

CITY OF GLENCOE, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021



WEALTH ADVISORY | OUTSOURCING
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INTRODUCTORY SECTION

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**CITY OF GLENCOE
CITY OFFICIALS
DECEMBER 31, 2021**

Elected Officials

Term Expires

Mayor

12/31/2024

Ryan Voss

Council Member

12/31/2022

John Schrupp

Council Member

12/31/2022

Allen Robeck

Council Member

12/31/2022

Paul Lemke

Council Member

12/31/2024

Susan Olson

Council Member

12/31/2024

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 the Audit of the Financial Statements

Opinions

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, 2021, 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.

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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

Honorable Mayor and
Members of the City Council
City of Glencoe

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Honorable Mayor and
Members of the City Council
City of Glencoe

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 is the responsibility of management and, 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.

Report on Summarized Comparative Information

We have previously audited the City’s 2020 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 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Honorable Mayor and
Members of the City Council
City of Glencoe

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund statements and schedules of principal and interest payments 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. 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 basic financial statements. The 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 GAAS. In our opinion, the combining fund statements, schedules of principal and interest payments and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2020, which is not presented with the accompanying 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. The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The 2020 actual amounts included in the combining fund statements, for the year ended December 31, 2020, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 GAAS. In our opinion, the 2020 actual amounts included in the combining fund statements, are fairly stated, in all material respects, in relation to the basic financial statements from which they have been derived.

Other Information

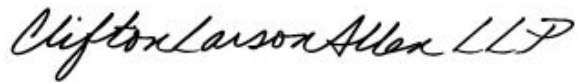
Management is responsible for the other information included in the financial statements. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 27, 2022, on our consideration of the City'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'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's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
June 27, 2022

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BASIC FINANCIAL STATEMENTS

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**CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Primary Government			Component Unit Light and Power Commission
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 2,809,726	\$ 6,371,718	\$ 9,181,444	\$ 1,414,960
Taxes Receivable	42,961	2,363	45,324	-
Accounts Receivable	1,233,703	306,101	1,539,804	611,259
Special Assessments Receivable	1,807,107	1,895	1,809,002	-
Note Receivable	17,782	4,727	22,509	-
Other Receivables	-	-	-	399,225
Prepaid Expenses	-	-	-	83,205
Internal Balances	587,892	(587,892)	-	-
Inventory	-	361,880	361,880	257,770
Land Held for Resale	274,888	-	274,888	-
Due from Component Unit	10,653	397,238	407,891	-
Restricted Assets	-	-	-	6,164,887
Net Pension Asset	470,648	-	470,648	-
Capital Assets:				
Land	1,221,150	992,925	2,214,075	-
Construction in Progress	-	177,709	177,709	-
Other Capital Assets, Net of Depreciation	18,550,944	45,318,171	63,869,115	16,423,796
Total Assets	<u>27,027,454</u>	<u>53,346,835</u>	<u>80,374,289</u>	<u>25,355,102</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Bond Refunding	-	455	455	-
OPEB Related	38,331	-	38,331	40,016
Pension Related	1,227,702	325,605	1,553,307	462,972
Total Deferred Outflows of Resources	<u>1,266,033</u>	<u>326,060</u>	<u>1,592,093</u>	<u>502,988</u>
LIABILITIES				
Accounts Payable	284,222	383,356	667,578	391,581
Retainages Payable	58,214	475,818	534,032	-
Accrued Interest Payable	239,607	72,850	312,457	-
Accrued Expenses	36,992	222,453	259,445	143,958
Customer Deposits Payable	-	-	-	138,576
Due to the Primary Government	-	-	-	407,891
Deferred Revenue	11,102	4,800	15,902	-
Long-Term Liabilities:				
Due Within One Year	2,284,638	1,088,823	3,373,461	3,636
Due in More Than One Year	18,989,142	13,607,889	32,597,031	115,314
Net Pension Liability	928,164	434,122	1,362,286	653,379
Other Postemployment Benefit Liability- Current	34,137	-	34,137	-
Other Postemployment Benefit Liability-Noncurrent	86,484	58,796	145,280	366,042
Total Liabilities	<u>22,952,702</u>	<u>16,348,907</u>	<u>39,301,609</u>	<u>2,220,377</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	520	1,585	2,105	-
Pension Related	1,726,311	405,127	2,131,438	623,109
Total Deferred Inflows of Resources	<u>1,726,831</u>	<u>406,712</u>	<u>2,133,543</u>	<u>623,109</u>
NET POSITION				
Net Investment in Capital Assets	6,363,921	31,316,295	37,680,216	16,403,491
Restricted for:				
Street Improvement Projects	195,962	-	195,962	-
Debt Service	2,387,208	-	2,387,208	-
Capital Projects	842,566	-	842,566	-
Firemen's Relief Association Net Pension Asset	470,648	-	470,648	-
Unrestricted	<u>(6,646,351)</u>	<u>5,600,981</u>	<u>(1,045,370)</u>	<u>6,611,113</u>
Total Net Position	<u>\$ 3,613,954</u>	<u>\$ 36,917,276</u>	<u>\$ 40,531,230</u>	<u>\$ 23,014,604</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,891,291	\$ 223,765	\$ 315,402	
Public Safety	1,392,705	56,848	114,384	-
Highways and Streets	1,551,743	19,509	-	1,553,633
Culture and Recreation	881,348	182,471	-	3,500
Economic Development	-	-	-	-
Interest on Long-Term Debt	593,360	-	-	-
Total Governmental Activities	<u>7,310,447</u>	<u>482,593</u>	<u>429,786</u>	<u>1,557,133</u>
Business-Type Activities:				
Water Fund	958,246	1,491,375	-	187
Wastewater Treatment Plant Fund	1,879,526	2,469,280	909,521	9,366
Sanitation Fund	24,816	32,290	-	-
City Center Fund	368,069	72,101	-	2,500
Municipal Liquor Fund	2,169,775	2,453,321	-	-
Airport Fund	546,980	70,560	-	206,166
Storm Water Management Fund	368,400	524,489	-	16,909
Total Business-Type Activities	<u>6,315,812</u>	<u>7,113,416</u>	<u>909,521</u>	<u>235,128</u>
Total Primary Government	<u>\$ 13,626,259</u>	<u>\$ 7,596,009</u>	<u>\$ 1,339,307</u>	<u>\$ 1,792,261</u>
Total Component Unit	<u>\$ 8,858,238</u>	<u>\$ 10,204,102</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, 2021**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Light and Power Commission
\$ (2,352,124)	\$ -	\$ (2,352,124)	\$ -
(1,221,473)	-	(1,221,473)	-
21,399	-	21,399	-
(695,377)	-	(695,377)	-
-	-	-	-
(593,360)	-	(593,360)	-
(4,840,935)	-	(4,840,935)	-
-	533,316	533,316	-
-	1,508,641	1,508,641	-
-	7,474	7,474	-
-	(293,468)	(293,468)	-
-	283,546	283,546	-
-	(270,254)	(270,254)	-
-	172,998	172,998	-
-	1,942,253	1,942,253	-
(4,840,935)	1,942,253	(2,898,682)	-
			1,345,864
2,710,326	150,470	2,860,796	-
263,201	-	263,201	-
30,360	-	30,360	-
1,662,450	-	1,662,450	-
2,214	2,124	4,338	43,821
-	263	263	-
128,131	-	128,131	-
1,408,000	(1,408,000)	-	-
6,204,682	(1,255,143)	4,949,539	43,821
1,363,747	687,110	2,050,857	1,389,685
2,250,207	36,230,166	38,480,373	21,624,919
\$ 3,613,954	\$ 36,917,276	\$ 40,531,230	\$ 23,014,604

**CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	2021		
	General	Municipal State Aid	2015 Street Improvement
ASSETS			
Cash and Cash Equivalents	\$ 1,335,349	\$ 219,608	\$ 34,493
Accounts Receivable	190,264	-	-
Note Receivable	17,782	-	-
Taxes Receivable			
Current	11,049	-	829
Delinquent	20,458	-	1,535
Special Assessments Receivable			
Current	-	-	6,977
Noncurrent	95,660	-	408,742
Due from Other Funds	1,111,258	-	-
Land Held for Resale	101,064	-	-
	<u>\$ 2,882,884</u>	<u>\$ 219,608</u>	<u>\$ 452,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 183,829	\$ 12,544	\$ -
Retainages Payable	11,752	-	-
Accrued Expenses	36,992	-	-
Due to Other Funds	135,298	-	-
Total Liabilities	<u>367,871</u>	<u>12,544</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	134,040	11,102	410,276
FUND BALANCES			
Nonspendable	101,064	-	-
Restricted for:			
Street Improvement Projects	-	195,962	-
Debt Service	-	-	42,300
Capital Projects	-	-	-
Committed for:			
Cable TV	-	-	-
Assigned for:			
Park Improvement	149,513	-	-
Engineering and Inspection Services	89,579	-	-
Cemetery	18,579	-	-
Unassigned	2,022,238	-	-
Total Fund Balances	<u>2,380,973</u>	<u>195,962</u>	<u>42,300</u>
	<u>\$ 2,882,884</u>	<u>\$ 219,608</u>	<u>\$ 452,576</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,882,884</u>	<u>\$ 219,608</u>	<u>\$ 452,576</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

		2021		2020	
2017	2021	Other	Total	Total	
Street	Street	Governmental	Governmental	Governmental	
Improvement	Improvement Project	Funds	Funds	Funds	
\$ 220,675	\$ -	\$ 999,601	\$ 2,809,726	\$ 5,142,408	
-	743,398	310,694	1,244,356	192,505	
-	-	-	17,782	26,561	
774	-	3,129	15,781	71,782	
1,432	-	4,469	27,894	24,906	
-	-	436	7,413	35,052	
460,950	-	833,628	1,798,980	1,844,805	
-	-	-	1,111,258	79,862	
-	-	173,824	274,888	274,888	
<u>\$ 683,831</u>	<u>\$ 743,398</u>	<u>\$ 2,325,781</u>	<u>\$ 7,308,078</u>	<u>\$ 7,692,769</u>	
\$ -	\$ 87,568	\$ 281	\$ 284,222	169,033	
-	46,462	-	58,214	6,387	
-	-	-	36,992	27,620	
-	278,663	109,405	523,366	79,862	
-	412,693	109,686	902,794	282,902	
462,382	263,398	1,141,028	2,422,226	1,896,273	
-	-	173,824	274,888	274,888	
-	-	-	195,962	1,741,246	
221,449	-	652,310	916,059	1,044,877	
-	67,307	338,037	405,344	247,899	
-	-	18,548	18,548	19,620	
-	-	-	149,513	124,371	
-	-	-	89,579	59,573	
-	-	-	18,579	79	
-	-	(107,652)	1,914,586	2,001,041	
<u>221,449</u>	<u>67,307</u>	<u>1,075,067</u>	<u>3,983,058</u>	<u>5,513,594</u>	
<u>\$ 683,831</u>	<u>\$ 743,398</u>	<u>\$ 2,325,781</u>	<u>\$ 7,308,078</u>	<u>\$ 7,692,769</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, 2021**

Total Fund Balances for Governmental Funds \$ 3,983,058

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	
Buildings, Net of Accumulated Depreciation	2,977,350	
Office Equipment and Furniture, Net of Accumulated Depreciation	13,489	
Vehicles, Net of Accumulated Depreciation	631,622	
Office Equipment and Furniture, Net of Accumulated Depreciation	705,187	
Improvements Other than Buildings, Net of Accumulated Depreciation	734,588	
Infrastructure, Net of Accumulated Depreciation	<u>13,488,708</u>	19,772,094

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.

2,411,124

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

(520)

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

(239,607)

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	470,648	
Net Pension Liability	(928,164)	
Deferred Outflows of Resources - Pension Related	1,227,702	
Deferred Inflows of Resources - Pension Related	<u>(1,726,311)</u>	(956,125)

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	(120,621)	
Deferred Outflows of Resources - OPEB Related	<u>38,331</u>	(82,290)

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	(20,876,408)	
Compensated Absences Payable	<u>(397,372)</u>	<u>(21,273,780)</u>

Total Net Position of Governmental Activities \$ 3,613,954

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021		
	General	Municipal State Aid	2015 Street Improvement
REVENUES			
Taxes	\$ 2,013,783	\$ -	\$ 150,275
Tax Increments	1,718	-	-
Licenses and Permits	92,843	-	-
Intergovernmental	1,691,828	151,975	-
Charges for Services	140,744	-	-
Fines and Forfeits	46,195	-	-
Assessments	74,000	-	74,038
Investment Income	1,442	601	(20)
Contributions and Donations	50,444	-	-
Payment in Lieu of Taxes	100,000	-	-
Franchise Fees	3,157	-	-
Miscellaneous	165,464	-	(3,185)
Total Revenues	<u>4,381,618</u>	<u>152,576</u>	<u>221,108</u>
EXPENDITURES			
Current:			
General Government	970,833	-	-
Public Safety	1,646,968	-	-
Highways and Streets	1,141,005	35,948	-
Culture-Recreation	589,390	-	-
Economic Development	10,167	-	-
Miscellaneous	93,991	-	-
Capital Outlay:			
General Government	4,578	1,570,760	-
Public Safety	125,571	-	-
Highways and Streets	186,480	-	-
Culture-Recreation	8,869	-	-
Economic Development	-	-	-
Debt Service:			
Principal	151,550	-	430,000
Interest	16,565	-	133,225
Fiscal Charges	-	-	-
Total Expenditures	<u>4,945,967</u>	<u>1,606,708</u>	<u>563,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(564,349)	(1,454,132)	(342,117)
OTHER FINANCING SOURCES (USES)			
Transfers In	660,500	36,397	300,000
Transfers Out	(133,500)	(127,549)	-
Bond Proceeds	-	-	-
Issuance of Refunding Bonds	-	-	-
Proceeds from the Sale of Capital Assets	-	-	-
Insurance Proceeds	16,254	-	-
Payments to Bond Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>543,254</u>	<u>(91,152)</u>	<u>300,000</u>
Net Change in Fund Balances	(21,095)	(1,545,284)	(42,117)
Fund Balance - Beginning	<u>2,402,068</u>	<u>1,741,246</u>	<u>84,417</u>
Fund Balances - End of Year	<u>\$ 2,380,973</u>	<u>\$ 195,962</u>	<u>\$ 42,300</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

2017 Street Improvement	2021 Street Improvement Project	2021		2020
		Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
\$ 140,148	\$ -	\$ 446,103	\$ 2,750,309	\$ 2,605,664
-	-	263,364	265,082	232,152
-	-	-	92,843	85,405
-	480,000	302,930	2,626,733	3,901,270
-	-	99,867	240,611	130,019
-	-	-	46,195	27,463
60,736	-	271,205	479,979	415,733
57	3	131	2,214	4,247
-	-	-	50,444	59,725
-	-	-	100,000	97,500
-	-	30,360	33,517	37,487
-	(3,643)	5,949	164,585	129,736
<u>200,941</u>	<u>476,360</u>	<u>1,419,909</u>	<u>6,852,512</u>	<u>7,726,401</u>
-	-	222,325	1,193,158	1,406,078
-	-	-	1,646,968	1,536,442
-	128,101	-	1,305,054	1,318,891
-	-	178,362	767,752	585,533
-	-	56,368	66,535	105,960
-	-	-	93,991	120,211
-	-	-	1,575,338	92,202
-	-	-	125,571	59,251
-	929,247	-	1,115,727	235,155
-	-	108,089	116,958	119,349
-	-	50,888	50,888	85,000
300,000	-	923,000	1,804,550	1,802,372
118,300	-	360,759	628,849	679,189
-	15,308	16,655	31,963	1,485
<u>418,300</u>	<u>1,072,656</u>	<u>1,916,446</u>	<u>10,523,302</u>	<u>8,147,118</u>
(217,359)	(596,296)	(496,537)	(3,670,790)	(420,717)
165,000	-	802,954	1,964,851	1,985,991
-	(36,397)	(259,405)	(556,851)	(562,991)
-	700,000	-	700,000	-
-	-	1,246,000	1,246,000	-
-	-	-	-	1,408
-	-	-	16,254	80,994
-	-	(1,230,000)	(1,230,000)	-
<u>165,000</u>	<u>663,603</u>	<u>559,549</u>	<u>2,140,254</u>	<u>1,505,402</u>
(52,359)	67,307	63,012	(1,530,536)	1,084,685
<u>273,808</u>	<u>-</u>	<u>1,012,055</u>	<u>5,513,594</u>	<u>4,428,909</u>
<u>\$ 221,449</u>	<u>\$ 67,307</u>	<u>\$ 1,075,067</u>	<u>\$ 3,983,058</u>	<u>\$ 5,513,594</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, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (1,530,536)

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	\$ 2,180,977	
Loss on Disposal of Capital Assets	(32,358)	
Depreciation Expense	<u>(1,224,292)</u>	924,327

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:

Bond Proceeds	(1,946,000)	
Repayment of Bond, Equipment Certificates, Lease and Loan Principal	3,034,550	
Change in Accrued Interest	25,407	
Amortization of Bond Premiums	46,351	
Amortization of Bond Discounts	(154)	
Amortization of Gain on Bond Refunding	<u>85</u>	1,160,239

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, 2020	(1,896,273)	
Unavailable Revenue - December 31, 2021	<u>2,411,124</u>	514,851

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. 297,229

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. 11,645

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). (14,008)

Change in Net Position of Governmental Activities \$ 1,363,747

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2021
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	<u>Water Fund</u>	<u>Wastewater Treatment Plant Fund</u>	<u>Sanitation Fund</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,667,706	\$ 3,434,799	\$ 21,631
Accounts Receivable	6,797	10,792	6,550
Taxes Receivable	-	-	-
Special Assessments Receivable	449	664	-
Note Receivable	-	4,727	-
Inventory	-	-	-
Due from Other Funds	-	-	-
Due from Component Unit	120,777	224,276	2,466
Total Current Assets	<u>2,795,729</u>	<u>3,675,258</u>	<u>30,647</u>
NONCURRENT ASSETS			
Capital Assets:			
Land	41,628	312,678	-
Construction in Progress	-	177,709	-
Other Capital Assets (Net of Accumulated Depreciation)	5,192,392	27,165,252	-
Total Capital Assets	<u>5,234,020</u>	<u>27,655,639</u>	<u>-</u>
Total Noncurrent Assets	<u>5,234,020</u>	<u>27,655,639</u>	<u>-</u>
Total Assets	<u>8,029,749</u>	<u>31,330,897</u>	<u>30,647</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Bond Refunding	-	455	-
Pension Related	105,888	114,882	-
Total Deferred Outflows of Resources	<u>105,888</u>	<u>115,337</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	72,161	118,978	10,045
Retainages Payable	-	474,000	-
Accrued Interest Payable	537	44,865	-
Compensated Absences Payable	83,598	72,388	-
Accrued Expenses	5,449	6,677	-
Deferred Revenue	-	4,800	-
Due to Other Funds	-	-	-
Loan Payable	-	756,000	-
Revenue Bonds Payable	-	40,000	-
Total Current Liabilities	<u>161,745</u>	<u>1,517,708</u>	<u>10,045</u>
NONCURRENT LIABILITIES			
Loan Payable	-	11,272,973	-
Revenue Bonds Payable	-	-	-
Net Pension Liability	141,178	153,169	-
Other Postemployment Benefit Liability	14,582	24,023	-
Total Noncurrent Liabilities	<u>155,760</u>	<u>11,450,165</u>	<u>-</u>
Total Liabilities	<u>317,505</u>	<u>12,967,873</u>	<u>10,045</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on Bond Refunding	1,150	-	-
Pension Related	131,749	142,939	-
Total Deferred Inflows of Resources	<u>132,899</u>	<u>142,939</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	5,234,020	15,113,121	-
Unrestricted	2,451,213	3,222,301	20,602
Total Net Position	<u>\$ 7,685,233</u>	<u>\$ 18,335,422</u>	<u>\$ 20,602</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2021
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2021 Total Proprietary Funds	2020 Total Proprietary Funds
\$ 6,677	\$ 119,931	\$ -	\$ 120,974	\$ 6,371,718	\$ 6,000,738
2,124	-	278,876	962	306,101	566,512
2,363	-	-	-	2,363	5,617
-	-	-	782	1,895	1,895
-	-	-	-	4,727	-
-	361,880	-	-	361,880	332,851
-	-	-	-	-	543,289
-	-	-	49,719	397,238	376,029
<u>11,164</u>	<u>481,811</u>	<u>278,876</u>	<u>172,437</u>	<u>7,445,922</u>	<u>7,826,931</u>
-	30,207	169,232	439,180	992,925	992,925
-	-	-	-	177,709	21,430,761
<u>2,641,521</u>	<u>464,830</u>	<u>2,721,710</u>	<u>7,132,466</u>	<u>45,318,171</u>	<u>22,142,287</u>
<u>2,641,521</u>	<u>495,037</u>	<u>2,890,942</u>	<u>7,571,646</u>	<u>46,488,805</u>	<u>44,565,973</u>
<u>2,641,521</u>	<u>495,037</u>	<u>2,890,942</u>	<u>7,571,646</u>	<u>46,488,805</u>	<u>44,565,973</u>
2,652,685	976,848	3,169,818	7,744,083	53,934,727	52,392,904
-	-	-	-	455	911
<u>46,900</u>	<u>57,935</u>	<u>-</u>	<u>-</u>	<u>325,605</u>	<u>43,942</u>
<u>46,900</u>	<u>57,935</u>	<u>-</u>	<u>-</u>	<u>326,060</u>	<u>44,853</u>
4,017	99,203	4,842	74,110	383,356	1,159,804
-	-	1,818	-	475,818	922,305
19,342	514	-	7,592	72,850	62,882
18,872	22,877	-	-	197,735	212,120
2,878	9,714	-	-	24,718	18,561
-	-	-	-	4,800	-
361,459	-	226,433	-	587,892	543,289
-	-	-	17,823	773,823	16,795
151,000	34,000	-	90,000	315,000	1,127,507
<u>557,568</u>	<u>166,308</u>	<u>233,093</u>	<u>189,525</u>	<u>2,835,992</u>	<u>4,063,263</u>
-	-	-	94,603	11,367,576	8,935,560
1,393,000	279,000	-	568,313	2,240,313	2,546,201
62,531	77,244	-	-	434,122	562,910
12,214	7,977	-	-	58,796	63,808
<u>1,467,745</u>	<u>364,221</u>	<u>-</u>	<u>662,916</u>	<u>14,100,807</u>	<u>12,108,479</u>
<u>2,025,313</u>	<u>530,529</u>	<u>233,093</u>	<u>852,441</u>	<u>16,936,799</u>	<u>16,171,742</u>
-	-	-	435	1,585	506
<u>58,354</u>	<u>72,085</u>	<u>-</u>	<u>-</u>	<u>405,127</u>	<u>35,343</u>
<u>58,354</u>	<u>72,085</u>	<u>-</u>	<u>435</u>	<u>406,712</u>	<u>35,849</u>
1,097,521	182,037	2,889,124	6,800,472	31,316,295	30,355,956
(481,603)	250,132	47,601	90,735	5,600,981	5,874,210
<u>\$ 615,918</u>	<u>\$ 432,169</u>	<u>\$ 2,936,725</u>	<u>\$ 6,891,207</u>	<u>\$ 36,917,276</u>	<u>\$ 36,230,166</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, 2021
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
OPERATING REVENUES			
Charges for Services	\$ 1,472,092	\$ 2,418,794	\$ 8,404
Other Operating Revenues	19,283	50,486	23,886
Sales	-	-	-
Cost of Sales	-	-	-
Total Operating Revenues	<u>1,491,375</u>	<u>2,469,280</u>	<u>32,290</u>
OPERATING EXPENSES			
Personal Services	303,496	405,901	7,278
Materials and Supplies	85,404	101,656	-
Repairs and Maintenance	42,801	162,022	4,033
Management Fees	24,320	16,258	-
Professional Services	87,579	93,311	7,780
Insurance	19,771	33,851	53
Utilities	59,683	138,330	1,039
Depreciation	166,729	796,511	-
Other	166,931	16,908	4,633
Total Operating Expenses	<u>956,714</u>	<u>1,764,748</u>	<u>24,816</u>
Operating Income (Loss)	534,661	704,532	7,474
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	187	570	-
Taxes	-	-	-
Federal Aid and Grants	-	-	-
State Aid and Grants	-	909,521	-
Donations	-	-	-
Interest on Investments	961	1,248	5
Interest Expense and Fiscal Charges	(1,532)	(114,778)	-
Gain (Loss) on Sale of Capital Assets	-	263	-
Total Nonoperating Revenues (Expenses)	<u>(384)</u>	<u>796,824</u>	<u>5</u>
Net Income (Loss) Before Transfers and Capital Contributions	534,277	1,501,356	7,479
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Capital Contributions	-	8,796	-
Transfers In	-	-	-
Transfers Out	(455,000)	(466,000)	(7,000)
Total Transfers and Capital Contributions	<u>(455,000)</u>	<u>(457,204)</u>	<u>(7,000)</u>
Change in Net Position	79,277	1,044,152	479
Net Position - Beginning of Year	<u>7,605,956</u>	<u>17,291,270</u>	<u>20,123</u>
Net Position - End of Year	<u>\$ 7,685,233</u>	<u>\$ 18,335,422</u>	<u>\$ 20,602</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, 2021
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2021 Total Proprietary Funds	2020 Total Proprietary Funds
\$ 52,679	\$ -	\$ 61,810	\$ 524,489	\$ 4,538,268	\$ 4,492,552
19,422	-	8,750	-	121,827	103,580
-	2,453,321	-	-	2,453,321	2,531,225
-	(1,815,773)	-	-	(1,815,773)	(1,881,095)
<u>72,101</u>	<u>637,548</u>	<u>70,560</u>	<u>524,489</u>	<u>5,297,643</u>	<u>5,246,262</u>
159,913	186,077	-	-	1,062,665	1,012,319
3,835	56,276	37,394	-	284,565	233,268
13,201	5,103	1,392	92,412	320,964	322,365
900	-	1,779	-	43,257	52,855
3,597	3,895	50,982	22,652	269,796	253,329
24,387	13,554	19,184	638	111,438	120,430
24,354	15,814	5,399	-	244,619	178,080
75,390	43,046	315,450	230,714	1,627,840	1,445,360
15,398	16,621	115,400	-	335,891	204,793
<u>320,975</u>	<u>340,386</u>	<u>546,980</u>	<u>346,416</u>	<u>4,301,035</u>	<u>3,822,799</u>
(248,874)	297,162	(476,420)	178,073	996,608	1,423,463
-	-	-	81	838	149,950
150,445	-	25	-	150,470	-
-	-	150,868	-	150,868	919,421
-	-	55,298	-	964,819	3,499,745
2,500	-	-	-	2,500	4,000
(177)	28	(35)	94	2,124	6,986
(47,094)	(13,616)	-	(21,984)	(199,004)	(164,034)
-	-	-	-	263	1,393
<u>105,674</u>	<u>(13,588)</u>	<u>206,156</u>	<u>(21,809)</u>	<u>1,072,878</u>	<u>4,417,461</u>
(143,200)	283,574	(270,264)	156,264	2,069,486	5,840,924
-	-	-	16,828	25,624	162,590
200,000	-	-	-	200,000	300,000
-	(250,000)	-	(430,000)	(1,608,000)	(1,723,000)
<u>200,000</u>	<u>(250,000)</u>	<u>-</u>	<u>(413,172)</u>	<u>(1,382,376)</u>	<u>(1,260,410)</u>
56,800	33,574	(270,264)	(256,908)	687,110	4,580,514
<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>
<u>\$ 615,918</u>	<u>\$ 432,169</u>	<u>\$ 2,936,725</u>	<u>\$ 6,891,207</u>	<u>\$ 36,917,276</u>	<u>\$ 36,230,166</u>

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2021
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers	\$ 2,020,652	\$ 2,721,044	\$ 33,206
Cash Paid to Suppliers	(462,200)	(1,389,805)	(7,579)
Cash Paid to Employees	(351,458)	(428,252)	(7,278)
Net Cash Provided (Used) by Operating Activities	<u>1,206,994</u>	<u>902,987</u>	<u>18,349</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal Grants Received	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(455,000)	(466,000)	(7,000)
Due to/ from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(455,000)</u>	<u>(466,000)</u>	<u>(7,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Loans	-	3,205,763	-
Principal Paid on Bonds	(50,000)	(819,828)	-
Collection of Special Assessments	187	570	-
Collection of Taxes	-	-	-
Interest and Agent Fees on Bonds and Leases	(1,476)	(127,426)	-
Acquisition of Capital Assets	(129,211)	(3,743,352)	-
Capital Contributions Received	-	-	-
Donations	-	-	-
Interest on BAB Bonds	-	-	-
Federal Grants Received	-	-	-
State Grants Received	-	909,521	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(180,500)</u>	<u>(574,752)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	961	1,248	5
Net Increase (Decrease) in Cash and Cash Equivalents	572,455	(136,517)	11,354
Cash and Cash Equivalents - January 1	<u>2,095,251</u>	<u>3,571,316</u>	<u>10,277</u>
Cash and Cash Equivalents - December 31	<u>\$ 2,667,706</u>	<u>\$ 3,434,799</u>	<u>\$ 21,631</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 534,661	\$ 704,532	\$ 7,474
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	166,729	796,511	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(5,879)	263,407	998
(Increase) Decrease in Due from Other Funds	543,289	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related	(91,387)	(100,023)	-
(Increase) Decrease in Due from Component Unit	(8,133)	(11,643)	(82)
(Increase) Decrease in Inventory	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - OPEB Related	-	-	-
Increase (Decrease) in Accounts Payable	(31)	(843,727)	9,959
Increase (Decrease) in Compensated Absences Payable	(1,962)	(17,905)	-
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) In Deferred Inflows of Resources - Pension Related	120,086	130,988	-
Increase (Decrease) In Net Pension Liability	(44,586)	(37,174)	-
Increase (Decrease) in OPEB	(6,930)	3,612	-
Increase (Decrease) in Accrued Expenses	1,137	14,409	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,206,994</u>	<u>\$ 902,987</u>	<u>\$ 18,349</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of Loss on Bond Refunding	\$ -	\$ 456	\$ -
Amortization of Gain on Bond Refunding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization of Bond Discount	-	-	-
Transfer of Capital Assets	<u>\$ 8,796</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (Decrease) in Retainage and Construction Payable	<u>\$ -</u>	<u>\$ (429,799)</u>	<u>\$ -</u>
Capital Contributions	-	-	-
Loss on Disposal of Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

City Center Fund	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	2021	2020
				Total Proprietary Funds	Total Proprietary Funds
\$ 70,005	\$ 637,548	\$ 101,024	\$ 523,291	\$ 6,106,770	\$ 6,816,041
(66,184)	(105,796)	(243,149)	(51,041)	(2,325,754)	(3,564,244)
(176,988)	(183,231)	(1,779)	(875)	(1,149,861)	(1,076,042)
(173,167)	348,521	(143,904)	471,375	2,631,155	2,175,755
-	-	-	-	-	124,880
200,000	-	-	-	200,000	372,154
-	(250,000)	-	(430,000)	(1,608,000)	(1,723,000)
-	-	-	-	-	289,308
200,000	(250,000)	-	(430,000)	(1,408,000)	(936,658)
-	-	-	659,000	3,864,763	7,769,858
(144,000)	(33,000)	-	(747,474)	(1,794,302)	(1,089,245)
-	-	-	81	838	1,731
150,445	-	-	-	150,445	144,442
(43,839)	(13,569)	-	-	(186,310)	(113,361)
-	(29,075)	(62,227)	(65,334)	(4,029,199)	(12,170,307)
-	-	-	24,304	24,304	29,304
2,500	-	-	-	2,500	4,000
-	-	-	(3,025)	(3,025)	(20,499)
-	-	150,868	-	150,868	794,541
-	-	55,298	-	964,819	3,499,745
(34,894)	(75,644)	143,939	(132,448)	(854,299)	(1,149,791)
(177)	28	(35)	94	2,124	6,986
(8,238)	22,905	-	(90,979)	370,980	96,292
14,915	97,026	-	211,953	6,000,738	5,904,446
<u>\$ 6,677</u>	<u>\$ 119,931</u>	<u>\$ -</u>	<u>\$ 120,974</u>	<u>\$ 6,371,718</u>	<u>\$ 6,000,738</u>
\$ (248,874)	\$ 297,162	\$ (476,420)	\$ 178,073	\$ 996,608	\$ 1,423,463
75,390	43,046	315,450	230,714	1,627,840	1,445,360
(2,096)	-	3,828	153	260,411	(120,048)
-	-	-	-	543,289	(289,308)
(39,991)	(50,262)	-	-	(281,663)	16,135
-	-	-	(1,351)	(21,209)	98,040
-	-	-	-	-	(10,385)
-	-	-	-	-	(10,574)
621	5,467	(13,398)	64,661	(776,448)	(358,058)
307	5,175	-	-	(14,385)	19,423
17,967	-	26,636	-	44,603	-
52,797	65,913	-	-	369,784	(87,892)
(25,975)	(21,053)	-	-	(128,788)	36,448
(2,412)	718	-	-	(5,012)	4,392
(901)	2,355	-	(875)	16,125	8,759
<u>\$ (173,167)</u>	<u>\$ 348,521</u>	<u>\$ (143,904)</u>	<u>\$ 471,375</u>	<u>\$ 2,631,155</u>	<u>\$ 2,175,755</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456</u>	<u>\$ 1,606</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,313</u>	<u>\$ 25,109</u>	<u>\$ 76,416</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,688)</u>	<u>\$ -</u>	<u>\$ (446,487)</u>	<u>\$ 561,585</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 at 305 11th Street East, Glencoe, MN 55336.

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, 2021**

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, 2021**

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.

2021 Street Improvement Construction Fund – This construction project fund is used to account for the disbursements related to the 2021 Street Improvement Project.

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, 2021**

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, 2021**

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, 2021, 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 2021 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, 2021**

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, 2021**

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, 2021**

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, 2021**

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, 2020, 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, 2021**

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 2021.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 4,652,701	\$ 4,945,967

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

C. Deficit Fund Balances

At December 31, 201 the following funds had a deficit balance:

Special Revenue Funds	
Aquatic Center	\$ (107,652)

The above deficit will be eliminated through transfers from other funds.

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, 2021.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

The City's deposits in the depository banks at December 31, 2021 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

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

Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 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, 2021.

The deposits are presented in the financial statements as follows:

Deposits	\$ 9,181,444
Total	<u>\$ 9,181,444</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

Cash and Cash Equivalents - Governmental Activities	\$ 2,809,726
Cash and Cash Equivalents - Business-Type Activities	6,371,718
Total	\$ 9,181,444

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2021 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	807,195	-	(807,195)	-
Total Capital Assets, Not Being Depreciated	2,028,345	-	(807,195)	1,221,150
Capital Assets, Being Depreciated:				
Buildings	4,737,990	-	-	4,737,990
Improvements Other than Buildings	2,917,864	114,984	-	3,032,848
Office Equipment and Furniture	18,698	-	-	18,698
Vehicles	2,161,153	225,590	-	2,386,743
Machinery and Shop Equipment	1,069,189	346,055	(76,836)	1,338,408
Infrastructure	19,703,922	2,301,543	(114,388)	21,891,077
Total Capital Assets, Being Depreciated	30,608,816	2,988,172	(191,224)	33,405,764
Accumulated Depreciation:				
Buildings	(1,667,693)	(92,947)	-	(1,760,640)
Improvements Other than Buildings	(2,207,141)	(91,119)	-	(2,298,260)
Office Equipment and Furniture	(2,931)	(2,278)	-	(5,209)
Vehicles	(1,631,633)	(123,488)	-	(1,755,121)
Machinery and Shop Equipment	(604,162)	(73,537)	44,478	(633,221)
Infrastructure	(7,675,834)	(840,923)	114,388	(8,402,369)
Total Accumulated Depreciation	(13,789,394)	(1,224,292)	158,866	(14,854,820)
Total Capital Assets, Being Depreciated, Net	16,819,422	1,763,880	(32,358)	18,550,944
Governmental Activities Capital Assets, Net	\$ 18,847,767	\$ 1,763,880	\$ (839,553)	\$ 19,772,094

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 26,592
Public Safety	121,182
Public Works	942,435
Culture and Recreation	134,083
Total Depreciation Expense, Governmental Activities	\$ 1,224,292

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended December 31, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital Assets, not Being Depreciated				
Land	\$ 992,925	\$ -	\$ -	\$ 992,925
Construction in Progress	21,430,761	177,709	(21,430,761)	177,709
Total Capital Assets, not Being Depreciated	22,423,686	177,709	(21,430,761)	1,170,634
Capital Assets, Being Depreciated:				
Buildings	10,918,402	16,670,007	(4,420,616)	23,167,793
Improvements Other than Buildings	5,158,467	7,896,407	(97,292)	12,957,582
Vehicles	211,202	-	-	211,202
Office Equipment and Furniture	123,158	-	(44,321)	78,837
Machinery and Shop Equipment	1,496,991	87,846	(1,173,388)	411,449
Infrastructure	20,328,570	156,509	(1,631)	20,483,448
Total Capital Assets, Being Depreciated	38,236,790	24,810,769	(5,737,248)	57,310,311
Accumulated Depreciation:				
Buildings	(6,860,794)	(592,249)	4,420,616	(3,032,427)
Improvements Other than Buildings	(1,994,334)	(483,170)	97,292	(2,380,212)
Vehicles	(167,377)	(16,147)	-	(183,524)
Office Equipment and Furniture	(65,861)	(10,378)	44,321	(31,918)
Machinery and Shop Equipment	(1,365,044)	(38,332)	1,166,346	(237,030)
Infrastructure	(5,641,093)	(487,565)	1,629	(6,127,029)
Total Accumulated Depreciation	(16,094,503)	(1,627,841)	5,730,204	(11,992,140)
Total Capital Assets, Being Depreciated, Net	22,142,287	23,182,928	(7,044)	45,318,171
Business-Type Capital Assets, Net	<u>\$ 44,565,973</u>	<u>\$ 23,360,637</u>	<u>\$ (21,437,805)</u>	<u>\$ 46,488,805</u>

Depreciation expense was charged to proprietary activities as follow:

Proprietary Activities:	
Water Fund	\$ 166,730
Wastewater Treatment Plant Fund	796,511
City Center Fund	75,390
Municipal Liquor Fund	43,046
Airport Fund	315,450
Storm Water Management Fund	230,714
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,627,841</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2021:

			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	\$ 265,000	\$ -	\$ (25,000)	\$ 240,000	\$ 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	422,000	-	(23,000)	399,000	24,000
\$1,905,000 G.O. Refunding Bonds - Series 2021A \$415,000 Portion	0.077%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	-	415,000	-	415,000	63,000
\$1,905,000 G.O. Refunding Bonds - Series 2021A \$831,000 Portion	0.077%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/25	-	831,000	-	831,000	202,000
\$700,000 G.O. Improvement Bonds - Series 2021B	1.15%	Interest due semi- annually on 6/1 and 12/1 and principal due annually on 12/1 until 12/1/26	-	700,000	-	700,000	78,000
Total General Obligation Bonds			687,000	1,946,000	(48,000)	2,585,000	392,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 465,000	\$ -	\$ (465,000)	\$ -	\$ -
\$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	1,010,000	-	(1,010,000)	-	-
\$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	4,680,000	-	(430,000)	4,250,000	435,000
\$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	3,100,000	-	(255,000)	2,845,000	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	455,000	-	(110,000)	345,000	115,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 4,145,000	\$ -	\$ (300,000)	\$ 3,845,000	\$ 305,000
\$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	6,535,000	-	(265,000)	6,270,000	275,000
Total Special Assessment Bonds			20,390,000	-	(2,835,000)	17,555,000	1,385,000
Total Bonds Payable			21,077,000	1,946,000	(2,883,000)	20,140,000	1,777,000
<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	63,790	-	(6,379)	57,411	6,379
2018 Case Puma Tractor Loan	4.50%	Interest and principal due annually on 4/15 until 4/15/23	63,021	-	(20,077)	42,944	20,993
Total Loans			126,811	-	(26,456)	100,355	27,372

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 31,315	\$ -	\$ (31,315)	\$ -	\$ -
2017 Ford F-550 Pickup	2.25%	Lease payments of \$14,665 due annually until 2/23/21	14,343	-	(14,343)	-	-
2018 Rosenbauer Commander	4.35%	Lease payments of \$90,267 due annually until 3/1/23	248,832	-	(79,436)	169,396	82,894
Total Capital Leases			294,490	-	(125,094)	169,396	82,894
Unamortized Bond Discount			(665)	-	154	(511)	-
Unamortized Bond Premium			513,519	-	(46,351)	467,168	-
Compensated Absences Payable			383,364	267,126	(253,118)	397,372	397,372
Total Governmental Activities Long-Term Liabilities			<u>\$ 22,394,519</u>	<u>\$ 2,213,126</u>	<u>\$ (3,333,865)</u>	<u>\$ 21,273,780</u>	<u>\$ 2,284,638</u>

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 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	70,000	-	(30,000)	40,000	40,000
\$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	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	730,000	-	(730,000)	-	-
\$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	372,000	-	(40,000)	332,000	42,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 346,000	\$ -	\$ (33,000)	\$ 313,000	\$ 34,000
\$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	1,316,000	-	(104,000)	1,212,000	109,000
\$1,905,000 G.O. Refunding Bonds - Series 2021A \$659,000 Portion	0.077%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28	-	659,000	-	659,000	90,000
Total Bonds Payable			<u>2,924,000</u>	<u>659,000</u>	<u>(1,027,000)</u>	<u>2,556,000</u>	<u>315,000</u>
Loan Payable - Marsh Creek Project	2.00%	Interest and principal due annually on 5/10 until 5/10/27	129,899	-	(17,474)	112,425	17,823
G.O. Sewer Revenue Note	1.00%	Interest due semi-annually on 2/1 and 8/1 and principal due annually on 8/1 until 8/20/38	<u>9,573,113</u>	<u>3,205,763</u>	<u>(749,828)</u>	<u>12,029,048</u>	<u>756,000</u>
Total			11,311,012	3,864,763	(1,794,302)	13,485,473	1,088,823
Unamortized Bond Discount			<u>(949)</u>	<u>-</u>	<u>188</u>	<u>(761)</u>	<u>-</u>
Total Business-Type Long-Term Liabilities			<u>\$ 12,626,063</u>	<u>\$ 3,864,763</u>	<u>\$ (1,794,114)</u>	<u>\$ 14,696,712</u>	<u>\$ 1,088,823</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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
2022	\$ 1,777,000	\$ 578,042	\$ 315,000	\$ 63,002	\$ 2,092,000	\$ 641,044
2023	2,091,000	537,798	280,000	55,203	2,371,000	593,001
2024	1,872,000	484,337	288,000	48,456	2,160,000	532,793
2025	1,782,000	440,358	294,000	41,321	2,076,000	481,679
2026	1,597,000	397,922	300,000	33,676	1,897,000	431,598
2027 - 2031	7,456,000	1,317,292	1,079,000	61,160	8,535,000	1,378,452
2032 - 2036	2,575,000	434,196	-	-	2,575,000	434,196
2037 - 2041	990,000	54,950	-	-	990,000	54,950
Total	<u>\$ 20,140,000</u>	<u>\$ 4,244,895</u>	<u>\$ 2,556,000</u>	<u>\$ 302,818</u>	<u>\$ 22,696,000</u>	<u>\$ 4,547,713</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, 2021, the City has borrowed \$13,491,938.

In January 2021, the City issued General Obligation Refunding Bonds, Series 2021A in the amount of \$1,905,000 for a current refunding of the remaining maturities of the General Obligation Refunding Bonds, Series 2012A and the General Obligation Improvement Bonds, Series 2014A. This current refunding is expected to save \$82,552 in cash payments, having a present value of \$80,482.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 CWRP Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 6,379	\$ 1,084	\$ 20,993	\$ 1,959	\$ 17,823	\$ 2,249	\$ 756,000	\$ 186,230	\$ 801,195	\$ 191,522
2023	6,379	957	21,951	1,002	18,180	1,892	764,000	131,790	810,510	135,641
2024	6,379	829	-	-	18,539	1,533	771,000	124,150	795,918	126,512
2025	6,379	702	-	-	18,914	1,158	779,000	116,440	804,293	118,300
2026	6,379	574	-	-	19,292	779	786,000	108,650	811,671	110,003
2027 - 2031	25,516	1,021	-	-	19,677	394	4,053,000	423,720	4,098,193	425,135
2032 - 2036	-	-	-	-	-	-	4,120,876	197,879	4,120,876	197,879
2036 - 2038	-	-	-	-	-	-	-	-	-	-
Total	\$ 57,411	\$ 5,167	\$ 42,944	\$ 2,961	\$ 112,425	\$ 8,005 *	\$ 12,029,876	\$ 1,288,859	\$ 12,242,656	\$ 1,304,992

* As of December 31, 2021, the City had drawn \$13,491,938 of the \$15,397,062 available. The remaining \$1,905,124 will be drawn in future years.

In 2021 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 \$429,600 and \$125,300 of accumulated depreciation at December 31, 2021.

The future minimum lease obligations and the net present value of the City's minimum lease payments as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Capital Leases Payable</u>
2022	\$ 90,267
2023	90,267
Total Minimum Lease Payments	<u>180,534</u>
Less Amount Representing Interest	<u>11,138</u>
Present Value of Minimum Lease Payments	<u>\$ 169,396</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, 2021, the principal amount outstanding was \$14,080,000.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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>
2022	\$ 9,302
2023	4,479
2024	2,613
Total	<u>\$ 16,394</u>

The City had \$40,466 of expenditures for these leases in 2021.

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, 2021**

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, 2021**

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, 2021**

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 2021 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, 2021, were \$122,719. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.8% and employer rates were 17.7% in fiscal year 2021. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$106,504. 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, 2021, the City reported a liability of \$969,392 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 2021. 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 \$29,612 for a total of \$999,004. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers.

City's Proportionate Share of the Net Pension Liability	\$	969,392
State of Minnesota's Proportionate Share of the		
Net Pension Liability Associated with the City		<u>29,612</u>
Total	\$	<u><u>999,004</u></u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The City's proportionate share was .0227% at the end of the measurement period and .0213% for the beginning of the period.

For the year ended December 31, 2021, the City recognized pension expense of \$14,760 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$2,389 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, 2021, 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	\$ 5,956	\$ 29,666
Changes in Actuarial Assumptions	587,373	21,444
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	839,534
Changes in Proportion	67,048	14,001
Contributions Paid to PERA Subsequent to the Measurement Date	62,182	-
Total	<u>\$ 722,559</u>	<u>\$ 904,645</u>

The \$62,182 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, 2022. 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	\$ (37,343)
2022	8,323
2023	13,737
2024	(228,985)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$392,894 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers.

City's Proportionate Share of the Net Pension Liability	\$	392,894
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		17,667
Total		\$ 410,561

The City's proportionate share was .0509% at the end of the measurement period and .0501% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9.0 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 \$9.0 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9.0 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although the City doesn't anticipate them to be phased out during the fiscal year ended 2022.

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 \$9.0 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, 2021, the City recognized pension expense of \$(36,014) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$3,217 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9.0 million to the Police and Fire Fund.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

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 \$17,667 for a total of \$410,561 for the year ended December 31, 2021 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.

At December 31, 2021, 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	\$ 75,460	\$ -
Changes in Actuarial Assumptions	577,451	215,870
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	750,721
Changes in Proportion	36,484	41,401
Contributions Paid to PERA Subsequent to the Measurement Date	55,998	-
Total	<u>\$ 745,393</u>	<u>\$ 1,007,992</u>

\$55,998 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, 2022. 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	\$ (270,270)
2022	(49,452)
2023	(45,224)
2024	(82,284)
2025	128,633

E. Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2021, was \$(10,743).

**CITY OF GLENCOE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the June 30, 2021 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

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, 2021 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 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.5% to 6.5%, for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%
- The base mortality table for health annuitants and employees was changed from the RP-2014 table
- to the Pub-201 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2010.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub 2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

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	33.5 %	5.10%
International Equity	16.5	5.30%
Fixed Income	25.0	0.75%
Private Markets	25.0	5.90%
Totals	<u>100 %</u>	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. 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 5.50%	Discount Rate 6.50%	1% Increase 7.50%
City's Proportionate Share of the GERF Net Pension Liability	\$ 1,977,064	\$ 969,392	\$ 142,535
City's Proportionate Share of the PEPFP Net Pension Liability	1,247,372	392,894	(307,566)

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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 2021 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, 2020, membership includes 37 active participants, eight terminated members entitled to benefit but not yet receiving them and seven retired members currently receiving benefits. The plan issues a stand-alone financial statement which can be obtained from the Association at 509 10th Street, Glencoe, MN 55336.

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, 2021**

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
=	Total Contribution Required

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$48,170 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2020. 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, 2020 was \$0.

Pension Costs

At December 31, 2021, the City reported an asset of \$470,648 for the Association's net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 \$4,905 for the year ended December 31, 2021. At December 31, 2021, 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	\$ 5,827	\$ 54,411
Changes in Actuarial Assumptions	38,751	9,858
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	154,532
City Contributions Subsequent to the Measurement Date	40,777	-
Total	<u>\$ 85,355</u>	<u>\$ 218,801</u>

The City contributions to the Association subsequent to the measurement date, \$40,777 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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>
2022	\$ (45,914)
2023	(33,850)
2024	(61,169)
2025	(28,339)
2026	154
Thereafter	(5,105)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight Line Closed
Actuarial Assumptions:	
Discount Rate	5.50%
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.25%
Age of Service Retirement	50

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 (2.25%).

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, 2020</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash and Equivalents	8.49 %	0.09%	2.34%
Fixed Income	23.36	1.40%	3.65%
Domestic Equity	62.21	4.90%	7.15%
International Equity	5.94	5.32%	7.57%
Total Portfolio	<u>100.00 %</u>		

**CITY OF GLENCOE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

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

Discount Rate

The discount rate used to measure the total pension liability was 5.50%. 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.

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 5.50%, 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 (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease	Selected Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (433,893)	\$ (470,648)	\$ (505,360)
Discount Rate	4.50%	5.50%	6.50%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

Plan’s Fiduciary Net Position

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

ASSETS

Cash and Cash Equivalents	\$	120,432
Fixed Income Securities		331,405
Mutual Funds		967,097
Accounts Receivable		-
Accrued Interest		1,989
Total Assets	<u>\$</u>	<u>1,420,923</u>

NET POSITION

Restricted for Fire Pensions	<u>\$</u>	<u>1,368,193</u>
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REVENUES

Fire State Aid	\$	46,170
State 10% Supplemental Reimbursement		2,000
Municipal Contribution		39,776
Investment Income		199,006
Total Revenues		<u>286,952</u>

EXPENSES

Pension Distributions		223,092
Administrative		11,130
Total Expenses		<u>234,222</u>

CHANGE IN NET POSITION

52,730

Net Position - Beginning of Year

1,368,193

NET POSITION - END OF YEAR

\$ 1,420,923

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2020
<u>Total Pension Liability</u>	
Service Cost	\$ 54,829
Interest	59,264
Differences Between Expected and Actual Experience	(40,396)
Changes of Assumptions	12,268
Changes of Benefit Terms	-
Benefit Payments, Including Member Contribution Refunds	<u>(223,092)</u>
Net Change in Total Pension Liability	(137,127)
Total Pension Liability - Beginning of Year	<u>1,087,402</u>
Total Pension Liability - End of Year (a)	950,275
Plan Fiduciary Net Position	
Municipal Contributions	39,776
State Contributions	48,170
Net Investment Income	199,006
Miscellaneous	-
Transfer from General Fund	-
Benefit Payments	(223,092)
Administrative Expenses	<u>(11,130)</u>
Net Change in Fiduciary Net Position	52,730
Fiduciary Net Position - Beginning of Year	<u>1,368,193</u>
Fiduciary Net Position - End of Year (b)	<u>1,420,923</u>
Association's Net Pension Liability/(Asset) - End of Year (a) - (b)	<u>\$ (470,648)</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	\$ 1,362,286	\$ 1,467,952	\$ 1,912,637	\$ (15,648)
Public Employees Retirement Association - Component Unit	653,379	462,972	623,109	(5,839)
Fire Relief Association	<u>(470,648)</u>	<u>85,355</u>	<u>218,801</u>	<u>4,905</u>
Total	<u>\$ 1,545,017</u>	<u>\$ 2,016,279</u>	<u>\$ 2,754,547</u>	<u>\$ (16,582)</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 13 TOTAL OF ALL PENSION PLANS (CONTINUED)

Description	General Employees Plan	Police and Fire Fund	Fire Relief Association	Total
Net Pension Asset	\$ -	\$ -	\$ 470,648	\$ 470,648
Net Pension Liability	969,392	392,894	-	1,362,286
Deferred Outflows of Resources	722,559	745,393	85,355	1,553,307
Deferred Inflows of Resources	904,645	1,007,992	218,801	2,131,438
Pension Expense	17,149	(32,797)	4,905	(10,743)

NOTE 14 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, 2021, there were three retirees and \$30,740 of contributions to the plan.

Actuarial Methods and Assumptions

The City's OPEB liability was measured as of December 31, 2020, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2019 using the alternative measurement method.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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% 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 2.00%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2020	\$ 191,567
Changes for the Year:	
Service Cost	7,439
Interest	4,981
Assumption Changes	6,751
Difference between expected and actual experience	4,421
Benefit Payments	<u>(35,740)</u>
Net Change in Total OPEB Liability	<u>(12,148)</u>
Balances at December 31, 2021	<u>\$ 179,419</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>(1.00%)</u>	Discount Rate <u>(2.00%)</u>	1% Decrease <u>(3.00%)</u>
Net OPEB Liability	\$ 188,893	\$ 179,419	\$ 170,486

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14 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	\$ 165,586	\$ 179,419	\$ 195,438

For the year ended December 31, 2021, the City recognized OPEB expense of \$23,592. At December 31, 2021, the City reported no deferred inflows of resources, and \$38,331 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, 2022.

NOTE 15 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.

In 2021 the Commission transferred \$100,000 to the City of Glencoe for the payment in lieu of taxes. In addition, the Commission provided, at no cost to the City, street lights and street light maintenance in the amount of \$19,889 for 2021.

NOTE 16 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, 2021**

NOTE 17 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 \$474,000 as of December 31, 2021. Accounts payable and retainages payable at December 31, 2021 include \$474,000 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 18 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers

Transfers between funds during 2021 are as follows:

	Transfers In	Transfers Out
Governmental Fund Types		
General Fund	\$ 660,500	\$ (133,500)
Municipal State Aid	36,397	(127,549)
2015 Street Improvement Fund	300,000	-
2017 Street Improvement Fund	165,000	-
2021 Street Improvement Fund	-	(36,397)
Nonmajor Governmental Funds	802,954	(259,405)
Total Governmental Funds	1,964,851	(556,851)
Proprietary Fund Types		
Water Fund	-	(455,000)
Wastewater Treatment Plant Fund	-	(466,000)
Sanitation Fund	-	(7,000)
City Center Fund	200,000	-
Municipal Liquor Fund	-	(250,000)
Storm Water Management Fund	-	(430,000)
Total Proprietary Funds	200,000	(1,608,000)
Total Operating Transfers	\$ 2,164,851	\$ (2,164,851)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 18 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Due to/from Other Funds

Individual fund receivable and payable balances at December 31, 2021 are as follows:

Fund	Interfund Receivables Due from Other Funds	Interfund Payables Due to Other Funds	Description
Governmental Fund Types:			
General Fund	\$ 1,111,258	\$ 135,298	Eliminate Deficit Cash
Nonmajor Governmental Funds	-	109,405	Eliminate Deficit Cash
2021 Street Improvement Fund	-	278,663	Eliminate Deficit Cash
Proprietary Fund Types			
City Center Fund	-	361,459	Eliminate Deficit Cash
Airport Fund	-	226,433	Eliminate Deficit Cash
Total Due To/From	<u>\$ 1,111,258</u>	<u>\$ 1,111,258</u>	

All of the due from/due to other funds balances are expected to be repaid in future years.

NOTE 19 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, 2021, the Developer has not completed the requirements for the tax abatement, therefore, there were no abated property taxes by the City in 2021 under this agreement.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 20 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2022, the date the financial statements were available to be issued.

NOTE 21 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, 2021.

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, 2021 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, 2021**

NOTE 21 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, 2021, the Light and Power Commission had the following investments:

	Amount
Negotiable Certificates of Deposit	\$ 245,989

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	\$ 245,989	\$ 245,989	\$ -	\$ -

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 21 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>
State Bk India Chicago	\$ 245,989	100.0
Total	<u>\$ 245,989</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>\$ 245,989</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, 2021**

NOTE 21 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:

	<u>12/31/21</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level I)</u>	<u>Significant Other Observable Inputs (Level II)</u>	<u>Significant Observable Inputs (Level III)</u>
Investments by fair value level				
Negotiable Certification of Deposits	<u>\$ 245,989</u>	<u>\$ -</u>	<u>\$ 245,989</u>	<u>\$ -</u>

Designated Cash

Commission resolutions have established the following designated cash funds to reflect other financial considerations:

Expansion Fund	\$ 4,196,606
Catastrophic Reserve Fund	<u>1,968,281</u>
Total Designated Cash	<u>\$ 6,164,887</u>

A summary of the significant purposes of the designated cash 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, 2021**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

A summary of capital asset activity for the year ended December 31, 2021 is as follows:

	2021			
	Beginning Balance	Additions	Retirements	Ending Balance
PLANT IN SERVICE				
Buildings, Land, and Land Improvements	\$ 1,987,740	\$ 52,830	\$ -	\$ 2,040,570
Engines, Auxiliaries, and Switch Boards	13,935,723	-	-	13,935,723
Distribution System	7,696,283	53,389	-	7,749,672
Transmission System	11,544,191	-	-	11,544,191
Street Lights	175,454	-	-	175,454
Substation	2,725,493	324,943	-	3,050,436
Loop Feeder	468,366	-	-	468,366
Meters	874,655	117,489	-	992,144
Total Plant in Service	39,407,905	548,651	-	39,956,556
Less: Accumulated Depreciation	(23,599,996)	(893,863)	-	(24,493,859)
Net Plant in Service	15,807,909	(345,212)	-	15,462,697
CONSTRUCTION WORK-IN-PROGRESS				
Net Utility Plant	7,500	110,838	(7,500)	110,838
Net Utility Plant	15,815,409	(234,374)	(7,500)	15,573,535
NONUTILITY PROPERTY				
Building and Improvements	447,364	-	-	447,364
Transportation Equipment	1,398,149	7,749	-	1,405,898
Plant Tools and Equipment	178,254	46,303	-	224,557
Office Equipment	227,306	19,208	(6,670)	239,844
Total Nonutility Property	2,251,073	73,260	(6,670)	2,317,663
Less: Accumulated Depreciation	(1,372,721)	(101,351)	6,670	(1,467,402)
Net Nonutility Property	878,352	(28,091)	-	850,261
Total Net Capital Assets	\$ 16,693,761	\$ (262,465)	\$ (7,500)	\$ 16,423,796

Capital assets that are not being depreciated (including land and construction-in-progress) totaled \$401,105 at December 31, 2021.

Long-Term Liabilities

A summary of long-term debt activity for the year ended December 31, 2021 is as follows:

	Beginning			Ending	
	Balance	Additions	Retirements	Balance	Due Within One Year
Compensated Absences Payable	\$ 104,294	\$ 100,983	\$ (106,632)	\$ 98,645	\$ -
Capital Lease Payable	6,730	19,208	(5,633)	20,305	20,305
Total	\$ 111,024	\$ 120,191	\$ (112,265)	\$ 118,950	\$ 20,305

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 4,547
2023	4,054
2024	4,054
2025	4,054
2026	4,054
2027	1,701
Total Minimum Lease Payments	<u>22,464</u>
Less: Amount representing Interest	(2,159)
Present Value of Minimum Lease Payments	<u>\$ 20,305</u>

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Contributions

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.

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

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2021 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, 2021 were \$84,619. The Commission's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2021, the Commission reported a liability of \$653,379 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 2021. 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 \$29,234. The net pension liability was measured as of June 30, 2021 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the Commission's proportionate share was .0153% at the end of the measurement period and .0158% for the beginning of the period.

For the year ended December 31, 2021, the Commission recognized pension expense of \$(7,452) for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$1,613 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Pension Costs (Continued)

At December 31, 2021, 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	\$ 4,014	\$ 19,995
Changes in Actuarial Assumptions	398,939	14,453
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	565,853
Changes in Proportion	17,482	22,808
Commission Contributions Subsequent to the Measurement Date	42,537	-
Total	<u>\$ 462,972</u>	<u>\$ 623,109</u>

\$42,537 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, 2022. 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>	Pension Expenses Amount
2021	\$ (26,193)
2022	(9,451)
2023	(12,692)
2024	(154,338)

Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

<u>Assumptions</u>	General Employee Plan
Inflation	2.25% per Year
Salary Increases	3.00% per Year
Investment Rate of Return	6.50%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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, 2021 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 2020. The assumption changes were adopted by the Board and became effective with the July 1, 2021 actuarial valuation. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2022 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2021:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10%
International Equity	16.5	5.30%
Fixed Income	25.0	0.75%
Private Markets	25.0	5.90%
Totals	<u>100 %</u>	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 21 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, 2021			
<u>General Employee Plan Discount Rate</u>	5.50%	6.50%	7.50%
Commission's Proportionate Share of the Net Pension Liability	\$ 1,332,559	\$ 653,379	\$ 96,070

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, 2021**

NOTE 21 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, 2021, there were four retirees and \$40,016 of contributions to the plan.

Actuarial Methods and Assumptions

The Commission's OPEB liability was measured as of December 31, 2020, 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-2019, and other adjustments.

The actuarial assumptions used in December 31, 2020 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 2.00%. 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, 2021**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Changes in the Net OPEB Liability:

	Total OPEB Liability
Balances at December 31, 2020	\$ 369,734
Changes for the Year:	
Service Cost	14,481
Interest	10,155
Assumption Changes	9,241
Difference between Expected and Actual Experience	(7,715)
Benefit Payments	(29,854)
Net Change in Total OPEB Liability	(3,692)
Balances at December 31, 2021	\$ 366,042

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 (1.00%)	Discount Rate (2.00%)	1% Decrease (3.00%)
Net OPEB Liability	\$ 378,682	\$ 366,042	\$ 353,769

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 3.0%)	Current Trend Rates (6.2% Decreasing to 4.0%)	1% Decrease (7.2% Decreasing to 5.0%)
<u>Medical Trend Rate</u>			
Net OPEB Liability	\$ 346,940	\$ 366,042	\$ 387,241

For the year ended December 31, 2021, the Commission recognized OPEB expense of \$26,162. At December 31, 2021, the Commission reported no deferred inflows of resources, and \$40,016 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, 2022.

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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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget Positive (Negative)	2020 Actual
REVENUES					
Taxes -					
General Property Taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,013,783	\$ 13,783	\$ 1,889,385
Tax Increments	6,000	6,000	1,718	(4,282)	1,584
Special Assessments	40,000	40,000	74,000	34,000	63,598
Franchise Taxes	12,000	12,000	3,157	(8,843)	6,900
Total Taxes	<u>2,058,000</u>	<u>2,058,000</u>	<u>2,092,658</u>	<u>34,658</u>	<u>1,961,467</u>
Licenses and Permits	45,500	45,500	92,843	47,343	85,405
Intergovernmental -					
Local Government Aid	1,559,260	1,559,260	1,559,260	-	1,518,826
Market Value Credit Aid	-	-	33	33	29
PERA Rate Increase Aid	4,500	4,500	-	(4,500)	-
Police State Aid	67,000	67,000	62,050	(4,950)	75,608
Fire State Aid	47,631	47,631	52,334	4,703	48,130
Miscellaneous State Aid	10,000	10,000	5,679	(4,321)	3,690
Miscellaneous Federal Aid	-	-	12,472	12,472	13,771
Total Intergovernmental	<u>1,688,391</u>	<u>1,688,391</u>	<u>1,691,828</u>	<u>3,437</u>	<u>1,660,054</u>
Charges for Services -					
Special Services, Police	500	500	-	(500)	-
Special Services, Fire	39,000	39,000	45,861	6,861	51,767
Miscellaneous Charges	88,000	88,000	94,883	6,883	77,876
Total Charges for Services	<u>127,500</u>	<u>127,500</u>	<u>140,744</u>	<u>13,244</u>	<u>129,643</u>
Fines and Forfeits	37,000	37,000	46,195	9,195	27,463
Interest	6,300	6,300	1,442	(4,858)	3,031
Contributions and Donations	11,000	11,000	50,444	39,444	59,725
Payments in Lieu of Taxes	100,000	100,000	100,000	-	97,500
Miscellaneous -					
Park Fees	37,000	37,000	57,344	20,344	37,794
Reimbursements, Refunds and Miscellaneous	37,200	37,200	108,120	70,920	91,615
Total Miscellaneous	<u>74,200</u>	<u>74,200</u>	<u>165,464</u>	<u>91,264</u>	<u>129,409</u>
Total Revenues	4,147,891	4,147,891	4,381,618	233,727	4,153,697

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget Positive (Negative)	2020 Actual
EXPENDITURES					
General Government -					
Administration:					
Salaries	\$ 223,818	\$ 223,818	\$ 219,859	\$ 3,959	\$ 214,600
Employee Benefits	89,808	89,808	78,586	11,222	88,879
Payroll Taxes	13,877	13,877	12,995	882	12,693
Workers' Compensation	2,266	2,266	2,109	157	2,120
Office Supplies	6,000	6,000	7,237	(1,237)	9,778
Printing and Binding	6,000	6,000	4,898	1,102	3,497
Repairs and Maintenance	16,500	16,500	16,841	(341)	32,134
Professional Services	100,000	100,000	124,298	(24,298)	104,837
Auditing and Accounting	42,000	42,000	43,650	(1,650)	44,142
Legal Fees	60,000	60,000	60,173	(173)	68,619
Chamber	6,000	6,000	5,891	109	5,851
Telephone	5,000	5,000	4,764	236	4,057
Postage	3,500	3,500	2,879	621	2,861
Advertising	3,500	3,500	5,912	(2,412)	6,057
Travel	2,000	2,000	533	1,467	172
Training	2,000	2,000	3,736	(1,736)	1,900
Insurance	28,000	28,000	30,622	(2,622)	30,142
Utilities	68,500	68,500	70,779	(2,279)	52,622
Subscriptions	500	500	581	(81)	234
Continuing Education and Dues	1,500	1,500	759	741	-
League of Minnesota Cities	17,500	17,500	6,367	11,133	25,828
Capital Lease Principal	31,316	31,316	31,315	1	60,632
Capital Lease Interest	686	686	686	-	3,371
Capital Outlay	4,000	4,000	4,244	(244)	74,836
Miscellaneous	600	600	730	(130)	536
Total Administration	734,871	734,871	740,525	(5,654)	850,398
Finance:					
Salaries	144,998	144,998	146,583	(1,585)	143,833
Employee Benefits	72,978	72,978	63,316	9,662	65,557
Payroll Taxes	8,990	8,990	8,554	436	8,394
Office Supplies	2,000	2,000	1,407	593	947
Printing and Binding	500	500	1,017	(517)	526
Repairs and Maintenance	500	500	51	449	-
Computer Software	5,000	5,000	5,083	(83)	4,841
Postage	-	-	8	(8)	8
Travel	500	500	17	483	14
Continuing Education and Dues	200	200	-	200	-
Capital Outlay	1,000	1,000	334	666	-
Training	500	500	-	500	-
Miscellaneous	600	600	165	435	363
Total Finance	237,766	237,766	226,535	11,231	224,483

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget Positive (Negative)	2020 Actual
EXPENDITURES - (Cont'd.)					
General Government - (Cont'd.)					
City Council:					
Salaries	\$ 29,700	\$ 29,700	\$ 30,138	\$ (438)	\$ 43,800
Employee Benefits	1,485	1,485	1,507	(22)	1,485
Payroll Taxes	431	431	437	(6)	431
Workers' Compensation	75	75	75	-	78
Insurance	-	-	-	-	-
Office Supplies	500	500	49	451	582
Travel	2,000	2,000	-	2,000	298
Training	3,500	3,500	2,145	1,355	551
Dues and Subscriptions	1,000	1,000	-	1,000	30
Miscellaneous	5,500	5,500	6,001	(501)	6,903
Total City Council	<u>44,191</u>	<u>44,191</u>	<u>40,352</u>	<u>3,839</u>	<u>54,158</u>
Total General Government	1,016,828	1,016,828	1,007,412	9,416	1,129,039
Public Safety -					
Police Department:					
Salaries	675,157	675,157	689,943	(14,786)	715,337
Employee Benefits	295,137	295,137	319,945	(24,808)	286,965
Payroll Taxes	5,107	5,107	4,589	518	4,207
Workers' Compensation	25,000	25,000	39,828	(14,828)	31,182
Supplies	9,700	9,700	9,004	696	11,679
Motor Fuels	21,000	21,000	23,738	(2,738)	16,104
Repairs and Maintenance	32,000	34,088	30,050	4,038	33,862
Training	14,000	14,000	13,043	957	7,642
Continuing Education and Dues	750	750	702	48	155
Investigation	4,000	4,000	4,233	(233)	2,327
Vaccinations	500	500	-	500	-
Telephone	8,000	8,000	12,965	(4,965)	9,516
Insurance	19,000	19,000	26,565	(7,565)	24,778
Legal Fees	47,000	47,000	58,636	(11,636)	60,078
Uniforms	7,000	7,000	7,050	(50)	7,262
Animal Control	2,500	2,500	-	2,500	-
Operating Leases	64,000	64,000	59,234	4,766	44,813
Capital Outlay	19,100	35,743	36,660	(917)	41,761
Utilities	13,000	13,000	15,815	(2,815)	12,604
Miscellaneous	3,500	3,500	6,600	(3,100)	4,812
Total Police Department	<u>1,265,451</u>	<u>1,284,182</u>	<u>1,358,600</u>	<u>(74,418)</u>	<u>1,315,084</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget Positive (Negative)	2020 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	-	1,260
State Fire Aid	48,000	48,000	52,334	(4,334)	48,130
Municipal Fire Aid Contribution	39,000	39,000	40,777	(1,777)	39,776
Payroll Taxes	1,699	1,699	1,698	1	1,698
Workers' Compensation	12,000	12,000	14,224	(2,224)	14,814
Office Supplies	3,500	3,500	6,402	(2,902)	6,616
Motor Fuels	7,500	7,500	5,564	1,936	3,764
Repairs and Maintenance	41,000	41,000	26,858	14,142	16,257
Training	11,000	11,000	8,305	2,695	8,360
Telephone	1,000	1,000	915	85	791
Travel	1,500	1,500	-	1,500	85
Advertising	1,300	1,300	1,244	56	1,122
Insurance	4,500	4,500	4,249	251	4,204
Utilities	6,300	6,300	6,755	(455)	5,709
Continuing Education and Dues	4,000	4,000	315	3,685	1,568
Capital Lease Principal	79,437	79,437	79,436	1	76,123
Capital Lease Interest	10,831	10,831	10,831	-	14,144
Capital Outlay	20,000	37,050	88,911	(51,861)	17,490
Miscellaneous	20,500	20,500	21,777	(1,277)	13,675
Total Fire Department	<u>336,527</u>	<u>353,577</u>	<u>394,055</u>	<u>(40,478)</u>	<u>297,786</u>
Code Enforcement:					
Office Supplies	600	600	-	600	-
Building Inspector	35,000	35,000	110,151	(75,151)	73,090
Total Code Enforcement	<u>35,600</u>	<u>35,600</u>	<u>110,151</u>	<u>(74,551)</u>	<u>73,090</u>
Total Public Safety	1,637,578	1,673,359	1,862,806	(189,447)	1,685,960
Streets and Highways -					
Salaries	219,194	219,194	224,669	(5,475)	191,858
Employee Benefits	71,357	71,357	62,847	8,510	56,085
Payroll Taxes	13,591	13,591	13,461	130	11,649
Workers' Compensation	14,000	14,000	17,254	(3,254)	17,443
Supplies	1,500	1,500	1,834	(334)	1,943
Motor Fuels	30,000	30,000	21,965	8,035	20,912
Repairs and Maintenance	64,500	66,260	61,900	4,360	49,573
Professional Services	2,000	2,000	1,192	808	1,303
Street Maintenance	20,000	20,000	12,801	7,199	23,358
Street Overlay and Seal Coat	535,000	535,000	661,250	(126,250)	753,054
Landscaping	1,500	1,500	2,888	(1,388)	522
Telephone	2,100	2,100	1,489	611	1,348

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget Positive (Negative)	2020 Actual
EXPENDITURES - (Cont'd.)					
Streets and Highways - (Cont'd.)					
Mosquito Control	\$ 11,000	\$ 11,000	\$ 10,768	\$ 232	\$ 11,208
Insurance	8,500	8,500	8,766	(266)	8,070
Utilities	8,100	8,100	8,188	(88)	7,175
Capital Lease Principal	34,420	34,420	34,420	-	33,238
Capital Lease Interest	3,199	3,199	3,198	1	4,380
Capital Outlay	131,000	131,000	186,480	(55,480)	167,864
Miscellaneous	59,800	60,800	29,733	31,067	24,110
Total Street and Highways	1,230,761	1,233,521	1,365,103	(131,582)	1,385,093
Culture and Recreation -					
Parks and Recreation:					
Salaries	270,194	270,194	259,352	10,842	264,612
Employee Benefits	81,146	81,146	90,854	(9,708)	82,949
Payroll Taxes	16,753	16,753	15,449	1,304	15,670
Workers' Compensation	8,500	8,500	10,532	(2,032)	10,653
Supplies	13,500	13,500	15,220	(1,720)	12,160
Motor Fuels	11,000	11,000	19,413	(8,413)	9,411
Repairs and Maintenance	22,500	22,500	15,149	7,351	17,496
Telephone	2,100	2,100	1,616	484	1,480
Insurance	21,000	21,000	24,427	(3,427)	23,486
Utilities	6,900	6,900	8,833	(1,933)	6,595
Capital Outlay	62,000	62,000	6,628	55,372	40,820
Miscellaneous	10,300	10,300	6,119	4,181	7,726
Total Park and Recreation	525,893	525,893	473,592	52,301	493,058
Library and Community Center:					
Supplies	3,100	3,100	3,152	(52)	2,778
Repairs and Maintenance	4,500	4,500	1,759	2,741	3,187
Management Fees	90,000	90,000	90,000	-	89,760
Telephone	800	800	798	2	756
Insurance	2,200	2,200	2,371	(171)	2,311
Utilities	18,500	18,500	24,346	(5,846)	10,908
Capital Outlay	4,000	6,000	2,241	3,759	746
Total Library and Community Center	123,100	125,100	124,667	433	110,446
Total Culture and Recreation	648,993	650,993	598,259	52,734	603,504

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget Positive (Negative)	2020 Actual
EXPENDITURES - (Cont'd.)					
Economic Development	\$ 10,000	\$ 10,000	\$ 10,167	\$ (167)	\$ 24,546
Miscellaneous -					
Sales Tax	3,500	3,500	5,719	(2,219)	3,464
State Surcharge	10,000	10,000	5,384	4,616	2,298
Vehicle Towing	4,000	4,000	2,020	1,980	2,992
Refunds and Reimbursements	21,000	21,000	48,682	(27,682)	57,415
Capital Lease Principal	6,379	6,379	6,379	-	6,379
Capital Lease Interest	1,213	1,213	1,850	(637)	713
Other	21,908	21,908	32,186	(10,278)	54,042
Total Miscellaneous	<u>68,000</u>	<u>68,000</u>	<u>102,220</u>	<u>(34,220)</u>	<u>127,303</u>
Total Expenditures	<u>4,612,160</u>	<u>4,652,701</u>	<u>4,945,967</u>	<u>(293,266)</u>	<u>4,955,445</u>
Deficiency of Revenues Under Expenditures	(464,269)	(504,810)	(564,349)	(59,539)	(801,748)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	635,000	635,000	660,500	25,500	727,235
Operating Transfers Out	(124,016)	(124,016)	(133,500)	(9,484)	(113,600)
Proceeds from the Sale of Capital Assets	500	500	-	(500)	1,408
Insurance Proceeds	6,000	20,166	16,254	(3,912)	80,994
Total Other Financing Sources (Uses)	<u>517,484</u>	<u>531,650</u>	<u>543,254</u>	<u>11,604</u>	<u>696,037</u>
Net Change in Fund Balances	53,215	26,840	(21,095)	(47,935)	(105,711)
Fund Balances - Beginning of Year	<u>2,402,068</u>	<u>2,402,068</u>	<u>2,402,068</u>	<u>-</u>	<u>2,507,779</u>
Fund Balances - End of Year	<u>\$ 2,455,283</u>	<u>\$ 2,428,908</u>	<u>\$ 2,380,973</u>	<u>\$ (47,935)</u>	<u>\$ 2,402,068</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, 2021

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018	Measurement Date December 31, 2017
Total OPEB Liability				
Service Cost	\$ 7,439	\$ 5,312	\$ 6,116	\$ 5,237
Interest	4,981	6,135	7,261	8,956
Difference Between Expected and Actual Experience	4,421	24,162	-	-
Assumption Changes	6,751	11,187	(30,011)	4,369
Benefit Payments	<u>(35,740)</u>	<u>(30,575)</u>	<u>(42,526)</u>	<u>(27,792)</u>
Net Change in Total OPEB Liability	<u>(12,148)</u>	<u>16,221</u>	<u>(59,160)</u>	<u>(9,230)</u>
Total OPEB Liability - Beginning	<u>191,566</u>	<u>175,345</u>	<u>234,505</u>	<u>243,735</u>
Net OPEB Liability - Ending	<u>\$ 179,418</u>	<u>\$ 191,566</u>	<u>\$ 175,345</u>	<u>\$ 234,505</u>
Covered Payroll	\$ 2,102,498	\$ 2,084,022	\$ 1,986,408	\$ 2,233,168
City's Net OPEB Liability as a Percentage of Covered Payroll	8.5%	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.

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

	Measurement Date December 31, 2020	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	\$ 54,829	\$ 49,984	\$ 46,293	\$ 37,968	\$ 45,629	\$ 35,804	\$ 31,824
Interest	59,264	57,642	58,461	60,831	60,464	62,332	54,683
Differences Between Expected and Actual Experience	(40,396)	-	8,251	-	(43,098)	-	-
Changes in Assumptions	12,268	-	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	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Net Change in Total Pension Liability	(137,127)	117,675	(51,202)	53,117	(115,585)	146,052	119,401
Total Pension Liability - Beginning of Year	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345	817,944
Total Pension Liability - End of Year (a)	950,275	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345
Plan Fiduciary Net Position							
Municipal Contributions	39,776	29,211	29,192	25,500	68,795	68,795	68,774
State Contributions	48,170	45,591	49,282	45,695	46,437	43,134	40,108
Net Investment Income	199,006	213,025	(51,005)	140,849	81,653	(11,916)	72,568
Miscellaneous	-	-	-	-	-	25	-
Transfer from General Fund	-	-	-	30,000	-	-	-
Benefit Payments	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Administrative Expenses	(11,130)	(12,152)	(11,860)	(17,305)	(12,535)	(14,116)	(8,658)
Net Change in Fiduciary Net Position	52,730	241,182	(170,127)	84,891	29,398	57,518	155,812
Fiduciary Net Position - Beginning of Year	1,368,193	1,127,011	1,297,138	1,212,247	1,182,849	1,125,331	969,519
Fiduciary Net Position - End of Year (b)	1,420,923	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)	\$ (470,648)	\$ (280,791)	\$ (157,284)	\$ (276,209)	\$ (244,435)	\$ (99,452)	\$ (187,986)
Fiduciary Net Position as a Percentage of the Total Pension Asset	149.53%	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	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	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2021	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	0.0227%	0.0213%	0.0212%	0.0221%	0.0220%	0.0213%	0.0218%
City's Proportionate Share of the Net Pension Liability	\$ 969,392	\$ 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	29,612	39,457	36,498	40,172	17,628	22,610	-
Total City's Proportionate Share of the Net Pension Liability	\$ 999,004	\$ 1,316,489	\$ 1,174,870	\$ 1,266,190	\$ 1,422,093	\$ 1,752,064	\$ 1,129,789
City's Covered Payroll	\$ 1,608,934	\$ 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	60.25%	84.05%	75.80%	82.65%	99.28%	130.67%	88.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	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	0.0509%	0.0501%	0.0525%	0.0496%	0.0510%	0.0530%	0.0540%
City's Proportionate Share of the Net Pension Liability	\$ 392,894	\$ 660,371	\$ 558,916	\$ 528,685	\$ 688,561	\$ 2,126,982	\$ 613,566
City's Covered Payroll	\$ 604,552	\$ 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	64.99%	116.61%	100.97%	101.05%	131.69%	413.04%	127.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.66%	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

	2021	2020	2019	2018	2017	2016	2015	2014
PERA - General Employees Retirement Plan - City								
Contractually Required Contribution	\$ 122,719	\$ 117,098	\$ 112,633	\$ 114,378	\$ 110,431	\$ 104,130	\$ 99,983	\$ 92,542
Contributions in Relation to the Contractually Required Contribution	(122,719)	(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>	<u>\$ -</u>
City's Covered Payroll	\$ 1,636,253	\$ 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%	7.50%	7.25%
PERA - Public Employees Police and Fire Plan - City								
Contractually Required Contribution	\$ 106,504	\$ 104,054	\$ 91,721	\$ 84,873	\$ 86,985	\$ 84,340	\$ 81,649	\$ 73,859
Contributions in Relation to the Contractually Required Contribution	(106,504)	(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>	<u>\$ -</u>
City's Covered Payroll	\$ 606,038	\$ 587,876	\$ 553,556	\$ 523,907	\$ 536,943	\$ 520,616	\$ 504,004	\$ 482,740
Contributions as a Percentage of Covered Payroll	17.57%	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	(40,777)	(39,776)	(29,211)	(29,192)	(25,500)	(68,795)	(68,795)	(68,774)
Contribution Deficiency (Excess)	<u>\$ (40,777)</u>	<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	N/A
Contributions as a Percentage of Covered Payroll	N/A	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	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Commission's Proportion of the Net Pension Liability	0.0153%	0.0158%	0.0153%	0.0152%	0.0160%	0.0167%	0.0160%
Commission's Proportionate Share of the Net Pension Liability	\$ 653,379	\$ 947,282	\$ 845,903	\$ 843,234	\$ 1,021,429	\$ 1,355,957	\$ 844,751
State's Proportionate Share of the Net Pension Liability	19,994	29,234	26,332	22,686	12,829	-	-
Total Commission's Proportionate Share of the Net Pension Liability	<u>\$ 673,373</u>	<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	\$ 1,104,699	\$ 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	59.15%	80.63%	75.32%	82.57%	99.21%	130.47%	87.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	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**

	2021	2020	2019	2018	2017	2016	2015	2014
PERA								
Contractually Required Contribution	\$ 82,853	\$ 83,899	\$ 81,583	\$ 81,158	\$ 76,083	\$ 76,316	\$ 70,549	\$ 67,852
Contributions in Relation to the Contractually Required Contribution	(82,853)	(83,899)	(81,583)	(81,158)	(76,083)	(76,316)	(70,549)	(67,852)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 1,104,707	\$ 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%	7.50%	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	Measurement Date December 31 2017
Total OPEB Liability				
Service Cost	\$ 14,481	\$ 13,106	\$ 13,062	\$ 11,159
Interest	10,155	13,296	11,818	12,599
Assumption Changes	9,241	12,306	(7,273)	7,651
Difference Between Expected and Actual Experience	(7,715)	(3,685)	-	-
Benefit Payments	(29,854)	(21,131)	(11,473)	(2,431)
Net Change in Total OPEB Liability	(3,692)	13,892	6,134	28,978
Total OPEB Liability - Beginning	369,734	355,842	349,708	320,730
Net OPEB Liability - Ending	<u>\$ 366,042</u>	<u>\$ 369,734</u>	<u>\$ 355,842</u>	<u>\$ 349,708</u>
 Covered-Payroll	 \$ 1,209,004	 \$ 1,114,418	 \$ 1,113,019	 \$ 1,034,595
 Commission's Net OPEB Liability as a Percentage of Covered-Payroll	 30%	 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, 2021**

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 2021.

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	\$ 4,652,701	\$ 4,945,967

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

2021

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

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

A. General Employees Fund (Continued)

- 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.
- 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.

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.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

A. General Employees Fund (Continued)

- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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.
- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

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

B. Police and Fire Fund

2021 (Continued)

- The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

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.
- 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.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

B. Police and Fire Fund (Continued)

2017 (Continued)

- 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.

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COMBINING FUND STATEMENTS

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**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Other Governmental Funds				
	2021			2020	
	Special Revenue	Debt Service	Capital Projects	Total Other Governmental Funds	Total Other Governmental Funds
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 12,818	\$ 648,746	\$ 338,037	\$ 999,601	\$ 913,079
Accounts Receivable	310,694	-	-	310,694	7,545
Taxes Receivable:					
Current	-	3,129	-	3,129	12,032
Delinquent	-	4,469	-	4,469	4,163
Special Assessments Receivable:					
Current	-	436	-	436	25,685
Noncurrent	-	833,628	-	833,628	859,058
Land Held for Resale	-	-	173,824	173,824	173,824
Total Assets	\$ 323,512	\$ 1,490,408	\$ 511,861	\$ 2,325,781	\$ 1,995,386
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 281	\$ -	\$ -	\$ 281	\$ 40,246
Due to Other Funds	109,405	-	-	109,405	79,862
Total Liabilities	109,686	-	-	109,686	120,108
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	302,930	838,098	-	1,141,028	863,223
FUND BALANCES					
Nonspendable	-	-	173,824	173,824	173,824
Restricted for:					
Debt Service	-	652,310	-	652,310	686,652
Capital Projects	-	-	338,037	338,037	247,899
Committed for:					
Cable TV	18,548	-	-	18,548	19,620
Unassigned	(107,652)	-	-	(107,652)	(115,940)
Total Fund Balances	(89,104)	652,310	511,861	1,075,067	1,012,055
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 323,512	\$ 1,490,408	\$ 511,861	\$ 2,325,781	\$ 1,995,386

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Other Governmental Funds				
	2021			2020	
	Special Revenue	Debt Service	Capital Projects	Total Other Governmental Funds	Total Other Governmental Funds
REVENUES					
Taxes	\$ 7,365	\$ 438,738	\$ -	\$ 446,103	\$ 434,118
Tax Increments	-	-	263,364	263,364	230,568
Intergovernmental	302,930	-	-	302,930	415,878
Charges for Services	99,867	-	-	99,867	376
Assessments	-	271,205	-	271,205	183,985
Interest Income	(36)	73	94	131	885
Franchise Taxes	30,360	-	-	30,360	30,587
Miscellaneous	5,801	-	148	5,949	327
Total Revenues	<u>446,287</u>	<u>710,016</u>	<u>263,606</u>	<u>1,419,909</u>	<u>1,296,724</u>
EXPENDITURES					
Current:					
General Government	222,325	-	-	222,325	415,878
Highways and Streets	-	-	-	-	68,727
Culture-Recreation	178,362	-	-	178,362	23,595
Economic Development	-	-	56,368	56,368	81,414
Capital Outlay:					
Highways and Streets	-	-	-	-	67,291
Culture-Recreation	108,089	-	-	108,089	77,783
Economic Development	-	50,888	-	50,888	85,000
Debt Service:					
Principal	-	923,000	-	923,000	906,000
Interest	-	360,759	-	360,759	390,656
Fiscal Charges	-	16,655	-	16,655	1,485
Total Expenditures	<u>508,776</u>	<u>1,351,302</u>	<u>56,368</u>	<u>1,916,446</u>	<u>2,117,829</u>
Deficiency of Revenues					
Under Expenditures	(62,489)	(641,286)	207,238	(496,537)	(821,105)
OTHER FINANCING SOURCES (USES)					
Transfers In	155,605	647,349	-	802,954	753,756
Transfers Out	(105,605)	(36,700)	(117,100)	(259,405)	(321,842)
Bond Proceeds		1,246,000	-	1,246,000	-
Payments to Bond Escrow Agent		(1,230,000)	-	(1,230,000)	-
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>626,649</u>	<u>(117,100)</u>	<u>559,549</u>	<u>431,914</u>
Net Change in Fund Balances	(12,489)	(14,637)	90,138	63,012	(389,191)
Fund Balances - Beginning of Year	<u>(76,615)</u>	<u>666,947</u>	<u>421,723</u>	<u>1,012,055</u>	<u>1,401,246</u>
Fund Balances - End of Year	<u>\$ (89,104)</u>	<u>\$ 652,310</u>	<u>\$ 511,861</u>	<u>\$ 1,075,067</u>	<u>\$ 1,012,055</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Special Revenue Funds				
	2021				2020
	Aquatic Center	Cable TV	CARES Act	Total Special Revenue	Total Special Revenue
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,702	\$ 11,116	\$ -	\$ 12,818	\$ 13,877
Accounts Receivable	232	7,532	302,930	310,694	7,545
Total Assets	<u>\$ 1,934</u>	<u>\$ 18,648</u>	<u>\$ 302,930</u>	<u>\$ 323,512</u>	<u>\$ 21,422</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 181	\$ 100	\$ -	\$ 281	\$ 37,880
Due to Other Funds	109,405	-	-	109,405	60,157
Total Liabilities	<u>109,586</u>	<u>100</u>	<u>-</u>	<u>109,686</u>	<u>98,037</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	302,930	302,930	-
FUND BALANCES					
Committed	-	18,548	-	18,548	19,620
Unassigned	<u>(107,652)</u>	<u>-</u>	<u>-</u>	<u>(107,652)</u>	<u>(96,235)</u>
Total Fund Balances	<u>(107,652)</u>	<u>18,548</u>	<u>-</u>	<u>(89,104)</u>	<u>(76,615)</u>
Total Liabilities and					

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**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Special Revenue Funds				
	2021				2020
	Aquatic Center	Cable TV	CARES Act	Total Special Revenue	Total Special Revenue
REVENUES					
Taxes	\$ 7,365	\$ -	\$ -	\$ 7,365	\$ 28
Intergovernmental	-	-	302,930	302,930	415,878
Charges for Services	99,867	-	-	99,867	376
Interest Income	(44)	8	-	(36)	18
Franchise Fees	-	30,360	-	30,360	30,587
Miscellaneous	5,801	-	-	5,801	179
Total Revenues	<u>112,989</u>	<u>30,368</u>	<u>302,930</u>	<u>446,287</u>	<u>447,066</u>
EXPENDITURES					
Current:					
Culture-Recreation	174,922	3,440	-	178,362	23,595
General government	-	-	222,325	222,325	-
Capital Outlay:					
Culture-Recreation	105,089	3,000	-	108,089	77,783
Total Expenditures	<u>280,011</u>	<u>6,440</u>	<u>222,325</u>	<u>508,776</u>	<u>101,378</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(167,022)	23,928	80,605	(62,489)	345,688
OTHER FINANCING SOURCES (USES)					
Transfers In	155,605	-	-	155,605	-
Transfers Out	-	(25,000)	(80,605)	(105,605)	(25,000)
Total Other Financing Sources (Uses)	<u>155,605</u>	<u>(25,000)</u>	<u>(80,605)</u>	<u>50,000</u>	<u>(25,000)</u>
Net Change in Fund Balances	(11,417)	(1,072)	-	(12,489)	320,688
Fund Balances - Beginning of Year	<u>(96,235)</u>	<u>19,620</u>	<u>-</u>	<u>(76,615)</u>	<u>18,575</u>
Fund Balances - End of Year	<u>\$ (107,652)</u>	<u>\$ 18,548</u>	<u>\$ -</u>	<u>\$ (89,104)</u>	<u>\$ 339,263</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Debt Service Funds		
	2021		
	2007	2008	
	City Sinking	Tax Increment Bond	11th Street Morningside
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 37,286	\$ 1,317	\$ 5,927
Taxes Receivable			
Current	-	-	663
Delinquent	-	-	1,227
Special Assessments Receivable			
Current	-	-	-
Noncurrent	586	-	-
	<u>586</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 37,872</u>	<u>\$ 1,317</u>	<u>\$ 7,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>586</u>	<u>-</u>	<u>1,227</u>
FUND BALANCES			
Restricted	37,286	1,317	6,590
Unassigned	-	-	-
Total Fund Balances	<u>37,286</u>	<u>1,317</u>	<u>6,590</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,872</u>	<u>\$ 1,317</u>	<u>\$ 7,817</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

Debt Service Funds					
2021					
2014 Tax Increment Bond	2014 Street Improvement Bond	2016 Street Improvement	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement
\$ 48	\$ 60,427	\$ 154,409	\$ 17	\$ 253,906	\$ 135,409
-	801	177	-	1,488	-
-	1,483	327	-	1,432	-
-	436	-	-	-	-
-	101,234	528,235	-	203,573	-
<u>\$ 48</u>	<u>\$ 164,381</u>	<u>\$ 683,148</u>	<u>\$ 17</u>	<u>\$ 460,399</u>	<u>\$ 135,409</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-
-	102,718	528,562	-	205,005	-
48	61,663	154,586	17	255,394	135,409
-	-	-	-	-	-
<u>48</u>	<u>61,663</u>	<u>154,586</u>	<u>17</u>	<u>255,394</u>	<u>135,409</u>
<u>\$ 48</u>	<u>\$ 164,381</u>	<u>\$ 683,148</u>	<u>\$ 17</u>	<u>\$ 460,399</u>	<u>\$ 135,409</u>

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**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Debt Service Funds	
	2021	2020
	Total	Total
	Debt	Debt
	Service	Service
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 648,746	\$ 648,937
Taxes Receivable		
Current	3,129	12,032
Delinquent	4,469	4,163
Special Assessments Receivable		
Current	436	25,685
Noncurrent	833,628	859,058
Total Assets	\$ 1,490,408	\$ 1,549,875
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Due to Other Funds	\$ -	\$ 19,705
Total Liabilities	-	19,705
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue	838,098	863,223
FUND BALANCES		
Restricted	652,310	686,652
Unassigned	-	(19,705)
Total Fund Balances	652,310	666,947
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,490,408	\$ 1,549,875

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Debt Service Funds		
	2021		
	2007	2008	
	City Sinking	Tax Increment Bond	11th Street Morningside
REVENUES			
Taxes	\$ 607	\$ -	\$ 120,380
Assessments	-	-	-
Interest Income	45	(16)	(2)
Total Revenues	<u>652</u>	<u>(16)</u>	<u>120,378</u>
EXPENDITURES			
Capital Outlay:			
Economic Development	50,888	-	-
Debt Service:			
Principal	-	55,000	110,000
Interest	-	7,098	9,100
Fiscal Charges	-	5,000	495
Total Expenditures	<u>50,888</u>	<u>67,098</u>	<u>119,595</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(50,236)	(67,114)	783
OTHER FINANCING SOURCES (USES)			
Transfers In	-	60,000	-
Transfers Out	(36,700)	-	-
Bond Proceeds	-	415,000	-
Payments to Bond Escrow Agent	-	(410,000)	-
Total Other Financing Sources (Uses)	<u>(36,700)</u>	<u>65,000</u>	<u>-</u>
Net Change in Fund Balances	(86,936)	(2,114)	783
Fund Balances - Beginning of Year	<u>124,222</u>	<u>3,431</u>	<u>5,807</u>
Fund Balances - End of Year	<u>\$ 37,286</u>	<u>\$ 1,317</u>	<u>\$ 6,590</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

Debt Service Funds					
2021					
2014 Tax Increment Bond	2014 Street Improvement Bond	2016 Street Improvement Bond	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement
\$ -	\$ 145,427	\$ 32,061	\$ -	\$ 140,263	\$ -
-	19,462	70,638	-	45,701	135,404
(1)	(16)	28	(10)	40	5
<u>(1)</u>	<u>164,873</u>	<u>102,727</u>	<u>(10)</u>	<u>186,004</u>	<u>135,409</u>
-	-	-	-	-	-
25,000	190,000	255,000	23,000	265,000	-
11,653	14,671	71,975	14,368	231,894	-
-	10,665	495	-	-	-
<u>36,653</u>	<u>215,336</u>	<u>327,470</u>	<u>37,368</u>	<u>496,894</u>	<u>-</u>
(36,654)	(50,463)	(224,743)	(37,378)	(310,890)	135,409
36,700	-	207,549	57,100	286,000	-
-	-	-	-	-	-
-	831,000	-	-	-	-
<u>-</u>	<u>(820,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>36,700</u>	<u>11,000</u>	<u>207,549</u>	<u>57,100</u>	<u>286,000</u>	<u>-</u>
46	(39,463)	(17,194)	19,722	(24,890)	135,409
<u>2</u>	<u>101,126</u>	<u>171,780</u>	<u>(19,705)</u>	<u>280,284</u>	<u>-</u>
<u>\$ 48</u>	<u>\$ 61,663</u>	<u>\$ 154,586</u>	<u>\$ 17</u>	<u>\$ 255,394</u>	<u>\$ 135,409</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Debt Service Funds	
	2021	2020
	Total Debt Service	Total Debt Service
REVENUES		
Taxes	\$ 438,738	\$ 434,090
Assessments	271,205	183,985
Interest Income	73	239
Total Revenues	<u>710,016</u>	<u>618,314</u>
EXPENDITURES		
Capital Outlay:		
Economic Development	50,888	85,000
Debt Service:		
Principal	923,000	906,000
Interest	360,759	390,656
Fiscal Charges	16,655	1,485
Total Expenditures	<u>1,351,302</u>	<u>1,383,141</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(641,286)	(764,827)
OTHER FINANCING SOURCES (USES)		
Transfers In	647,349	753,756
Transfers Out	(36,700)	(40,016)
Bond Proceeds	1,246,000	-
Payments to Bond Escrow Agent	<u>(1,230,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>626,649</u>	<u>713,740</u>
Net Change in Fund Balances	(14,637)	(51,087)
Fund Balances - Beginning of Year	<u>666,947</u>	<u>718,034</u>
Fund Balances - End of Year	<u>\$ 652,310</u>	<u>\$ 666,947</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Capital Project Funds		
	2021		
	Tax Increment #4- Industrial Park	Tax Increment #14- Downtown Redevelopment	Tax Increment #17- Miller Mfg.
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 245,031	\$ 45,449	\$ 31,494
Land Held for Resale	-	10,000	-
Total Assets	<u>\$ 245,031</u>	<u>\$ 55,449</u>	<u>\$ 31,494</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
FUND BALANCES			
Nonspendable	-	10,000	-
Restricted	245,031	45,449	31,494
Total Fund Balances	<u>245,031</u>	<u>55,449</u>	<u>31,494</u>
Total Liabilities and Fund Balances	<u>\$ 245,031</u>	<u>\$ 55,449</u>	<u>\$ 31,494</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS (CONTINUED)
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

Capital Project Funds			
2021			2020
Tax Increment #18- West Industrial Park	Tax Increment #19- Panther Heights	Total Capital Projects	Total Capital Projects
\$ 2,677	\$ 13,386	\$ 338,037	\$ 250,265
163,824	-	173,824	173,824
<u>\$ 166,501</u>	<u>\$ 13,386</u>	<u>\$ 511,861</u>	<u>\$ 424,089</u>
\$ -	\$ -	\$ -	\$ 2,366
163,824	-	173,824	173,824
2,677	13,386	338,037	247,899
<u>166,501</u>	<u>13,386</u>	<u>511,861</u>	<u>421,723</u>
<u>\$ 166,501</u>	<u>\$ 13,386</u>	<u>\$ 511,861</u>	<u>\$ 424,089</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, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Capital Project Funds		
	2021		
	Tax Increment #4- Industrial Park	Tax Increment #14- Downtown Redevelopment	Tax Increment #17- Miller Mfg.
REVENUES			
Tax Increments	\$ 132,358	\$ 14,499	\$ 38,964
Interest Income	69	11	9
Miscellaneous	-	-	-
Total Revenues	<u>132,427</u>	<u>14,510</u>	<u>38,973</u>
EXPENDITURES			
Current:			
Highways and Streets	-	-	-
Economic Development	-	-	50,000
Capital Outlay:			
Highways and Streets	-	-	-
Debt Service:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>50,000</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	132,427	14,510	(11,027)
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(60,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	72,427	14,510	(11,027)
Fund Balances - Beginning	<u>172,604</u>	<u>40,939</u>	<u>42,521</u>
Fund Balances - End of Year	<u>\$ 245,031</u>	<u>\$ 55,449</u>	<u>\$ 31,494</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

Capital Project Funds			
2021			2020
Tax Increment #18- West Industrial Park	Tax Increment #19- Panther Heights	Total Capital Projects	Total Capital Projects
\$ 2,078	\$ 75,465	\$ 263,364	\$ 230,568
1	4	94	628
148	-	148	148
<u>2,227</u>	<u>75,469</u>	<u>263,606</u>	<u>231,344</u>
-	-	-	68,727
1,385	4,983	56,368	81,414
-	-	-	67,291
<u>1,385</u>	<u>4,983</u>	<u>56,368</u>	<u>217,432</u>
842	70,486	207,238	13,912
-	(57,100)	(117,100)	(256,826)
842	13,386	90,138	(242,914)
<u>165,659</u>	<u>-</u>	<u>421,723</u>	<u>664,637</u>
<u>\$ 166,501</u>	<u>\$ 13,386</u>	<u>\$ 511,861</u>	<u>\$ 421,723</u>

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SUPPLEMENTARY INFORMATION

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2021**

\$6,735,000 G.O. Improvement

Bonds - Series 2015A

	<u>Principal</u>	<u>Interest</u>
2022	\$ 435,000	\$ 124,625
2023	440,000	115,925
2024	455,000	98,325
2025	465,000	88,997
2026	470,000	78,535
2027	480,000	64,435
2028	490,000	52,675
2029	500,000	35,525
2030	515,000	18,025
2031	-	-
2032	-	-
2033	-	-
2034	-	-
2035	-	-
2036	-	-
2037	-	-
2038	-	-
2039	-	-
2040	-	-
2041	-	-
2042	-	-
	<u>\$ 4,250,000</u>	<u>\$ 677,067</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2021**

<u>\$4,025,000 G.O. Bonds - Series 2016A</u>		<u>\$875,000 G.O. Refunding Bonds - Series 2016B</u>		<u>\$380,000 Taxable G.O. Tax Increment Bonds - Series 2014C</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 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>\$ 2,845,000</u>	<u>\$ 411,225</u>	<u>\$ 345,000</u>	<u>\$ 14,000</u>	<u>\$ 240,000</u>	<u>\$ 51,015</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2021**

	\$4,935,000 G.O. Bonds		\$6,985,000 G.O. Bonds		\$453,000 G.O. Tax Increment	
	Series 2017B		Series 2018A		Revenue Bonds - Series 2018B	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 305,000	\$ 112,300	\$ 275,000	\$ 223,944	\$ 24,000	\$ 13,545
2023	310,000	106,200	280,000	212,944	25,000	13,125
2024	315,000	96,900	300,000	201,744	26,000	12,637
2025	325,000	87,450	305,000	189,744	27,000	11,644
2026	335,000	77,700	315,000	177,544	28,000	10,612
2027	350,000	67,650	330,000	168,094	29,000	9,544
2028	360,000	57,150	335,000	158,193	31,000	8,680
2029	365,000	46,350	345,000	148,143	32,000	7,720
2030	380,000	35,400	355,000	137,794	33,000	6,420
2031	395,000	24,000	380,000	126,700	34,000	5,080
2032	405,000	12,150	385,000	114,825	35,000	3,700
2033	-	-	395,000	99,425	37,000	2,260
2034	-	-	410,000	83,625	38,000	761
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	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
	<u>\$ 3,845,000</u>	<u>\$ 723,250</u>	<u>\$ 6,270,000</u>	<u>\$ 2,215,119</u>	<u>\$ 399,000</u>	<u>\$ 105,728</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2021

	Capital Lease				2018 Marsh Creek			
	2018 Rosenbauer Commander		DEED Loan		Case Puma Tractor Loan		Project Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 82,894	\$ 7,373	\$ 6,379	\$ 1,084	\$ 20,993	\$ 1,959	\$ 17,823	\$ 2,249
2023	86,502	3,765	6,379	957	21,951	1,002	18,180	1,892
2024	-	-	6,379	829	-	-	18,539	1,533
2025	-	-	6,379	702	-	-	18,914	1,158
2026	-	-	6,379	574	-	-	19,292	779
2027	-	-	6,379	447	-	-	19,677	394
2028	-	-	6,379	319	-	-	-	-
2029	-	-	6,379	191	-	-	-	-
2030	-	-	6,379	64	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-
	<u>\$ 169,396</u>	<u>\$ 11,138</u>	<u>\$ 57,411</u>	<u>\$ 5,167</u>	<u>\$ 42,944</u>	<u>\$ 2,961</u>	<u>\$ 112,425</u>	<u>\$ 8,005</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2021**

	\$4,020,000 G.O. Refunding		\$626,000 Gross Revenue	
	Bonds - Series 2011A		Event Facility Refunding	
	\$380,000 Portion		Bonds - Series 2013A	
	Principal	Interest	Principal	Interest
2022	\$ 40,000	\$ 1,380	\$ 42,000	\$ 14,292
2023	-	-	43,000	12,592
2024	-	-	45,000	10,664
2025	-	-	47,000	8,479
2026	-	-	49,000	6,199
2027	-	-	52,000	3,800
2028	-	-	54,000	1,282
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
	<u>\$ 40,000</u>	<u>\$ 1,380</u>	<u>\$ 332,000</u>	<u>\$ 57,308</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2021**

	\$517,000 Liquor Store Revenue		\$1,516,000 G.O Capital Improvement Plan Refunding		\$2,516,317 MN PFA G.O. Sewer Revenue Note		\$700,000 G.O Capital Improvement Plan	
	Bonds - Series 2014		Bonds - Series 2017A		G.O. Sewer Revenue Note		Bonds - Series 2021B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 34,000	\$ 12,507	\$ 109,000	\$ 30,095	\$ 756,000	\$ 186,230	\$ 78,000	\$ 10,689
2023	35,000	11,318	108,000	27,274	764,000	131,790	380,000	7,153
2024	37,000	10,092	113,000	24,401	771,000	124,150	82,000	2,783
2025	38,000	8,798	112,000	21,476	779,000	116,440	81,000	1,840
2026	40,000	7,182	121,000	18,447	786,000	108,650	79,000	909
2027	41,000	5,483	124,000	15,262	794,000	100,790	-	-
2028	43,000	3,740	123,000	12,051	802,000	92,850	-	-
2029	45,000	1,912	126,000	8,814	811,000	84,830	-	-
2030	-	-	134,000	5,434	819,000	76,720	-	-
2031	-	-	142,000	1,846	827,000	68,530	-	-
2032	-	-	-	-	835,000	60,260	-	-
2033	-	-	-	-	844,000	51,910	-	-
2034	-	-	-	-	852,000	43,470	-	-
2035	-	-	-	-	861,000	34,950	-	-
2036	-	-	-	-	728,876	7,289	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
	<u>\$ 313,000</u>	<u>\$ 61,032</u>	<u>\$ 1,212,000</u>	<u>\$ 165,100</u>	<u>\$ 12,029,876</u>	<u>\$ 1,288,859</u>	<u>\$ 700,000</u>	<u>\$ 23,374</u>

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2021**

	\$1,905,000 G.O. Refunding Bonds - Series 2021A \$415,000 Portion		\$1,905,000 G.O. Refunding Bonds - Series 2021A \$831,000 Portion		\$1,905,000 G.O. Refunding Bonds - Series 2021A \$659,000 Portion		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2022	\$ 63,000	\$ 2,953	\$ 202,000	\$ 5,621	\$ 90,000	\$ 4,728	\$ 2,976,089
2023	57,000	2,491	204,000	4,058	94,000	4,019	3,268,012	732,407
2024	57,000	2,052	212,000	2,456	93,000	3,299	2,955,918	659,305
2025	61,000	1,598	213,000	820	97,000	2,568	2,880,293	599,979
2026	60,000	1,132	-	-	90,000	1,848	2,708,671	541,601
2027	54,000	693	-	-	93,000	1,143	2,683,056	482,260
2028	63,000	243	-	-	102,000	393	2,734,379	424,436
2029	-	-	-	-	-	-	2,565,379	362,228
2030	-	-	-	-	-	-	2,547,379	298,757
2031	-	-	-	-	-	-	2,103,000	235,906
2032	-	-	-	-	-	-	1,660,000	190,935
2033	-	-	-	-	-	-	1,276,000	153,595
2034	-	-	-	-	-	-	1,300,000	127,856
2035	-	-	-	-	-	-	1,286,000	102,175
2036	-	-	-	-	-	-	1,173,876	57,514
2037	-	-	-	-	-	-	460,000	34,650
2038	-	-	-	-	-	-	480,000	18,550
2039	-	-	-	-	-	-	50,000	1,750
2040	-	-	-	-	-	-	-	-
	<u>\$ 415,000</u>	<u>\$ 11,162</u>	<u>\$ 831,000</u>	<u>\$ 12,955</u>	<u>\$ 659,000</u>	<u>\$ 17,998</u>	<u>\$ 35,108,052</u>	<u>\$ 5,863,843</u>

SINGLE AUDIT AND OTHER REPORTS

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**CITY OF GLENCOE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Grant Name Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Department of Transportation Pass-Through Programs from:				
State Department of Transportation:				
Airport Improvement Program	20.106	A4301-35	\$ 150,868	\$ -
Total Airport Improvement Program			<u>150,868</u>	<u>-</u>
Street Improvement Project	20.205	A-ENFRC21-2021-GLENCOEPD-027	743,398	-
Total Highway Safety Cluster			<u>743,398</u>	<u>-</u>
State and Community Highway Safety	20.600	A-ENFRC21-2021-GLENCOEPD-027	2,493	-
State and Community Highway Safety	20.608	A-ENFRC21-2021-GLENCOEPD-027	4,733	-
State and Community Highway Safety	20.616	A-ENFRC21-2021-GLENCOEPD-027	4,169	-
Total Department of Transportation			<u>905,661</u>	<u>-</u>
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	3,111,010	-
Total Minnesota Public Facilities Authority			<u>3,111,010</u>	<u>-</u>
U.S. Department of Justice:				
Bulletproof Vest Program	16.607	BA-3A00S-MR02	1,076	-
U.S. Department of the Treasury:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds-				
American Rescue Plan Act	21.027	1505-0271	605,861	-
Total Expenditures of Federal Awards			<u>\$ 4,623,608</u>	<u>\$ -</u>

CITY OF GLENCOE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

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, 2021. 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 (the City), Minnesota as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Honorable Mayor and
Member of the City Council
City of Glencoe

Report on Compliance and Other Matters

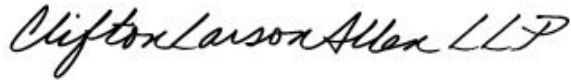
As part of obtaining reasonable assurance about whether the City 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 27, 2022



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

Opinion on Each Major Federal Program

We have audited City of Glencoe (the City), Minnesota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Honorable Mayor and
Members of the City Council
City of Glencoe

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

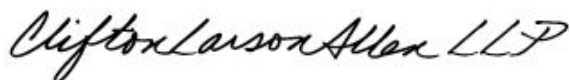
Honorable Mayor and
Members of the City Council
City of Glencoe

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City of Glencoe's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. City of Glencoe's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 27, 2022

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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 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, each discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Glencoe (the City), Minnesota, as of and for the year ended December 31, 2021 and the related notes to the financial statements and have issued our report thereon dated June 27, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public 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 relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Austin, Minnesota
June 27, 2022



**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

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)? X yes 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) X yes no

Identification of Major Federal Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Fund Loan
21.027	State and Local Fiscal Recovery Funds

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, 2021**

Part II: Findings Related to the Basic Financial Statements

FINDING: 2021-001 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 2020-001.

Recommendation: The City should evaluate the cost/benefit of obtaining further training for the Finance Director 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, 2021**

Part II: Findings Related to the Basic Financial Statements

FINDING: 2021-002 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 2020-002.

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, 2021**

Part III: Federal Award Findings and Questioned Costs

FINDING: 2021-003

U.S. Department of Treasury

State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Compliance Requirement Affected: Procurement, Suspension, and Debarment

Award Period: 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria: The City has not adopted a procurement policy as required by Uniform Guidance.

Condition/Context: During the testing of procurement requirements, it was noted that the City has not adopted a procurement policy.

Questioned Costs: N/A.

Possible Effect: The City could enter into transactions which violate Uniform Guidance standards.

Cause: The City has not adopted a procurement policy as required by Uniform Guidance.

Repeat Finding: N/A

Recommendation: We recommend that the City adopts a procurement policy in compliance with Uniform Guidance.

Views of responsible officials: There is no disagreement with the audit finding.

Part IV: Minnesota Legal Compliance Findings

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