\$ 1,021,184	\$ 1,029,614	\$ 1,039,261	\$ 960,028
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	80.63%	75.32%	82.57%	99.21%	130.47%	87.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.23%	79.53%	75.90%	68.91%	78.20%

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

See the accompanying Notes to the Required Supplementary Information.

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

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

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

See the accompanying Notes to the Required Supplementary Information.

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

	Measurement Date December 31 2020	Measurement Date December 31 2019	Measurement Date December 31 2018
Total OPEB Liability			
Service Cost	\$ 13,106	\$ 13,062	\$ 11,159
Interest	13,296	11,818	12,599
Assumption Changes	12,306	(7,273)	7,651
Difference Between Expected and Actual Experience	(3,685)	-	-
Benefit Payments	(21,131)	(11,473)	(2,431)
Net Change in Total OPEB Liability	13,892	6,134	28,978
Total OPEB Liability - Beginning	355,842	349,708	320,730
Net OPEB Liability - Ending	<u>\$ 369,734</u>	<u>\$ 355,842</u>	<u>\$ 349,708</u>
Covered-Payroll	\$ 1,114,418	\$ 1,113,019	\$ 1,034,595
Commission's Net OPEB Liability as a Percentage of Covered-Payroll	33%	32%	34%

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

No assets are accumulated in a trust.

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**CITY OF GLENCOE, MINNESOTA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2020**

NOTE 1 BUDGETARY INFORMATION

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

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were supplemental appropriations in 2020.

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 4,663,242	\$ 4,955,445

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

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

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

A. General Employees Fund

2020

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates for disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

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

A. General Employees Fund (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.5% per year thereafter to 1.25% per year.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

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

A. General Employees Fund (Continued)

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and nonvested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability, and 3.0 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016

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

B. Police and Fire Fund

2019

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

2018

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

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

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

B. Police and Fire Fund (Continued)

2017 (Continued)

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

2016

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

COMBINING FUND STATEMENTS

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Other Governmental Funds				2019 Total Governmental Funds
	2020			Total Other Governmental Funds	
ASSETS	Special Revenue	Debt Service	Capital Projects		
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 13,877	\$ 648,937	\$ 250,265	\$ 913,079	\$ 1,286,425
Accounts Receivable	7,545	-	-	7,545	7,904
Taxes Receivable:					
Current	-	12,032	-	12,032	1,293
Delinquent	-	4,163	-	4,163	5,576
Special Assessments Receivable:					
Current	-	25,685	-	25,685	2,561
Noncurrent	-	859,058	-	859,058	981,073
Land Held for Resale	-	-	173,824	173,824	173,824
Total Assets	\$ 21,422	\$ 1,549,875	\$ 424,089	\$ 1,995,386	\$ 2,458,656
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 37,880	\$ -	\$ 2,366	\$ 40,246	\$ 16,069
Retainages Payable	-	-	-	-	52,812
Due to Other Funds	60,157	19,705	-	79,862	-
Total Liabilities	98,037	19,705	2,366	120,108	68,881
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	863,223	-	863,223	988,529
FUND BALANCES					
Nonspendable	-	-	173,824	173,824	173,824
Restricted for:					
Debt Service	-	686,652	-	686,652	718,034
Capital Projects	-	-	247,899	247,899	490,813
Committed for:					
Aquatic Center	-	-	-	-	2,252
Cable TV	19,620	-	-	19,620	16,323
Unassigned	(96,235)	(19,705)	-	(115,940)	-
Total Fund Balances	(76,615)	666,947	421,723	1,012,055	1,401,246
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,422	\$ 1,549,875	\$ 424,089	\$ 1,995,386	\$ 2,458,656

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Other Governmental Funds				2019 Total Other Governmental Funds
	2020			Total Other Governmental Funds	
	Special Revenue	Debt Service	Capital Projects		
REVENUES					
Taxes	\$ 28	\$ 434,090	\$ -	\$ 434,118	\$ 584,762
Tax Increments	-	-	230,568	230,568	221,189
Intergovernmental	415,878	-	-	415,878	-
Charges for Services	376	-	-	376	70,320
Assessments	-	183,985	-	183,985	321,404
Interest Income	18	239	628	885	7,545
Franchise Taxes	30,587	-	-	30,587	30,286
Miscellaneous	179	-	148	327	1,818
Total Revenues	<u>447,066</u>	<u>618,314</u>	<u>231,344</u>	<u>1,296,724</u>	<u>1,237,324</u>
EXPENDITURES					
Current:					
General Government	415,878	-	-	415,878	215,632
Highways and Streets	-	-	68,727	68,727	219,512
Culture-Recreation	23,595	-	-	23,595	153,512
Economic Development	-	-	81,414	81,414	205,246
Capital Outlay:					
Highways and Streets	-	-	67,291	67,291	2,033,216
Culture-Recreation	77,783	-	-	77,783	-
Economic Development	-	85,000	-	85,000	24,216
Debt Service:					
Principal	-	906,000	-	906,000	-
Interest	-	390,656	-	390,656	-
Fiscal Charges	-	1,485	-	1,485	-
Total Expenditures	<u>517,256</u>	<u>1,383,141</u>	<u>217,432</u>	<u>2,117,829</u>	<u>2,851,334</u>
Deficiency of Revenues Under Expenditures	(70,190)	(764,827)	13,912	(821,105)	(1,614,010)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	753,756	-	753,756	703,119
Transfers Out	(25,000)	(40,016)	(256,826)	(321,842)	(385,334)
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>713,740</u>	<u>(256,826)</u>	<u>431,914</u>	<u>317,785</u>
Net Change in Fund Balances	(95,190)	(51,087)	(242,914)	(389,191)	(1,296,225)
Fund Balances - Beginning of Year	<u>18,575</u>	<u>718,034</u>	<u>664,637</u>	<u>1,401,246</u>	<u>4,136,240</u>
Fund Balances - End of Year	<u>\$ (76,615)</u>	<u>\$ 666,947</u>	<u>\$ 421,723</u>	<u>\$ 1,012,055</u>	<u>\$ 2,840,015</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Special Revenue Funds				
	2020				2019
	Aquatic Center	Cable TV	CARES Act	Total Special Revenue	Total Special Revenue
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,702	\$ 12,175	\$ -	\$ 13,877	\$ 11,211
Accounts Receivable	-	7,545	-	7,545	7,904
Total Assets	<u>\$ 1,702</u>	<u>\$ 19,720</u>	<u>\$ -</u>	<u>\$ 21,422</u>	<u>\$ 19,115</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 37,780	\$ 100	\$ -	\$ 37,880	\$ 540
Due to Other Funds	60,157	-	-	60,157	-
Total Liabilities	<u>97,937</u>	<u>100</u>	<u>-</u>	<u>98,037</u>	<u>540</u>
FUND BALANCES					
Committed	-	19,620	-	19,620	18,575
Unassigned	(96,235)	-	-	(96,235)	-
Total Fund Balances	<u>(96,235)</u>	<u>19,620</u>	<u>-</u>	<u>(76,615)</u>	<u>18,575</u>
Total Liabilities and Fund Balances	<u>\$ 1,702</u>	<u>\$ 19,720</u>	<u>\$ -</u>	<u>\$ 21,422</u>	<u>\$ 19,115</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Special Revenue Funds				2019
	2020				
	Aquatic Center	Cable TV	CARES Act	Total Special Revenue	Total Special Revenue
REVENUES					
Taxes	\$ 28	\$ -	\$ -	\$ 28	\$ 4,772
Intergovernmental	-	-	415,878	415,878	-
Charges for Services	376	-	-	376	70,320
Interest Income	(6)	24	-	18	9
Franchise Fees	-	30,587	-	30,587	30,286
Miscellaneous	179	-	-	179	4,000
Total Revenues	<u>577</u>	<u>30,611</u>	<u>415,878</u>	<u>447,066</u>	<u>109,387</u>
EXPENDITURES					
Current:					
Culture-Recreation	21,281	2,314	-	23,595	153,512
General government	-	-	415,878	415,878	-
Capital Outlay:					
Culture-Recreation	77,783	-	-	77,783	-
Total Expenditures	<u>99,064</u>	<u>2,314</u>	<u>415,878</u>	<u>517,256</u>	<u>153,512</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(98,487)	28,297	-	(70,190)	(44,125)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	71,500
Transfers Out	-	(25,000)	-	(25,000)	(30,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>41,500</u>
Net Change in Fund Balances	(98,487)	3,297	-	(95,190)	(2,625)
Fund Balances - Beginning of Year	<u>2,252</u>	<u>16,323</u>	<u>-</u>	<u>18,575</u>	<u>21,200</u>
Fund Balances - End of Year	<u>\$ (96,235)</u>	<u>\$ 19,620</u>	<u>\$ -</u>	<u>\$ (76,615)</u>	<u>\$ 18,575</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Debt Service Funds		
	2020		
	City Sinking	1999 Swimming Pool Bond	2003 Tax Increment Bond
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 124,181	\$ -	\$ -
Taxes Receivable			
Current	42	-	-
Delinquent	-	-	-
Special Assessments Receivable			
Current	-		
Noncurrent	586	-	-
	<u>586</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 124,809</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>587</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	124,222	-	-
Unassigned	-		
Total Fund Balances	<u>124,222</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 124,809</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

Debt Service Funds					
2020					
County State Aid Hwy #3 Bond	2007 Tax Increment Bond	2008 11th Street Morningside	2014 Tax Increment Bond	2014 Street Improvement Bond	2016 Street Improvement
\$ -	\$ 3,431	\$ 2,322	\$ 2	\$ 97,082	\$ 145,456
-	-	3,485	-	3,832	852
-	-	1,209	-	1,329	295
-	-	-	-	213	25,472
-	-	-	-	104,368	534,213
<u>\$ -</u>	<u>\$ 3,431</u>	<u>\$ 7,016</u>	<u>\$ 2</u>	<u>\$ 206,824</u>	<u>\$ 706,288</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,209	-	105,698	534,508
-	3,431	5,807	2	101,126	171,780
-	-	-	-	-	-
-	3,431	5,807	2	101,126	171,780
<u>\$ -</u>	<u>\$ 3,431</u>	<u>\$ 7,016</u>	<u>\$ 2</u>	<u>\$ 206,824</u>	<u>\$ 706,288</u>

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**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Debt Service Funds			2019 Total Debt Service
	2020		Total Debt Service	
	2018 Tax Increment Bond	2018 Storm Water Improvement		
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ -	\$ 276,463	\$ 648,937	\$ 718,260
Taxes Receivable				
Current	-	3,821	12,032	1,293
Delinquent	-	1,330	4,163	5,576
Special Assessments Receivable				
Current	-	-	25,685	681
Noncurrent	-	219,891	859,058	981,073
Total Assets	<u>\$ -</u>	<u>\$ 501,505</u>	<u>\$ 1,549,875</u>	<u>\$ 1,706,883</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,200
Due to Other Funds	19,705	-	19,705	-
Total Liabilities	<u>19,705</u>	<u>-</u>	<u>19,705</u>	<u>2,200</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	<u>-</u>	<u>221,221</u>	<u>863,223</u>	<u>986,649</u>
FUND BALANCES				
Restricted	-	280,284	686,652	718,034
Unassigned	<u>(19,705)</u>	<u>-</u>	<u>(19,705)</u>	<u>-</u>
Total Fund Balances	<u>(19,705)</u>	<u>280,284</u>	<u>666,947</u>	<u>718,034</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 501,505</u>	<u>\$ 1,549,875</u>	<u>\$ 1,706,883</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Debt Service Funds		
	2020		
	City Sinking	1999 Swimming Pool Bond	2003 Tax Increment Bond
REVENUES			
Taxes	\$ (214)	\$ -	\$ -
Assessments	-	-	-
Interest Income	108	2	-
Miscellaneous	-	-	-
Total Revenues	<u>(106)</u>	<u>2</u>	<u>-</u>
EXPENDITURES			
Capital Outlay:			
Economic Development	85,000	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Fiscal Charges	-	-	-
Total Expenditures	<u>85,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(85,106)	2	-
OTHER FINANCING SOURCES (USES)			
Transfers In	126,406	-	-
Transfers Out	<u>(37,210)</u>	<u>(2,148)</u>	<u>(3)</u>
Total Other Financing Sources (Uses)	<u>89,196</u>	<u>(2,148)</u>	<u>(3)</u>
Net Change in Fund Balances	4,090	(2,146)	(3)
Fund Balances - Beginning of Year	<u>120,132</u>	<u>2,146</u>	<u>3</u>
Fund Balances - End of Year	<u>\$ 124,222</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

Debt Service Funds					
2020					
County State Aid Hwy #3 Bond	2007 Tax Increment Bond	2008 11th Street Morningside	2014 Tax Increment Bond	2014 Street Improvement Bond	2016 Street Improvement Bond
\$ -	\$ -	\$ 126,121	\$ -	\$ 138,628	\$ 30,752
-	-	-	-	25,541	85,094
-	(60)	(14)	(4)	19	90
-	-	-	-	-	-
-	(60)	126,107	(4)	164,188	115,936
-	-	-	-	-	-
-	55,000	110,000	25,000	190,000	245,000
-	11,106	11,300	12,465	24,203	76,875
-	495	495	-	-	495
-	66,601	121,795	37,465	214,203	322,370
-	(66,661)	4,312	(37,469)	(50,015)	(206,434)
-	70,000	-	37,210	-	207,549
(655)	-	-	-	-	-
(655)	70,000	-	37,210	-	207,549
(655)	3,339	4,312	(259)	(50,015)	1,115
655	92	1,495	261	151,141	170,665
<u>\$ -</u>	<u>\$ 3,431</u>	<u>\$ 5,807</u>	<u>\$ 2</u>	<u>\$ 101,126</u>	<u>\$ 171,780</u>

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**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Debt Service Funds			2019
	2018 Tax Increment Bond	2018 Storm Water Improvement	Total Debt Service	
REVENUES				
Taxes	\$ -	138,803	\$ 434,090	\$ 579,990
Assessments	-	73,350	183,985	321,404
Interest Income	(19)	117	239	563
Miscellaneous	-	-	-	988
Total Revenues	<u>(19)</u>	<u>212,270</u>	<u>618,314</u>	<u>902,945</u>
EXPENDITURES				
Current:				
General Government	-	-	-	215,632
Capital Outlay:				
Economic Development	-	-	85,000	-
Debt Service:				
Principal	31,000	250,000	906,000	995,000
Interest	15,313	239,394	390,656	442,285
Fiscal Charges	-	-	1,485	1,484
Total Expenditures	<u>46,313</u>	<u>489,394</u>	<u>1,383,141</u>	<u>1,654,401</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(46,332)	(277,124)	(764,827)	(751,456)
OTHER FINANCING SOURCES (USES)				
Transfers In	26,591	286,000	753,756	631,619
Transfers Out	-	-	(40,016)	-
Total Other Financing Sources (Uses)	<u>26,591</u>	<u>286,000</u>	<u>713,740</u>	<u>631,619</u>
Net Change in Fund Balances	(19,741)	8,876	(51,087)	(119,837)
Fund Balances - Beginning of Year	<u>36</u>	<u>271,408</u>	<u>718,034</u>	<u>837,871</u>
Fund Balances - End of Year	<u>\$ (19,705)</u>	<u>\$ 280,284</u>	<u>\$ 666,947</u>	<u>\$ 718,034</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Capital Project Funds		
	2020		
	Tax Increment #4- Industrial Park	Tax Increment #14- Downtown Redevelopment	Tax Increment #17- Miller Mfg.
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 172,604	\$ 30,939	\$ 42,521
Taxes Receivable:			
Delinquent	-	-	-
Land Held for Resale	-	10,000	-
Total Assets	<u>\$ 172,604</u>	<u>\$ 40,939</u>	<u>\$ 42,521</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Retainages Payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	10,000	-
Restricted	172,604	30,939	42,521
Total Fund Balances	<u>172,604</u>	<u>40,939</u>	<u>42,521</u>
Total Liabilities and Fund Balances	<u>\$ 172,604</u>	<u>\$ 40,939</u>	<u>\$ 42,521</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS (CONTINUED)
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

Capital Project Funds				
2020				2019
Tax Increment #18- West Industrial Park	Tax Increment #19- Panther Heights	2018 Storm Water Improvement	Total Capital Projects	Total Capital Projects
\$ 3,249	\$ -	\$ 952	\$ 250,265	\$ 556,954
-	-	-	-	1,880
<u>163,824</u>	<u>-</u>	<u>-</u>	<u>173,824</u>	<u>173,824</u>
<u>\$ 167,073</u>	<u>\$ -</u>	<u>\$ 952</u>	<u>\$ 424,089</u>	<u>\$ 732,658</u>
\$ 1,414	\$ -	\$ 952	\$ 2,366	\$ 13,329
-	-	-	-	52,812
<u>1,414</u>	<u>-</u>	<u>952</u>	<u>2,366</u>	<u>66,141</u>
-	-	-	-	1,880
163,824	-	-	173,824	173,824
1,835	-	-	247,899	490,813
<u>165,659</u>	<u>-</u>	<u>-</u>	<u>421,723</u>	<u>664,637</u>
<u>\$ 167,073</u>	<u>\$ -</u>	<u>\$ 952</u>	<u>\$ 424,089</u>	<u>\$ 732,658</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Capital Project Funds		
	2020		
	Tax Increment #4- Industrial Park	Tax Increment #14- Downtown Redevelopment	Tax Increment #17- Miller Mfg.
REVENUES			
Tax Increments	\$ 136,474	\$ 16,243	\$ 75,713
Interest Income	165	19	71
Miscellaneous	-	-	-
Total Revenues	<u>136,639</u>	<u>16,262</u>	<u>75,784</u>
EXPENDITURES			
Current:			
Highways and Streets	-	-	-
Economic Development	-	-	80,000
Capital Outlay:			
Highways and Streets	-	-	-
Economic Development	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>80,000</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	136,639	16,262	(4,216)
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(70,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	66,639	16,262	(4,216)
Fund Balances - Beginning	<u>105,965</u>	<u>24,677</u>	<u>46,737</u>
Fund Balances - End of Year	<u>\$ 172,604</u>	<u>\$ 40,939</u>	<u>\$ 42,521</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – CAPITAL PROJECT FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

Capital Project Funds				
2020			2019	
Tax Increment #18- West Industrial Park	Tax Increment #19- Panther Heights	2018 Storm Water Improvement	Total Capital Projects	Total Capital Projects
\$ 2,138	\$ -	\$ -	\$ 230,568	\$ 221,189
1	31	341	628	6,973
148	-	-	148	(3,170)
<u>2,287</u>	<u>31</u>	<u>341</u>	<u>231,344</u>	<u>224,992</u>
-	-	68,727	68,727	219,512
1,414	-	-	81,414	205,246
-	-	67,291	67,291	2,033,216
-	-	-	-	24,216
<u>1,414</u>	<u>-</u>	<u>136,018</u>	<u>217,432</u>	<u>2,482,190</u>
873	31	(135,677)	13,912	(2,257,198)
<u>-</u>	<u>(26,592)</u>	<u>(160,234)</u>	<u>(256,826)</u>	<u>(355,334)</u>
873	(26,561)	(295,911)	(242,914)	(2,612,532)
<u>164,786</u>	<u>26,561</u>	<u>295,911</u>	<u>664,637</u>	<u>3,277,169</u>
<u>\$ 165,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,723</u>	<u>\$ 664,637</u>

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SUPPLEMENTARY INFORMATION

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2020**

	\$2,415,000 G.O. Refunding Bonds - Series 2012A \$810,000 Portion		\$1,925,000 G.O. Improvement Bonds - Series 2014A		\$6,735,000 G.O. Improvement Bonds - Series 2015A	
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 55,000	\$ 10,199	\$ 190,000	\$ 20,402	\$ 430,000	\$ 133,225
2022	60,000	9,118	195,000	16,504	435,000	124,625
2023	55,000	7,940	200,000	12,355	440,000	115,925
2024	55,000	6,744	210,000	7,790	455,000	98,325
2025	60,000	5,420	215,000	2,687	465,000	88,997
2026	60,000	3,980	-	-	470,000	78,535
2027	55,000	2,516	-	-	480,000	64,435
2028	65,000	893	-	-	490,000	52,675
2029	-	-	-	-	500,000	35,525
2030	-	-	-	-	515,000	18,025
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 465,000</u>	<u>\$ 46,810</u>	<u>\$ 1,010,000</u>	<u>\$ 59,738</u>	<u>\$ 4,680,000</u>	<u>\$ 810,292</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2020

\$4,025,000 G.O. Bonds - Series 2016A		\$875,000 G.O. Refunding Bonds - Series 2016B		\$380,000 Taxable G.O. Tax Increment Bonds - Series 2014C	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 255,000	\$ 71,975	\$ 110,000	\$ 9,100	\$ 25,000	\$ 11,653
255,000	66,875	115,000	6,900	25,000	10,590
265,000	61,775	105,000	4,600	25,000	9,527
270,000	56,475	125,000	2,500	30,000	8,465
275,000	51,075	-	-	30,000	7,190
280,000	45,575	-	-	30,000	5,915
280,000	39,975	-	-	30,000	4,550
290,000	33,675	-	-	35,000	3,185
300,000	27,150	-	-	35,000	1,593
305,000	18,900	-	-	-	-
325,000	9,750	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,100,000</u>	<u>\$ 483,200</u>	<u>\$ 455,000</u>	<u>\$ 23,100</u>	<u>\$ 265,000</u>	<u>\$ 62,668</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2020**

	\$4,935,000 G.O. Bonds Series 2017B		\$6,985,000 G.O. Bonds Series 2018A	
	Principal	Interest	Principal	Interest
2021	\$ 300,000	\$ 118,300	\$ 265,000	\$ 231,894
2022	305,000	112,300	275,000	223,944
2023	310,000	106,200	280,000	212,944
2024	315,000	96,900	300,000	201,744
2025	325,000	87,450	305,000	189,744
2026	335,000	77,700	315,000	177,544
2027	350,000	67,650	330,000	168,094
2028	360,000	57,150	335,000	158,193
2029	365,000	46,350	345,000	148,143
2030	380,000	35,400	355,000	137,794
2031	395,000	24,000	380,000	126,700
2032	405,000	12,150	385,000	114,825
2033	-	-	395,000	99,425
2034	-	-	410,000	83,625
2035	-	-	425,000	67,225
2036	-	-	445,000	50,225
2037	-	-	460,000	34,650
2038	-	-	480,000	18,550
2039	-	-	50,000	1,750
	<u>\$ 4,145,000</u>	<u>\$ 841,550</u>	<u>\$ 6,535,000</u>	<u>\$ 2,447,013</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2020

\$453,000 G.O. Tax Increment Revenue Bonds - Series 2018B		Capital Lease Johnson Controls Project	
Principal	Interest	Principal	Interest
\$ 23,000	\$ 14,367	\$ 31,315	\$ 686
24,000	13,545	-	-
25,000	13,125	-	-
26,000	12,637	-	-
27,000	11,644	-	-
28,000	10,612	-	-
29,000	9,544	-	-
31,000	8,680	-	-
32,000	7,720	-	-
33,000	6,420	-	-
34,000	5,080	-	-
35,000	3,700	-	-
37,000	2,260	-	-
38,000	761	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 422,000</u>	<u>\$ 120,095</u>	<u>\$ 31,315</u>	<u>\$ 686</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2020**

	Capital Lease 2017 Ford F-550 Pickup		Capital Lease 2018 Rosenbauer Commander	
	Principal	Interest	Principal	Interest
2021	\$ 14,343	\$ 322	\$ 79,436	\$ 10,831
2022	-	-	82,894	7,373
2023	-	-	86,502	3,765
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
	<u>\$ 14,343</u>	<u>\$ 322</u>	<u>\$ 248,832</u>	<u>\$ 21,969</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2020**

DEED Loan		Case Puma Tractor Loan		2018 Marsh Creek Project Loan	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 6,379	\$ 1,212	\$ 20,077	\$ 2,875	\$ 17,474	\$ 2,598
6,379	1,084	20,993	1,959	17,823	2,249
6,379	957	21,951	1,002	18,180	1,892
6,379	829	-	-	18,539	1,533
6,379	702	-	-	18,914	1,158
6,379	574	-	-	19,292	779
6,379	447	-	-	19,677	394
6,379	319	-	-	-	-
6,379	191	-	-	-	-
6,379	73	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 63,790</u>	<u>\$ 6,388</u>	<u>\$ 63,021</u>	<u>\$ 5,836</u>	<u>\$ 129,899</u>	<u>\$ 10,603</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2020**

	\$270,000 G.O. Taxable Sewer Revenue Bonds - Series 2010B		\$4,020,000 G.O. Refunding Bonds - Series 2011A \$380,000 Portion	
	Principal	Interest	Principal	Interest
2021	\$ 40,000	\$ 800	\$ 30,000	\$ 2,415
2022	-	-	40,000	1,380
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
	<u>\$ 40,000</u>	<u>\$ 800</u>	<u>\$ 70,000</u>	<u>\$ 3,795</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2020

\$2,415,000 G.O. Refunding Bonds - Series 2012A \$410,000 Portion		\$2,415,000 G.O. Refunding Bonds - Series 2012A \$1,195,000 Portion		\$626,000 Gross Revenue Event Facility Refunding Bonds - Series 2013A	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 50,000	\$ 438	\$ 80,000	\$ 16,158	\$ 40,000	\$ 15,932
-	-	85,000	14,607	42,000	14,292
-	-	90,000	12,813	43,000	12,592
-	-	90,000	10,855	45,000	10,664
-	-	95,000	8,726	47,000	8,479
-	-	90,000	6,507	49,000	6,199
-	-	95,000	4,146	52,000	3,800
-	-	105,000	1,444	54,000	1,282
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 50,000</u>	<u>\$ 438</u>	<u>\$ 730,000</u>	<u>\$ 75,256</u>	<u>\$ 372,000</u>	<u>\$ 73,240</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2020**

	\$517,000 Liquor Store Revenue		\$1,516,000 G.O Capital Improvement Plan Refunding Bonds - Series 2017A		\$2,516,317 MN PFA Clean Water State Revolving Fund Loan - 2019		Total	
	Bonds - Series 2014		Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 33,000	\$ 13,663	\$ 104,000	\$ 32,864	\$ 749,828	\$ 142,531	\$ 2,948,852	\$ 864,440
2022	34,000	12,507	109,000	30,095	756,000	135,570	2,883,089	805,517
2023	35,000	11,318	108,000	27,274	764,000	127,970	2,878,012	743,974
2024	37,000	10,092	113,000	24,401	771,000	120,295	2,866,918	670,249
2025	38,000	8,798	112,000	21,476	779,000	112,545	2,798,293	606,091
2026	40,000	7,182	121,000	18,447	786,000	104,720	2,629,671	544,269
2027	41,000	5,483	124,000	15,262	794,000	96,820	2,686,056	483,116
2028	43,000	3,740	123,000	12,051	802,000	88,840	2,739,379	422,127
2029	45,000	1,912	126,000	8,814	811,000	80,775	2,565,379	358,173
2030	-	-	134,000	5,434	819,000	72,625	2,547,379	294,671
2031	-	-	142,000	1,846	827,000	64,395	2,103,000	231,771
2032	-	-	-	-	835,000	56,085	1,660,000	186,760
2033	-	-	-	-	844,000	47,690	1,276,000	149,375
2034	-	-	-	-	852,000	39,210	1,300,000	123,596
2035	-	-	-	-	861,000	30,645	1,286,000	97,870
2036	-	-	-	-	869,000	21,995	1,314,000	72,220
2037	-	-	-	-	878,000	13,260	1,338,000	47,910
2038	-	-	-	-	887,000	4,435	1,367,000	22,985
2039	-	-	-	-	-	-	50,000	1,750
	<u>\$ 346,000</u>	<u>\$ 74,695</u>	<u>\$ 1,316,000</u>	<u>\$ 197,964</u>	<u>\$ 14,684,828</u>	<u>\$ 1,360,406</u>	<u>\$ 39,237,028</u>	<u>\$ 6,726,864</u>

SINGLE AUDIT AND OTHER REPORTS

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**CITY OF GLENCOE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Grant Name Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation Pass-Through Programs from:			
State Department of Transportation:			
Airport Improvement Program	20.106	A4301-32	\$ 39,415
Airport Improvement Program	20.106	A4301-33	5,251
Airport Improvement Program	20.106	A4301-34	719,875
COVID-19 Airport Improvement Grant - CARES Act	20.106	3-27-0158-007-2020	<u>30,000</u>
Total Airport Improvement Program			794,541
State and Community Highway Safety	20.600	A-ENFRC20-2020-GLENCOEPD-053	4,721
State and Community Highway Safety	20.616	A-ENFRC20-2020-GLENCOEPD-053	4,544
State and Community Highway Safety	20.616	A-ENFRC19-2019-GLENCOEPD-034	<u>141</u>
Total Highway Safety Cluster			9,406
State and Community Highway Safety	20.608	A-ENFRC20-2020-GLENCOEPD-053	3,099
State and Community Highway Safety	20.608	A-ENFRC20-2020-GLENCOEPD-053	<u>1,266</u>
Total Department of Transportation			808,312
U.S. Environmental Protection Agency:			
Minnesota Public Facilities Authority			
Capitalization Grants for Clean Water Revolving Loan Funds			
State Revolving Loan Funds	66.458	MPFA-CWRF-L-065-FY19	8,146,548
Capitalization Grants for Clean Water Revolving Loan Funds			
State Revolving Loan Funds	66.458	MPFA-CWRF-G-065-FY19	<u>124,880</u>
Total Minnesota Public Facilities Authority			8,271,428
U.S. Department of the Treasury:			
Minnesota Department of Employment and Economic Development			
COVID-19 Coronavirus Relief Fund - CARES Act	21.019C	SLT0016	<u>415,878</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,495,618</u></u>

CITY OF GLENCOE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Glencoe, Minnesota (the City) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Glencoe, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Glencoe's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Glencoe's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Glencoe's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Glencoe's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Honorable Mayor and
Member of the City Council
City of Glencoe

Compliance and Other Matters


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

City of Glencoe's Response to Findings

City of Glencoe's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Glencoe's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Austin, Minnesota
June 25, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited City of Glencoe, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Glencoe's major federal programs for the year ended December 31, 2020. City of Glencoe's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Glencoe's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Glencoe's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Glencoe's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Glencoe complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Honorable Mayor and
Members of the City Council
City of Glencoe

Report on Internal Control Over Compliance

Management of City of Glencoe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Glencoe's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Glencoe's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Austin, Minnesota
June 25, 2021



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, 2020, and the related notes to the financial statements and have issued our report thereon dated June 25, 2021.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
June 25, 2021

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Part I: Summary of the Independent Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Fund Loan
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Part II: Findings Related to the Basic Financial Statements

FINDING: 2020-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

- Type of Finding:** Material weakness in internal control over financial reporting
- Condition:** The City engages with CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures.
- Criteria:** The City should be able to prevent or detect and correct a material misstatement in the annual financial statements including footnote disclosures in a timely manner.
- Context:** While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that the financial statements are prepared in accordance with US GAAP.
- Effect:** The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected by the City's internal controls.
- Cause:** The City's limited personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures.
- Repeat Finding:** The finding was identified in the prior year. See 2019-001.
- Recommendation:** The City should evaluate the cost/benefit of obtaining further training for the City Clerk-Treasurer in order to enhance financial reporting abilities.
- Management Response:** The City will continue to evaluate whether an internal control policy over financial reporting would be beneficial.

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Part II: Findings Related to the Basic Financial Statements

FINDING: 2020-002 PROPOSED ADJUSTING JOURNAL ENTRIES

- Type of Finding:** Material weakness in internal control over financial reporting
- Condition:** The audit firm proposed and the City posted to its general ledger journal entries to correct certain year-end account balances.
- Criteria:** The City is responsible for establishing and maintaining a system of internal controls in which it enables City personnel to be able to fully adjust all relevant accounts.
- Context:** While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.
- Effect:** The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected by the City's internal controls.
- Cause:** The City engages the audit firm to propose such adjustments as are necessary to adjust accounts in accordance with accounting principles generally accepted in the United States of America. However, the entries are reviewed and approved prior to recording them.
- Repeat Finding:** The finding was identified in the prior year. See 2019-002.
- Recommendation:** The City should continue to evaluate their internal processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America.
- Management Response:** The City will evaluate whether additional internal control policies should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America.

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Part III: Federal Award Findings and Questioned Costs

There were no federal award program findings in the current year.

Part IV: Minnesota Legal Compliance Findings

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

