

CITY OF GLENCOE, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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INTRODUCTORY SECTION

**CITY OF GLENCOE
CITY OFFICIALS
DECEMBER 31, 2024**

Elected Officials

Term Expires

Mayor	12/31/2028	Mark Hueser
Council Member	12/31/2026	Yodee Rivera
Council Member	12/31/2028	Jon Dahlke
Council Member	12/31/2026	Paul Lemke
Council Member	12/31/2028	Scott Maynard
Council Member	12/31/2028	Cory Neid

Appointed Officials

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

FINANCIAL SECTION



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, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, 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, as of December 31, 2024, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes 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, Schedule of Commission Pension Contributions, and the Schedule of Changes in the Commission's OPEB Liability and Related Ratios 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 GAAS, 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.

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 schedule of principal and interest payments 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 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 and schedule of principal and interest payments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and
Members of the City Council
City of Glencoe

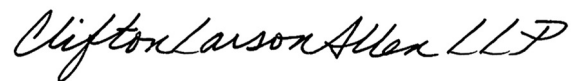
Other Information

Management is responsible for the other information included in the annual report. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, 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 results 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.

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

CliftonLarsonAllen LLP

Austin, Minnesota
June 26, 2025

BASIC FINANCIAL STATEMENTS

CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government			Component Unit
	Governmental	Business-Type		Light and Power
	Activities	Activities	Total	Commission
ASSETS				
Cash and Cash Equivalents	\$ 2,998,434	\$ 5,519,302	\$ 8,517,736	\$ 2,349,176
Taxes Receivable	30,657	1,434	32,091	-
Accounts Receivable	360,934	31,502	392,436	1,083,242
Special Assessments Receivable	1,530,806	1,895	1,532,701	-
Note Receivable	15,868	-	15,868	-
Other Receivables	-	-	-	382,946
Prepaid Expenses	-	-	-	79,738
Internal Balances	615,460	(615,460)	-	-
Inventory	-	435,417	435,417	423,616
Land Held for Resale	111,064	-	111,064	-
Due from Other Governments	-	192,734	192,734	-
Due from Component Unit	24,228	377,307	401,535	-
Restricted Assets	-	-	-	10,746,702
Lease Receivable	-	1,491,398	1,491,398	-
Net Pension Asset	392,118	-	392,118	-
Capital Assets:				
Land	1,221,150	992,925	2,214,075	-
Construction in Progress	413,845	4,757	418,602	327,503
Other Capital Assets, Net of Depreciation	20,685,852	43,493,906	64,179,758	14,831,220
Right-to-Use Assets, Net of Amortization	62,143	-	62,143	-
Total Assets	28,462,559	51,927,117	80,389,676	30,224,143
DEFERRED OUTFLOWS OF RESOURCES				
OPEB Related	9,385	-	9,385	17,949
Pension Related	1,325,605	68,310	1,393,915	164,596
Total Deferred Outflows of Resources	1,334,990	68,310	1,403,300	182,545
LIABILITIES				
Accounts Payable	404,825	392,672	797,497	1,030,562
Accrued Interest Payable	261,409	64,101	325,510	-
Accrued Expenses	64,201	172,300	236,501	196,665
Customer Deposits Payable	-	-	-	157,895
Due to the Primary Government	-	-	-	401,535
Unearned Revenue	-	-	-	80,000
Long-Term Liabilities:				
Due Within One Year	3,164,436	1,025,914	4,190,350	-
Due in More Than One Year	16,371,943	11,362,617	27,734,560	120,920
Net Pension Liability	1,114,857	347,348	1,462,205	572,535
Other Postemployment Benefit Liability- Current	9,385	-	9,385	-
Other Postemployment Benefit Liability-Noncurrent	79,562	49,982	129,544	171,319
Total Liabilities	21,470,618	13,414,934	34,885,552	2,731,431
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	265	1,442	1,707	-
Pension Related	1,713,988	267,264	1,981,252	406,637
Lease Related	-	1,491,398	1,491,398	-
Total Deferred Inflows of Resources	1,714,253	1,760,104	3,474,357	406,637
NET POSITION				
Net Investment in Capital Assets	8,904,790	32,102,764	34,674,236	15,158,723
Restricted for:				
Public Safety	180,595	-	180,595	-
Debt Service	1,864,690	-	1,864,690	-
Capital Projects	412,834	-	412,834	-
Firemen's Relief Association Net Pension Asset	392,118	-	392,118	-
Unrestricted	(5,142,349)	4,717,625	5,908,594	12,109,897
Total Net Position	\$ 6,612,678	\$ 36,820,389	\$ 43,433,067	\$ 27,268,620

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,216,715	\$ 295,473	\$ 50,467	\$ -
Public Safety	2,586,653	63,691	166,621	-
Highways and Streets	2,659,620	206,986	-	337,377
Culture and Recreation	971,340	199,116	-	56,693
Economic Development	95,160	-	-	-
Interest on Long-Term Debt	379,253	-	-	-
Total Governmental Activities	7,908,741	765,266	217,088	394,070
Business-Type Activities:				
Water Fund	1,096,420	1,431,081	1,187	1,330
Wastewater Treatment Plant Fund	2,175,234	2,407,572	5,661	1,309
Sanitation Fund	27,898	29,538	-	-
City Center Fund	352,591	97,844	-	5,501
Municipal Liquor Fund	2,321,691	2,672,827	-	-
Airport Fund	462,592	116,857	-	53,513
Storm Water Management Fund	242,462	524,185	-	-
Total Business-Type Activities	6,678,888	7,279,904	6,848	61,653
 Total Primary Government	<u>\$ 14,587,629</u>	<u>\$ 8,045,170</u>	<u>\$ 223,936</u>	<u>\$ 455,723</u>
 Total Component Unit	<u>\$ 13,493,658</u>	<u>\$ 14,545,312</u>	<u>\$ 26,342</u>	<u>\$ -</u>

General Revenues:
Taxes
Tax Increments
Franchise Fees
Sales Taxes
Grants and Contributions not
 Restricted to Certain Purposes
Unrestricted Investment Earnings
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, 2024**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit Light and Power Commission
	Governmental Activities	Business-Type Activities	Total	
Primary Government:				
Governmental Activities:				
General Government	\$ (870,775)	\$ -	\$ (870,775)	\$ -
Public Safety	(2,356,341)	-	(2,356,341)	-
Highways and Streets	(2,115,257)	-	(2,115,257)	-
Culture and Recreation	(715,531)	-	(715,531)	-
Economic Development	(95,160)	-	(95,160)	-
Interest on Long-Term Debt	(379,253)	-	(379,253)	-
Total Governmental Activities	(6,532,317)	-	(6,532,317)	-
Business-Type Activities:				
Water Fund	-	337,178	337,178	-
Wastewater Treatment Plant Fund	-	239,308	239,308	-
Sanitation Fund	-	1,640	1,640	-
City Center Fund	-	(249,246)	(249,246)	-
Municipal Liquor Fund	-	351,136	351,136	-
Airport Fund	-	(292,222)	(292,222)	-
Storm Water Management Fund	-	281,723	281,723	-
Total Business-Type Activities	-	669,517	669,517	-
Total Primary Government	(6,532,317)	669,517	(5,862,800)	-
Total Component Unit				1,077,996
	3,507,306	151,267	3,658,573	-
	163,470	-	163,470	-
	25,783	-	25,783	-
	13,230	-	13,230	-
	2,196,088	-	2,196,088	-
	24,081	73,765	97,846	412,544
	358,675	895	359,570	-
	1,591,000	(1,591,000)	-	-
	7,879,633	(1,365,073)	6,514,560	412,544
	1,347,316	(695,556)	651,760	1,490,540
	5,265,362	37,515,945	42,781,307	25,778,080
	<u>\$ 6,612,678</u>	<u>\$ 36,820,389</u>	<u>\$ 43,433,067</u>	<u>\$ 27,268,620</u>

See accompanying Notes to Financial Statements.

CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	2025 Street Improvement	2023 Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,662,245	\$ -	\$ 465	\$ 1,335,724	\$ 2,998,434
Accounts Receivable	208,537	170,615	-	6,010	385,162
Note Receivable	15,868	-	-	-	15,868
Taxes Receivable					
Current	10,454	-	-	3,420	13,874
Delinquent	12,645	-	-	4,138	16,783
Special Assessments Receivable					
Current	448	-	-	11,491	11,939
Noncurrent	553	-	-	1,518,314	1,518,867
Due from Other Funds	844,547	-	-	-	844,547
Land Held for Resale	111,064	-	-	-	111,064
Total Assets	<u>\$ 2,866,361</u>	<u>\$ 170,615</u>	<u>\$ 465</u>	<u>\$ 2,879,097</u>	<u>\$ 5,916,538</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 224,934	\$ 161,993	\$ -	\$ 17,898	\$ 404,825
Accrued Expenses	64,201	-	-	-	64,201
Due to Other Funds	-	217,152	-	11,935	229,087
Total Liabilities	<u>289,135</u>	<u>379,145</u>	<u>-</u>	<u>29,833</u>	<u>698,113</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>194,338</u>	<u>-</u>	<u>-</u>	<u>1,522,452</u>	<u>1,716,790</u>
FUND BALANCES					
Nonspendable	111,064	-	-	-	111,064
Restricted for:					
Public Safety	-	-	-	180,595	180,595
Debt Service	-	-	-	603,647	603,647
Capital Projects	-	-	465	544,008	544,473
Committed for:					
Aquatic Center	-	-	-	1,039	1,039
Cable TV	-	-	-	7,314	7,314
Assigned for:					
Park Improvement	178,269	-	-	-	178,269
Engineering and Inspection Services	18,941	-	-	-	18,941
Cemetery	121,284	-	-	-	121,284
Unassigned	1,953,330	(208,530)	-	(9,791)	1,735,009
Total Fund Balances	<u>2,382,888</u>	<u>(208,530)</u>	<u>465</u>	<u>1,326,812</u>	<u>3,501,635</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,866,361</u>	<u>\$ 170,615</u>	<u>\$ 465</u>	<u>\$ 2,879,097</u>	<u>\$ 5,916,538</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total Fund Balances for Governmental Funds \$ 3,501,635

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

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

Land	\$ 1,221,150	
Construction in Progress	413,845	
Buildings, Net of Accumulated Depreciation	2,848,597	
Office Equipment and Furniture, Net of Accumulated Depreciation	29,424	
Vehicles, Net of Accumulated Depreciation	1,315,572	
Office Equipment and Furniture, Net of Accumulated Depreciation	600,624	
Improvements Other than Buildings, Net of Accumulated Depreciation	840,772	
Infrastructure, Net of Accumulated Depreciation	15,050,863	
Right-to-Use Assets, Net of Accumulated Amortization	62,143	22,382,990

Some of the City's property taxes, tax increments, special assessments and state aids will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as Deferred Inflows of Resources in the governmental funds. 1,716,790

Gain on Refunding is reported as a Deferred Inflow of Resources in the Statement of Net Position. (265)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (261,409)

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	392,118	
Net Pension Liability	(1,114,857)	
Deferred Outflows of Resources - Pension Related	1,325,605	
Deferred Inflows of Resources - Pension Related	(1,713,988)	(1,111,122)

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	(88,947)	
Deferred Outflows of Resources - OPEB Related	9,385	(79,562)

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	(19,217,846)	
Compensated Absences Payable	(318,533)	(19,536,379)

Total Net Position of Governmental Activities \$ 6,612,678

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2024**

	General	2025 Street Improvement	2023 Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,440,984	\$ -	\$ -	\$ 804,190	\$ 3,245,174
Tax Increments	-	-	-	163,470	163,470
Licenses and Permits	113,979	-	-	-	113,979
Intergovernmental	2,010,708	-	-	420,601	2,431,309
Charges for Services	191,669	-	-	107,690	299,359
Fines and Forfeits	48,912	-	-	-	48,912
Assessments	62,360	-	-	326,490	388,850
Investment Income	23,852	-	(739)	968	24,081
Contributions and Donations	258,771	-	-	-	258,771
Payment in Lieu of Taxes	107,500	-	-	-	107,500
Franchise Fees	3,173	-	-	25,783	28,956
Miscellaneous	205,632	170,615	-	7,681	383,928
Total Revenues	5,467,540	170,615	(739)	1,856,873	7,494,289
EXPENDITURES					
Current:					
General Government	1,157,744	-	-	40,858	1,198,602
Public Safety	2,160,326	-	-	-	2,160,326
Highways and Streets	1,248,567	354,036	20,568	5,620	1,628,791
Culture-Recreation	664,455	-	-	222,407	886,862
Economic Development	24,849	-	-	30,311	55,160
Capital Outlay:					
General Government	6,274	-	-	-	6,274
Public Safety	159,939	-	-	-	159,939
Highways and Streets	160,654	-	152,309	-	312,963
Culture-Recreation	96,980	-	-	2,966	99,946
Debt Service:					
Principal	159,542	-	-	2,227,000	2,386,542
Interest	19,632	-	-	639,738	659,370
Fiscal Charges	-	-	-	1,238	1,238
Total Expenditures	5,858,962	354,036	172,877	3,170,138	9,556,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,422)	(183,421)	(173,616)	(1,313,265)	(2,061,724)
OTHER FINANCING SOURCES (USES)					
Transfers In	639,000	-	215,000	1,515,658	2,369,658
Transfers Out	(502,000)	(25,109)	-	(251,549)	(778,658)
SBITA Issuance	66,058	-	-	-	66,058
Insurance Proceeds	105,879	-	-	-	105,879
Total Other Financing Sources (Uses)	308,937	(25,109)	215,000	1,264,109	1,762,937
Net Change in Fund Balances	(82,485)	(208,530)	41,384	(49,156)	(298,787)
Fund Balance - Beginning	2,465,373	-	(40,919)	1,375,968	3,800,422
Fund Balances - End of Year	\$ 2,382,888	\$ (208,530)	\$ 465	\$ 1,326,812	\$ 3,501,635

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds **\$ (298,787)**

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 and amortization expense.

Capital Outlay	\$	718,722	
Loss on Disposal of Capital Assets		(13,162)	
Depreciation and Amortization Expense		<u>(1,619,201)</u>	(913,641)

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:

SBITA Issuance	(66,058)		
Repayment of Bond, Equipment Certificates, Lease, SBITA and Loan Principal	2,358,065		
Change in Accrued Interest	24,986		
Amortization of Bond Premiums	44,604		
Amortization of Gain on Bond Refunding	<u>85</u>		2,361,682

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, 2023	(1,651,901)		
Unavailable Revenue - December 31, 2024	<u>1,716,790</u>		64,889

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.			70,753
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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.			(13,349)
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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).			75,769
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Change in Net Position of Governmental Activities	\$		<u>1,347,316</u>
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See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,643,854	\$ 2,714,197	\$ 47,054	\$ -
Accounts Receivable	4,292	15,499	6,793	1,618
Taxes Receivable	-	-	-	1,434
Special Assessments Receivable	449	664	-	-
Inventory	-	-	-	-
Due from Other Governments	-	-	-	-
Lease Recievable	99,390	-	-	-
Due from Component Unit	114,632	213,352	-	-
Total Current Assets	2,862,617	2,943,712	53,847	3,052
NONCURRENT ASSETS				
Lease Receivable	1,367,339	10,855	-	-
Capital Assets:				
Land	41,628	312,678	-	-
Construction in Progress	-	-	-	-
Other Capital Assets (Net of Accumulated Depreciation)	5,358,146	25,339,805	-	2,449,964
Total Capital Assets	5,399,774	25,652,483	-	2,449,964
Total Noncurrent Assets	6,767,113	25,663,338	-	2,449,964
Total Assets	9,629,730	28,607,050	53,847	2,453,016
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	21,869	27,004	-	8,697
Total Deferred Outflows of Resources	21,869	27,004	-	8,697
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	127,607	150,774	12,013	5,611
Accrued Interest Payable	(537)	42,916	-	15,462
Compensated Absences Payable	37,578	55,628	135	15,669
Accrued Expenses	9,741	12,594	-	3,520
Due to Other Funds	-	-	-	497,371
Loan Payable	-	713,000	-	-
Revenue Bonds Payable	-	-	-	159,000
Total Current Liabilities	174,389	974,912	12,148	696,633
NONCURRENT LIABILITIES				
Loan Payable	-	9,945,075	-	-
Revenue Bonds Payable	-	-	-	925,000
Net Pension Liability	111,203	137,311	-	44,223
Other Postemployment Benefit Liability	15,940	22,865	-	6,207
Total Noncurrent Liabilities	127,143	10,105,251	-	975,430
Total Liabilities	301,532	11,080,163	12,148	1,672,063
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	1,149	-	-	-
Pension Related	85,564	105,653	-	34,027
Lease Related	1,466,729	10,855	-	-
Total Deferred Inflows of Resources	1,553,442	116,508	-	34,027
NET POSITION				
Net Investment in Capital Assets	5,399,774	14,994,408	-	1,365,964
Unrestricted	2,396,851	2,442,975	41,699	(610,341)
Total Net Position	\$ 7,796,625	\$ 17,437,383	\$ 41,699	\$ 755,623

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 114,197	\$ -	\$ -	\$ 5,519,302
Accounts Receivable	-	1,249	2,051	31,502
Taxes Receivable	-	-	-	1,434
Special Assessments Receivable	-	-	782	1,895
Inventory	435,417	-	-	435,417
Due from Other Governments	-	192,734	-	192,734
Lease Receivable	-	-	-	99,390
Due from Component Unit	-	-	49,323	377,307
Total Current Assets	549,614	193,983	52,156	6,658,981
NONCURRENT ASSETS				
Lease Receivable	-	13,814	-	1,392,008
Capital Assets:				
Land	30,207	169,232	439,180	992,925
Construction in Progress	-	-	4,757	4,757
Other Capital Assets (Net of Accumulated Depreciation)	424,160	3,163,078	6,758,753	43,493,906
Total Capital Assets	454,367	3,332,310	7,202,690	44,491,588
Total Noncurrent Assets	454,367	3,346,124	7,202,690	45,883,596
Total Assets	1,003,981	3,540,107	7,254,846	52,542,577
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	10,740	-	-	68,310
Total Deferred Outflows of Resources	10,740	-	-	68,310
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	93,216	3,045	406	392,672
Accrued Interest Payable	418	-	5,842	64,101
Compensated Absences Payable	24,662	-	-	133,672
Accrued Expenses	12,773	-	-	38,628
Due to Other Funds	-	112,009	6,080	615,460
Loan Payable	-	-	18,914	731,914
Revenue Bonds Payable	38,000	-	97,000	294,000
Total Current Liabilities	169,069	115,054	128,242	2,270,447
NONCURRENT LIABILITIES				
Loan Payable	-	-	38,970	9,984,045
Revenue Bonds Payable	169,000	-	284,572	1,378,572
Net Pension Liability	54,611	-	-	347,348
Other Postemployment Benefit Liability	4,970	-	-	49,982
Total Noncurrent Liabilities	228,581	-	323,542	11,759,947
Total Liabilities	397,650	115,054	451,784	14,030,394
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	-	-	293	1,442
Pension Related	42,020	-	-	267,264
Lease Related	-	13,814	-	1,491,398
Total Deferred Inflows of Resources	42,020	13,814	293	1,760,104
NET POSITION				
Net Investment in Capital Assets	247,367	3,332,310	6,762,941	32,102,764
Unrestricted	327,684	78,929	39,828	4,717,625
Total Net Position	\$ 575,051	\$ 3,411,239	\$ 6,802,769	\$ 36,820,389

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
OPERATING REVENUES				
Charges for Services	\$ 1,277,867	\$ 2,389,668	\$ 5,333	\$ 72,328
Other Operating Revenues	4,853	6,904	24,205	25,516
Sales	-	-	-	-
Cost of Sales	-	-	-	-
Total Operating Revenues	<u>1,282,720</u>	<u>2,396,572</u>	<u>29,538</u>	<u>97,844</u>
OPERATING EXPENSES				
Personal Services	405,957	495,447	8,227	142,135
Materials and Supplies	116,111	124,802	-	4,182
Repairs and Maintenance	100,366	151,290	3,241	6,863
Management Fees	94,490	14,966	-	-
Professional Services	82,401	116,642	11,945	4,652
Insurance	29,298	44,917	1,762	42,737
Utilities	63,707	152,987	1,201	18,534
Depreciation and Amortization	168,635	941,884	-	77,334
Other	35,455	11,955	1,522	21,089
Total Operating Expenses	<u>1,096,420</u>	<u>2,054,890</u>	<u>27,898</u>	<u>317,526</u>
Operating Income (Loss)	186,300	341,682	1,640	(219,682)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	1,330	1,309	-	-
Lease Revenues	148,361	11,000	-	-
Taxes	-	-	-	151,267
Federal Aid and Grants	890	4,246	-	-
State Aid and Grants	297	1,415	-	-
Donations	-	-	-	2,500
Insurance Proceeds	-	-	-	895
Interest on Investments	41,259	42,220	591	(9,741)
Interest Expense and Fiscal Charges	-	(113,640)	-	(35,065)
Gain (Loss) on Sale of Capital Assets	-	(6,704)	-	-
Total Nonoperating Revenues (Expenses)	<u>192,137</u>	<u>(60,154)</u>	<u>591</u>	<u>109,856</u>
Net Income (Loss) Before Transfers and Capital Contributions	378,437	281,528	2,231	(109,826)
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Capital Contributions	-	-	-	3,001
Transfers In	-	-	-	225,000
Transfers Out	(570,000)	(581,000)	-	-
Total Transfers and Capital Contributions	<u>(570,000)</u>	<u>(581,000)</u>	<u>-</u>	<u>228,001</u>
Change in Net Position	(191,563)	(299,472)	2,231	118,175
Net Position - Beginning of Year	<u>7,988,188</u>	<u>17,736,855</u>	<u>39,468</u>	<u>637,448</u>
Net Position - End of Year	<u>\$ 7,796,625</u>	<u>\$ 17,437,383</u>	<u>\$ 41,699</u>	<u>\$ 755,623</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
OPERATING REVENUES				
Charges for Services	\$ -	\$ 109,358	\$ 524,185	\$ 4,378,739
Other Operating Revenues	-	(1,101)	-	60,377
Sales	2,672,827	-	-	2,672,827
Cost of Sales	(1,952,966)	-	-	(1,952,966)
Total Operating Revenues	719,861	108,257	524,185	5,158,977
OPERATING EXPENSES				
Personal Services	180,136	-	-	1,231,902
Materials and Supplies	57,910	68,181	-	371,186
Repairs and Maintenance	12,068	2,250	3,533	279,611
Management Fees	-	150	-	109,606
Professional Services	6,757	3,299	5,779	231,475
Insurance	12,895	20,445	2,354	154,408
Utilities	15,030	7,109	-	258,568
Depreciation and Amortization	46,903	317,627	225,928	1,778,311
Other	26,933	43,531	-	140,485
Total Operating Expenses	358,632	462,592	237,594	4,555,552
Operating Income (Loss)	361,229	(354,335)	286,591	603,425
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	-	-	-	2,639
Lease Revenues	-	8,600	-	167,961
Taxes	-	-	-	151,267
Federal Aid and Grants	-	28,678	-	33,814
State Aid and Grants	-	24,185	-	25,897
Donations	-	650	-	3,150
Insurance Proceeds	-	-	-	895
Interest on Investments	1,827	(4,062)	1,671	73,765
Interest Expense and Fiscal Charges	(10,093)	-	(4,868)	(163,666)
Gain (Loss) on Sale of Capital Assets	-	-	-	(6,704)
Total Nonoperating Revenues (Expenses)	(8,266)	58,051	(3,197)	289,018
Net Income (Loss) Before Transfers and Capital Contributions	352,963	(296,284)	283,394	892,443
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Capital Contributions	-	-	-	3,001
Transfers In	-	-	-	225,000
Transfers Out	(285,000)	-	(380,000)	(1,816,000)
Total Transfers and Capital Contributions	(285,000)	-	(380,000)	(1,587,999)
Change in Net Position	67,963	(296,284)	(96,606)	(695,556)
Net Position - Beginning of Year	507,088	3,707,523	6,899,375	37,515,945
Net Position - End of Year	\$ 575,051	\$ 3,411,239	\$ 6,802,769	\$ 36,820,389

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 1,293,834	\$ 2,401,135	\$ 33,372	\$ 96,894
Cash Paid to Suppliers	(375,026)	(524,814)	(15,980)	(98,467)
Cash Paid to Employees	(502,632)	(525,508)	(8,092)	(158,157)
Net Cash Provided (Used) by Operating Activities	416,176	1,350,813	9,300	(159,730)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal Grants Received	890	4,246	-	-
State Grants Received	297	-	-	-
Transfers from Other Funds	-	-	-	225,000
Transfers to Other Funds	(570,000)	(581,000)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(568,813)	(576,754)	-	225,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Bonds	-	(706,000)	-	(158,000)
Collection of Special Assessments	1,330	1,309	-	-
Leasing Receipts	148,361	11,000	-	-
Collection of Taxes	-	-	-	151,683
Interest and Agent Fees on Bonds and Leases	-	(114,096)	-	(32,001)
Acquisition of Capital Assets	(60,513)	(55,640)	-	(19,711)
Disposal of Capital Assets	-	559	-	-
Donations	-	-	-	2,500
Federal Grants Received	-	-	-	-
State Grants Received	-	1,415	-	-
Net Cash (Used) by Capital and Related Financing Activities	89,178	(861,453)	-	(55,529)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	41,259	42,220	591	(9,741)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,200)	(45,174)	9,891	-
Cash and Cash Equivalents - January 1	2,666,054	2,759,371	37,163	-
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 2,643,854</u>	<u>\$ 2,714,197</u>	<u>\$ 47,054</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 2,672,827	\$ 167,610	\$ 530,322	\$ 7,195,994
Cash Paid to Suppliers	(2,118,091)	(225,511)	(31,613)	(3,389,502)
Cash Paid to Employees	(208,272)	(150)	-	(1,402,811)
Net Cash Provided (Used) by Operating Activities	346,464	(58,051)	498,709	2,403,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal Grants Received	-	-	-	5,136
State Grants Received	-	-	-	297
Transfers from Other Funds	-	-	-	225,000
Transfers to Other Funds	(285,000)	-	(380,000)	(1,816,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(285,000)	-	(380,000)	(1,585,567)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Bonds	(37,000)	-	(111,539)	(1,012,539)
Collection of Special Assessments	-	-	-	2,639
Leasing Receipts	-	8,600	-	167,961
Collection of Taxes	-	-	-	151,683
Interest and Agent Fees on Bonds and Leases	(10,093)	-	(4,832)	(161,022)
Acquisition of Capital Assets	(27,338)	-	(4,757)	(167,959)
Disposal of Capital Assets	-	-	-	559
Donations	-	650	-	3,150
Federal Grants Received	-	28,678	-	28,678
State Grants Received	-	24,185	-	25,600
Net Cash (Used) by Capital and Related Financing Activities	(74,431)	62,113	(121,128)	(961,250)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	1,827	(4,062)	1,671	73,765
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,140)	-	(748)	(69,371)
Cash and Cash Equivalents - January 1	125,337	-	748	5,588,673
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 114,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,519,302</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 186,300	\$ 341,682	\$ 1,640	\$ (219,682)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	168,635	941,884	-	77,334
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	5,480	(5,430)	1,346	(950)
(Increase) Decrease in Due from Other Governments	-	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related	21,097	29,569	-	12,246
(Increase) Decrease in Due from Component Unit	5,634	9,993	2,488	-
(Increase) Decrease in Inventory	-	-	-	-
Increase (Decrease) in Accounts Payable	52,312	77,779	3,691	1,021
Increase (Decrease) in Retainages Payable	-	-	-	-
Increase (Decrease) in Compensated Absences Payable	(9,440)	(10,630)	135	(484)
Increase (Decrease) in Due to Other Funds	-	-	-	(1,431)
Increase (Decrease) In Deferred Inflows of Resources - Pension Related	29,540	31,883	-	6,719
Increase (Decrease) In Net Pension Liability	(51,135)	(76,442)	-	(34,905)
Increase (Decrease) in OPEB	3,960	4,796	-	(750)
Increase (Decrease) in Accrued Expenses	3,793	5,729	-	1,152
Net Cash Provided (Used) by Operating Activities	<u>\$ 416,176</u>	<u>\$ 1,350,813</u>	<u>\$ 9,300</u>	<u>\$ (159,730)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,001</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 361,229	\$ (354,335)	\$ 286,591	\$ 603,425
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	46,903	317,627	225,928	1,778,311
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	-	2,401	(479)	2,368
(Increase) Decrease in Due from Other Governments	-	479,558	-	479,558
(Increase) Decrease in Deferred Outflows of Resources - Pension Related	15,041	-	-	77,953
(Increase) Decrease in Due from Component Unit	-	-	536	18,651
(Increase) Decrease in Inventory	(17,284)	-	-	(17,284)
Increase (Decrease) in Accounts Payable	(16,248)	(25,561)	(19,947)	73,047
Increase (Decrease) in Retainages Payable	-	(55,135)	-	(55,135)
Increase (Decrease) in Compensated Absences Payable	(10,244)	-	-	(30,663)
Increase (Decrease) in Due to Other Funds	-	(422,606)	6,080	(417,957)
Increase (Decrease) In Deferred Inflows of Resources - Pension Related	8,402	-	-	76,544
Increase (Decrease) In Net Pension Liability	(42,799)	-	-	(205,281)
Increase (Decrease) in OPEB	(1,152)	-	-	6,854
Increase (Decrease) in Accrued Expenses	2,616	-	-	13,290
Net Cash Provided (Used) by Operating Activities	<u>\$ 346,464</u>	<u>\$ (58,051)</u>	<u>\$ 498,709</u>	<u>\$ 2,403,681</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,001</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 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

1. 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Discrete Presentation (Continued)

2. 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.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2023 Improvement Project – This is the City's fund for tracking 2023 street improvement project expenditures. It accounts for all financial resources of the 2023 street improvement project.

2025 Improvement Project – This is the City's fund for tracking 2025 street improvement project expenditures. It accounts for all financial resources of the 2025 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, 2024**

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2024, 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 2024 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 collectibility. 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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)

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.

Capital Assets

Capital and right-to-use 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 and right-to-use 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 and right-to-use 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 and amortization on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation and amortization 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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)

Compensated Absences

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

Other Postemployment 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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)

Pensions (Continued)

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.

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 assets 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."

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

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

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

Leases

The City determines if an arrangement is a lease at inception. Leases for which the City is the lessor are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements. The City currently does have arrangements for which it is a lessor.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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)

Leases (Continued)

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

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. Newly Adopted Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences.

The implementation of GASB Statement No. 101 did not affect the City's financial statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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 2024.

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Actual
General Fund	<u>\$ 5,712,791</u>	<u>\$ 5,858,962</u>

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

C. Deficit Fund Balances

The following funds had deficit fund balances as of December 31, 2024:

2025 Street Improvement Fund	\$ (208,530)
Nonmajor - Tax Increment #20 Bus Garage	(9,791)

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, 2024.

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."

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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

The City's deposits in the depository banks at December 31, 2024 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, 2024.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The deposits are presented in the financial statements as follows:

Deposits	\$ 8,517,736
Total	<u>\$ 8,517,736</u>

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

Cash and Cash Equivalents - Governmental Activities	\$ 2,998,434
Cash and Cash Equivalents - Business-Type Activities	<u>5,519,302</u>
Total	<u>\$ 8,517,736</u>

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 1,221,150	\$ -	\$ -	\$ -	\$ 1,221,150
Construction in Progress	43,000	427,616	-	(56,771)	413,845
Total Capital Assets, Not Being Depreciated	1,264,150	427,616	-	(56,771)	1,634,995
Capital Assets, Being Depreciated:					
Buildings	4,774,701	76,096	-	56,771	4,907,568
Improvements Other than Buildings	3,462,837	-	-	-	3,462,837
Office Equipment and Furniture	18,698	23,556	-	-	42,254
Vehicles	3,063,710	160,654	-	-	3,224,364
Machinery and Shop Equipment	1,407,334	30,800	(16,452)	-	1,421,682
Infrastructure	26,216,947	-	-	-	26,216,947
Total Capital Assets, Being Depreciated	38,944,227	291,106	(16,452)	56,771	39,275,652
Accumulated Depreciation:					
Buildings	(1,961,226)	(97,745)	-	-	(2,058,971)
Improvements Other than Buildings	(2,500,252)	(121,813)	-	-	(2,622,065)
Office Equipment and Furniture	(9,764)	(3,066)	-	-	(12,830)
Vehicles	(1,688,721)	(220,071)	-	-	(1,908,792)
Machinery and Shop Equipment	(748,180)	(76,168)	3,290	-	(821,058)
Infrastructure	(10,042,489)	(1,123,595)	-	-	(11,166,084)
Total Accumulated Depreciation	(16,950,632)	(1,642,458)	3,290	-	(18,589,800)
Total Capital Assets, Being Depreciated, Net	21,993,595	(1,351,352)	(13,162)	56,771	20,685,852
Right-to-Use Assets, Being Amortized:					
Vehicles	99,082	-	(36,148)	-	62,934
Equipment	13,724	-	(3,442)	-	10,282
Subscriptions	-	66,058	-	-	66,058
Total Capital Assets, Being Depreciated	112,806	66,058	(39,590)	-	139,274
Accumulated Amortization					
Vehicles	(67,647)	(26,594)	36,148	-	(58,093)
Equipment	(6,273)	(2,995)	3,442	-	(5,826)
Subscriptions	-	(13,212)	-	-	(13,212)
Total Accumulated Amortization	(73,920)	(42,801)	39,590	-	(77,131)
Total Right-to-Use Assets, Being Amortized, Net	38,886	23,257	-	-	62,143
Governmental Activities Capital Assets, Net	<u>\$ 23,296,631</u>	<u>\$ (900,479)</u>	<u>\$ (13,162)</u>	<u>\$ -</u>	<u>\$ 22,382,990</u>

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to governmental functions as follows:

Proprietary Activities:

Water Fund	\$ 168,635
Wastewater Treatment Plant Fund	941,884
City Center Fund	77,334
Municipal Liquor Fund	46,903
Airport Fund	317,627
Storm Water Management Fund	225,928
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,778,311</u>

Capital asset activity for business-type activities for the year ended December 31, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-Type Activities:					
Capital Assets, not Being Depreciated					
Land	\$ 992,925	\$ -	\$ -	\$ -	\$ 992,925
Construction in Progress	304,167	4,757	(304,167)	-	4,757
Total Capital Assets, not Being Depreciated	1,297,092	4,757	(304,167)	-	997,682
Capital Assets, Being Depreciated:					
Buildings	24,487,487	78,947	-	-	24,566,434
Improvements Other than Buildings	13,120,137	67,065	-	-	13,187,202
Vehicles	885,833	-	-	-	885,833
Office Equipment and Furniture	90,514	23,713	(13,906)	-	100,321
Machinery and Shop Equipment	418,698	36,144	(11,173)	-	443,669
Infrastructure	21,294,610	261,500	-	-	21,556,110
Total Capital Assets, Being Depreciated	60,297,279	467,369	(25,079)	-	60,739,569
Accumulated Depreciation:					
Buildings	(4,163,802)	(595,392)	-	-	(4,759,194)
Improvements Other than Buildings	(3,704,034)	(596,610)	-	-	(4,300,644)
Vehicles	(207,906)	(59,569)	-	-	(267,475)
Office Equipment and Furniture	(46,859)	(9,581)	13,906	-	(42,534)
Machinery and Shop Equipment	(262,168)	(21,510)	3,910	-	(279,768)
Infrastructure	(7,100,399)	(495,649)	-	-	(7,596,048)
Total Accumulated Depreciation	(15,485,168)	(1,778,311)	17,816	-	(17,245,663)
Total Capital Assets, Being Depreciated, Net	44,812,111	(1,310,942)	(7,263)	-	43,493,906
Business-Type Capital Assets, Net	<u>\$ 46,109,203</u>	<u>\$ (1,306,185)</u>	<u>\$ (311,430)</u>	<u>\$ -</u>	<u>\$ 44,491,588</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to proprietary activities as follows:

Proprietary Activities:

Water Fund	\$ 168,635
Wastewater Treatment Plant Fund	941,884
City Center Fund	77,334
Municipal Liquor Fund	46,903
Airport Fund	317,627
Storm Water Management Fund	225,928
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,778,311</u>

NOTE 5 LEASES RECEIVABLE

The City, acting as lessor, leases space for cellular services under a long-term, non-cancelable lease agreements. The leases expire in varying intervals between 2025 in 2062. During the year ended December 31, 2024, the City recognized \$153,922 and \$66,846 in lease revenue and interest revenue, respectively, pursuant to this contract.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

<u>Year Ending December 31.</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 99,390	\$ 63,310
2026	78,639	60,465
2027	88,445	57,585
2028	98,981	54,320
2029	72,800	50,915
2030 - 2034	60,812	245,145
2035 - 2039	171,209	218,450
2040 - 2044	333,933	159,553
2045 - 2049	282,688	68,892
2050 - 2054	47,469	43,508
2055 - 2059	90,044	26,068
2060 - 2062	66,988	2,775
Total	<u>\$ 1,491,398</u>	<u>\$ 1,050,986</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2024:

				Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - General Obligation Bonds								
\$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		\$ 350,000	\$ -	\$ (26,000)	\$ 324,000	\$ 27,000
\$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		295,000	-	(57,000)	238,000	61,000
\$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		425,000	-	(212,000)	213,000	213,000
\$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		242,000	-	(82,000)	160,000	81,000
\$4,360,000 G.O. Improvement Bonds - Series 2023A	3.57%	Interest due semi- annually on 2/1 and 8/1 and principal due annually on 2/1 until 2/1/28		4,360,000	-	(315,000)	4,045,000	922,000
Total General Obligation Bonds				5,672,000	-	(692,000)	4,980,000	1,304,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

				Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - (Continued)								
<u>Special Assessment Bonds</u>								
\$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		\$ 3,375,000	\$ -	\$ (455,000)	\$ 2,920,000	\$ 465,000
\$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		2,325,000	-	(270,000)	2,055,000	275,000
\$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		125,000	-	(125,000)	-	-
\$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		3,230,000	-	(315,000)	2,915,000	325,000
\$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		5,715,000	-	(300,000)	5,415,000	305,000
Total Special Assessment Bonds				14,770,000	-	(1,465,000)	13,305,000	1,370,000
Total Bonds Payable				20,442,000	-	(2,157,000)	18,285,000	2,674,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Governmental Activities - (Continued)							
<u>Loans</u>							
DEED Loan (Direct Borrowing)	2.00%	Interest due semi-annually on 2/15 and 8/15 and principal due annually on 2/15 until 2/15/30	\$ 44,653	\$ -	\$ (6,379)	\$ 38,274	\$ 6,379
Total Loans			44,653	-	(6,379)	38,274	6,379
<u>Finance Purchase Agreements</u>							
2023 Pierce Enforcer (Direct Borrowing)	4.19%	Payments of \$169,544 due annually until 2/1/28	764,939	-	(153,163)	611,776	143,483
Total Finance Purchases			764,939	-	(153,163)	611,776	143,483
Unamortized Bond Premium			263,314	-	(44,604)	218,710	-
Compensated Absences Payable			394,302	-	(75,769)	318,533	318,533
Lease Liability			39,551	-	(30,581)	8,970	6,408
SBITA Liability			-	66,058	(10,942)	55,116	15,633
Total Governmental Activities Long-Term Liabilities			<u>\$ 21,948,759</u>	<u>\$ 66,058</u>	<u>\$ (2,478,438)</u>	<u>\$ 19,536,379</u>	<u>\$ 3,164,436</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities							
\$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	\$ 247,000	\$ -	\$ (45,000)	\$ 202,000	\$ 47,000
\$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	244,000	-	(37,000)	207,000	38,000
\$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	995,000	-	(113,000)	882,000	112,000
\$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	475,000	-	(93,000)	382,000	97,000
Total Bonds Payable			1,961,000	-	(288,000)	1,673,000	294,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

			Beginning Balance	Issuances	Payments	Ending Balance	Amount Due Within One Year
Business-Type Activities - (Continued)							
Loan Payable - Marsh Creek Project (Direct Borrowing)	2.00%	Interest and principal due annually on 5/10 until 5/10/27	\$ 76,423	\$ -	\$ (18,539)	\$ 57,884	\$ 18,914
Direct Borrowing - 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	11,364,000	-	(706,000)	10,658,000	713,000
Total			13,401,423	-	(1,012,539)	12,388,884	1,025,914
Unamortized Bond Discount			(389)	-	36	(353)	-
Total Business-Type Long-Term Liabilities			<u>\$ 13,401,034</u>	<u>\$ -</u>	<u>\$ (1,012,503)</u>	<u>\$ 12,388,531</u>	<u>\$ 1,025,914</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for the City's bonded indebtedness are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,674,000	\$ 561,117	\$ 294,000	\$ 41,321	\$ 2,968,000	\$ 602,438
2026	2,622,000	484,666	300,000	33,676	2,922,000	518,342
2027	2,716,000	402,924	310,000	25,688	3,026,000	428,612
2028	2,444,000	326,235	322,000	17,466	2,766,000	343,701
2029	1,542,000	264,888	171,000	10,726	1,713,000	275,614
2030 - 2034	4,427,000	698,815	276,000	7,280	4,703,000	706,095
2035 - 2039	1,860,000	172,400	-	-	1,860,000	172,400
Total	<u>\$ 18,285,000</u>	<u>\$ 2,911,045</u>	<u>\$ 1,673,000</u>	<u>\$ 136,157</u>	<u>\$ 19,958,000</u>	<u>\$ 3,047,202</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. The agreement contains the following provisions: (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised: (a) DEED may terminate the agreement, (b) suspend or terminate any future disbursements made under this agreement, (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment, (d) exercise any other remedy availability under law, and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

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. The agreement contains the following provisions: (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised (b) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment, and (c) exercise any other remedy availability under law.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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. The agreement does not contain and provisions related to default, any remedies in the case of default would be limited based on the laws of the state of Minnesota.

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.

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, 2024, the City has borrowed \$13,491,938. The agreement contains the following provisions: (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised: (a) withhold approval of any disbursement request, (b) reject any pending application by the City for financial assistance, (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law, and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised. Pledged revenues are expected to cover future principal and interest payments of \$10,658,000 and \$816,040, respectively. Pledged revenue for the current year was \$2,956,021 and principal and interest paid was \$706,000 and \$113,640, respectively.

On June 29, 2023, the City of Glencoe issued \$4,360,000 of General Obligation Bonds, Series 2023A. The proceeds of the issue were used to pay the costs associated with the 2023 Street Improvement Project. Assets of the City, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On May 1, 2024, the City of Glencoe issued \$517,000 of Liquor Store Revenue Bonds, Series 2014. The proceeds of the issue were used to pay the costs of remodeling the City's existing liquor store to provide additional sales capacity. Pledged revenues are expected to cover future principal and interest payments of \$207,000 and \$27,115, respectively. Pledged revenue for the current year was \$408,132 and principal and interest paid was \$37,000 and \$10,093, respectively.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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

Year Ending December 31,	Direct Borrowings							
	DEED Loan		Marsh Creek Project Loan		MN PFA CWRF Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 6,379	\$ 702	\$ 18,914	\$ 1,158	\$ 713,000	\$ 106,580	\$ 738,293	\$ 108,440
2026	6,379	574	19,292	779	720,000	99,450	745,671	100,803
2027	6,379	447	19,678	394	727,000	92,250	753,057	93,091
2028	6,379	319	-	-	735,000	84,380	741,379	84,699
2029	6,379	191	-	-	742,000	77,630	748,379	77,821
2030 - 2034	6,379	64	-	-	3,822,000	275,380	3,828,379	275,444
2035 - 2038	-	-	-	-	3,199,000	80,370	3,199,000	80,370
Total	<u>\$ 38,274</u>	<u>\$ 2,297</u>	<u>\$ 57,884</u>	<u>\$ 2,331</u>	<u>* \$ 10,658,000</u>	<u>\$ 816,040</u>	<u>\$ 10,754,158</u>	<u>\$ 820,668</u>

In 2024 and prior years, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of four vehicles and two pieces of equipment. The right-of-use assets related to the leases have a cost of \$112,806 and \$73,920 of accumulated amortization at December 31, 2024. The agreements for the vehicles have terms ending in 2024 through 2025 with rates of 3 or 3.25%. The agreements for the two pieces of equipment have terms ending between 2024 and 2027 and rates of 3 and 3.25%.

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2025	\$ 6,408	\$ 144
2026	2,190	48
2027	372	1
Total	<u>\$ 8,970</u>	<u>\$ 193</u>

The City has one agreement that qualifies a financed purchase arrangement under GASB Statement No. 87. This agreement is for an Enforcer truck for the Fire Department. This agreement matures in 2028 and has principal of \$153,162 interest of \$16,381 due during 2024.

In 2023, the City entered into a financed purchase arrangement for Pierce Enforcer, with an annual interest rate of 4.19%, with a final maturity of February 2028. The minimum principal and interest payments are as follows:

Year Ending December 31,	Direct Borrowing	
	Financed Purchase	
	Principal	Interest
2025	\$ 143,483	\$ 26,061
2026	149,650	19,894
2027	156,008	13,536
2028	162,635	6,909
Total	<u>\$ 611,776</u>	<u>\$ 66,400</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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, 2024, the principal amount outstanding was \$6,305,000.

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 Public Safety

This restricted fund balance represents unspent monies received from the state of Minnesota restricted for public safety expenditures.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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.

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 cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

B. 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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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. The 2024 annual increase was 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. 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 prorated increase.

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after 10 years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. 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 prorated increase.

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set 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 2024 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, 2024, were \$144,067. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

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 2024. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$150,919. 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, 2024, the City reported a liability of \$765,623 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 2024. 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 net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0207% at the end of the measurement period and .0219% for the beginning of the period. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$19,797.

City's Proportionate Share of the Net Pension Liability	\$ 765,623
State of Minnesota's Proportionate Share of the	
Net Pension Liability Associated with the City	<u>19,797</u>
Total	<u><u>\$ 785,420</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$58,345 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$245 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.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The City recognized \$35,226 for the year ended December 31, 2024 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 General Employees Fund.

At December 31, 2024, the City reported its proportionate share of 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	\$ 71,989	\$ -
Changes in Actuarial Assumptions	3,738	289,775
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	222,331
Changes in Proportion	-	76,996
Contributions Paid to PERA Subsequent to the Measurement Date	74,842	-
Total	<u>\$ 150,569</u>	<u>\$ 589,102</u>

The \$74,842 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, 2025. 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
2025	\$ (272,787)
2026	(69,404)
2027	(112,503)
2028	(58,681)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$696,582 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0529 percent at the end of the measurement period and 0.0564 percent for the beginning of the period.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$26,553.

City's Proportionate Share of the Net Pension Liability	\$ 696,582
State of Minnesota's Proportionate Share of the	
Net Pension Liability Associated with the City	26,553
Total	<u><u>\$ 723,135</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$132,918 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$10,439 as grant revenue and pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$10,270 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, 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	\$ 271,464	\$ -
Changes in Actuarial Assumptions	765,724	1,025,734
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	226,495
Changes in Proportion	54,032	57,431
Contributions Paid to PERA Subsequent to the Measurement Date	83,189	-
Total	<u>\$ 1,174,409</u>	<u>\$ 1,309,660</u>

The \$83,189 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, 2025. 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>	Pension Expense Amount
2025	\$ (35,298)
2026	183,827
2027	(101,602)
2028	(271,305)
2029	5,938

E. Long-Term Expected Return on Investment

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>100.0 %</u>	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan and Police & Fire Plan.
- Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police & Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police & Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

Police and Fire Fund

Changes in Plan Provisions:

- The state contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

Description	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the GERF Net Pension Liability	\$ 1,672,244	\$ 765,623	\$ 19,845
City's Proportionate Share of the PEPFP Net Pension Liability	1,646,159	696,582	(83,220)

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, 2024**

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 and 365, 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 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,465	\$ 1,465	5%	5%	5%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2022, membership includes 39 active participants, five terminated members entitled to benefit but not yet receiving them and six 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 \$3,500 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.

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 \$4,000 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

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 \$56,680 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2023. 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, 2023 was \$0.

Pension Costs

At December 31, 2024, the City reported an asset of \$392,118 for the Association's net pension asset. The net pension asset was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

As a result of its requirement not to contribute to the Relief Association, the City recognized expense of \$134,796 for the year ended December 31, 2024. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

Pension Costs (Continued)

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 3,402	\$ 61,074
Changes in Actuarial Assumptions	17,947	7,070
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	14,346
City Contributions Subsequent to the Measurement Date	47,588	-
Total	<u>\$ 68,937</u>	<u>\$ 82,490</u>

The City contributions to the Association subsequent to the measurement date, \$47,588 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows 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>
2025	\$ (27,598)
2026	895
2027	28,345
2028	(39,003)
2029	(7,337)
Thereafter	(16,443)

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
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	4.05%
Inflation Rate	2.50%
Age of Service Retirement	50

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%).

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, 2022 are summarized in the following table:

Asset Class	Allocation at December 31, 2022	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Cash and Equivalents	3.42 %	-0.45%	2.05%
Fixed Income	25.32	1.05%	3.55%
Domestic Equity	71.08	4.10%	6.60%
Real Estate and Alternatives	0.18	3.54%	6.04%
Total Portfolio	<u>100.00 %</u>		5.99%

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

Pension Liability Sensitivity

The following presents the City of Glencoe's proportionate share of the net pension asset of the Association, calculated using the discount rate of 5.50%, 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)	\$ (346,843)	\$ (392,118)	\$ (435,418)
Discount Rate	4.50%	5.50%	6.50%

Plan's Fiduciary Net Position

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

ASSETS

Cash and Cash Equivalents	\$ 96,631
Fixed Income Securities	54,173
Equity Investments	491,656
Mutual Funds	1,005,643
Accrued Interest	454
Total Assets	<u>\$ 1,648,557</u>

NET POSITION

Restricted for Fire Pensions	<u>\$ 1,342,554</u>
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REVENUES

Fire State Aid	\$ 56,680
State 10% Supplemental Reimbursement	-
Municipal Contribution	44,783
Investment Income	243,690
Total Revenues	<u>345,153</u>

EXPENSES

Pension Distributions	18,936
Administrative	20,214
Total Expenses	<u>39,150</u>

CHANGE IN NET POSITION

	306,003
Net Position - Beginning of Year	<u>1,342,554</u>

NET POSITION - END OF YEAR

	<u>\$ 1,648,557</u>
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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2023
<u>Total Pension Liability</u>	
Service Cost	\$ 63,603
Interest	59,436
Differences Between Expected and Actual Experience	-
Changes of Assumptions	125,810
Changes of Benefit Terms	-
Benefit Payments, Including Member Contribution Refunds	<u>(18,936)</u>
Net Change in Total Pension Liability	229,913
Total Pension Liability - Beginning of Year	1,026,526
Total Pension Liability - End of Year (a)	<u>1,256,439</u>
Plan Fiduciary Net Position	
Municipal Contributions	44,783
State Contributions	56,680
Net Investment Income	243,690
Miscellaneous	-
Transfer from General Fund	-
Benefit Payments	(18,936)
Administrative Expenses	<u>(20,214)</u>
Net Change in Fiduciary Net Position	306,003
Fiduciary Net Position - Beginning of Year	1,342,554
Fiduciary Net Position - End of Year (b)	<u>1,648,557</u>
Association's Net Pension Liability/(Asset) - End of Year (a) - (b)	<u>\$ (392,118)</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	\$ 1,462,205	\$ 1,324,978	\$ 1,898,762	\$ 201,947
Public Employees Retirement Association - Component Unit	572,535	164,596	406,637	47,149
Fire Relief Association	<u>(392,118)</u>	<u>68,937</u>	<u>82,490</u>	<u>134,796</u>
Total	<u>\$ 1,642,622</u>	<u>\$ 1,558,511</u>	<u>\$ 2,387,889</u>	<u>\$ 383,892</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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. 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, 2024, there were \$9,385 of contributions to the plan.

Actuarial Methods and Assumptions

The City's OPEB liability was measured as of December 31, 2023, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2023 using the alternative measurement method.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>Current Measurment Date</u>	<u>Previous Measurment Date</u>
Inflation	2.50%	2.50%
Salary Increases	3.25%	3.00%
Health Care Trend Rates	6.9% Decreasing to 3.9% in 2075 and Later Years	6.2% Decreasing to 3.7% in 2075 and Later Years

Mortality rates were based on assumption for general employees used in the 2023 PERA of Minnesota General Employees Retirement Plan Experience study.

The actuarial assumptions used in December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2023 to December 31, 2023.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 3.77% (4.05% at previous measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Changes in the Net OPEB Liability

	Total OPEB Liability
Balances at December 31, 2023	\$ 130,782
Changes for the Year:	
Service Cost	7,838
Interest	5,424
Assumption Changes	3,785
Difference Between Expected and Actual Experience	485
Benefit Payments	(9,385)
Net Change in Total OPEB Liability	8,147
Balances at December 31, 2024	\$ 138,929

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 (2.77%)	Discount Rate (3.77%)	1% Decrease (4.77%)
Net OPEB Liability	\$ 145,682	\$ 138,929	\$ 132,645

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 (5.9% decreasing to 2.9% over five years) or 1% higher (7.9% decreasing to 4.9% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.9% Decreasing to 2.9%)	Current Trend Rates (6.9% Decreasing to 3.9%)	1% Increase (7.9% Decreasing to 4.9%)
<u>Medical Trend Rate</u>			
Net OPEB Liability	\$ 130,949	\$ 138,929	\$ 148,197

For the year ended December 31, 2024, the City recognized OPEB expense of \$17,532. At December 31, 2024, the City reported no deferred inflows of resources, and \$9,385 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, 2025.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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 2024, the Commission transferred \$107,500 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 \$18,712 for 2024.

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.

NOTE 17 COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 18 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers

Transfers between funds during 2024 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types		
General Fund	\$ 639,000	\$ (502,000)
2025 Street Improvement Fund	-	(25,109)
2023 Street Improvement Fund	215,000	-
Nonmajor Governmental Funds	1,515,658	(251,549)
Total Governmental Funds	<u>2,369,658</u>	<u>(778,658)</u>
Proprietary Fund Types		
Water Fund	-	(570,000)
Wastewater Treatment Plant Fund	-	(581,000)
City Center Fund	225,000	-
Municipal Liquor Fund	-	(285,000)
Storm Water Management Fund	-	(380,000)
Total Proprietary Funds	<u>225,000</u>	<u>(1,816,000)</u>
Total Operating Transfers	<u>\$ 2,594,658</u>	<u>\$ (2,594,658)</u>

Due to/from Other Funds

Individual fund receivable and payable balances at December 31, 2024 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 844,547	\$ -
2014 Street Improvement Bond	-	619
2015 Street Improvement Bond	-	1,525
2025 Street Improvement	-	217,152
Tax Inc. #20 - Bus Garage	-	9,791
Airport Fund	-	112,009
City Center Fund	-	497,371
Storm Water Management Fund	-	6,080
Total	<u>\$ 844,547</u>	<u>\$ 844,547</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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 19 TAX ABATEMENTS (CONTINUED)

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, 2024, the Developer has not completed the requirements for the tax abatement; therefore, there were no abated property taxes by the City in 2024 under this agreement.

NOTE 20 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 26, 2025, the date the financial statements were available to be issued.

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

Deposits and Investments

Deposits

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.

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.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Deposits and Investments (Continued)

Deposits (Continued)

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, 2024 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.
- 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2024, the Light and Power Commission had only Non-Negotiable CD's.

Designated Cash

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

Expansion Fund	\$ 6,643,462
Expansion Fund Cash on Deposit	1,455,000
Catastrophic Reserve Fund	<u>2,648,240</u>
Total Designated Cash	<u><u>\$ 10,746,702</u></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, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

A summary of capital asset activity for the year ended December 31, 2024 is as follows:

	2024			
	Beginning Balance	Additions	Retirements	Ending Balance
PLANT IN SERVICE				
Buildings, Land, and Land Improvements	\$ 2,469,288	\$ 66,127	\$ -	\$ 2,535,415
Engines, Auxiliaries, and Switch Boards	13,935,723	-	-	13,935,723
Distribution System	8,402,672	-	-	8,402,672
Transmission System	11,544,191	-	-	11,544,191
Street Lights	175,454	-	-	175,454
Substation	3,112,613	116,516	-	3,229,129
Loop Feeder	468,366	-	-	468,366
Meters	992,144	-	-	992,144
Total Plant in Service	41,100,451	182,643	-	41,283,094
Less: Accumulated Depreciation	(26,309,108)	(918,473)	-	(27,227,581)
Net Plant in Service	14,791,343	(735,830)	-	14,055,513
CONSTRUCTION WORK-IN-PROGRESS	11,878	315,625	-	327,503
Net Utility Plant	14,803,221	(420,205)	-	14,383,016
NONUTILITY PROPERTY				
Building and Improvements	447,364	-	-	447,364
Transportation Equipment	1,402,730	-	-	1,402,730
Plant Tools and Equipment	172,655	9,500	-	182,155
Office Equipment	162,652	1,406	-	164,058
Total Nonutility Property	2,185,401	10,906	-	2,196,307
Less: Accumulated Depreciation	(1,300,792)	(119,808)	-	(1,420,600)
Net Nonutility Property	884,609	(108,902)	-	775,707
Total Net Capital Assets	\$ 15,687,830	\$ (529,107)	\$ -	\$ 15,158,723

Capital assets that are not being depreciated (including land and construction-in-progress) totaled \$883,836 at December 31, 2024.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Long-Term Liabilities

A summary of long-term debt activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated Absences Payable	\$ 82,524	\$ 38,396	\$ -	\$ 120,920	\$ -
Total	\$ 82,524	\$ 38,396	\$ -	\$ 120,920	\$ -

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% 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Contributions

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 2024 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, 2024 were \$103,670. The Commission's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2024, the Commission reported a liability of \$572,535 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 2024. 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 \$14,805 for a total pension liability of \$587,340. The net pension liability was measured as of June 30, 2024 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, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the Commission's proportionate share was .0155% at the end of the measurement period and .0143% for the beginning of the period.

For the year ended December 31, 2024, the Commission recognized pension expense of \$46,966 for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$183 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, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Pension Costs (Continued)

At December 31, 2024, 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	\$ 53,833	\$ -
Changes in Actuarial Assumptions	2,796	216,695
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	166,259
Changes in Proportion	55,926	23,683
Commission Contributions Subsequent to the Measurement Date	52,041	-
Total	<u>\$ 164,596</u>	<u>\$ 406,637</u>

\$52,041 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, 2025. 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
2024	\$ (177,133)
2025	(21,562)
2026	(51,506)
2027	(43,881)

Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

	<u>General Employees Fund</u>
Inflation	2.25% per Year
Active Member Payroll Growth	3.00% per Year
Investment Rate of Return	7.00%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Inflation is assumed to be 2.25% and benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Long-Term Expected Return on Investment

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:

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

Long-Term Expected Return on Investment (Continued)

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	100.0 %	

Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00%. 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:

Measurement Date	1% Decrease	Current Discount Rate	1% Increase
June 30, 2024			
General Employee Plan Discount Rate	6.00%	7.00%	8.00%
Commission's Proportionate Share of the Net Pension Liability	\$ 1,250,508	\$ 572,535	\$ 14,840

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, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

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.

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% 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, 2024, there were \$17,949 of contributions to the plan.

Actuarial Methods and Assumptions

The Commission's OPEB liability was measured as of December 31, 2023, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2023.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	3.25%
Health Care Trend Rates	6.9% Decreasing to 3.9% Over Several Decades

Mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The actuarial assumptions used in December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2023 to December 31, 2023.

The discount rate used to measure the total OPEB liability was 3.77%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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

- The discount rate was changed from 4.05% to 3.77%
- Healthcare trend rates were reset to reflect updated cost increases expectations
- Mortality rates were updated from rates used in the 7/1/2021 PERA General Employees Plan valuation to the rates used in the 7/1/2023 valuation.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Changes in the Net OPEB Liability:

	Total OPEB Liability
Balances at December 31, 2023	\$ 178,482
Changes for the Year:	
Service Cost	10,047
Interest	6,952
Assumption Changes	9,200
Difference Between Expected and Actual Experience	395
Benefit Payments	(33,757)
Net Change in Total OPEB Liability	(7,163)
Balances at December 31, 2024	<u>\$ 171,319</u>

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

	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Decrease (4.77%)
Net OPEB Liability	\$ 181,993	\$ 171,319	\$ 161,559

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 (5.90% decreasing to 2.9% over five years) or 1% higher (7.90% decreasing to 4.90% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.9% Decreasing to 2.9%)	Current Trend Rates (6.9% Decreasing to 3.9%)	1% Decrease (7.9% Decreasing to 4.9%)
<u>Medical Trend Rate</u>			
Net OPEB Liability	\$ 158,488	\$ 171,319	\$ 186,797

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 21 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

For the year ended December 31, 2024, the Commission recognized OPEB expense of \$26,594. At December 31, 2024, the Commission reported no deferred inflows of resources, and \$17,949 in deferred outflows 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, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	2024 Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes -				
General Property Taxes	\$ 2,417,000	\$ 2,417,000	\$ 2,440,984	\$ 23,984
Special Assessments	111,000	111,000	62,360	(48,640)
Franchise Taxes	2,000	2,000	3,173	1,173
Total Taxes	<u>2,530,000</u>	<u>2,530,000</u>	<u>2,506,517</u>	<u>(23,483)</u>
Licenses and Permits	44,600	44,600	113,979	69,379
Intergovernmental -				
Local Government Aid	1,818,170	1,818,170	1,824,296	6,126
Market Value Credit Aid	-	-	283	283
Police State Aid	75,000	75,000	101,946	26,946
Fire State Aid	53,000	53,000	64,675	11,675
Miscellaneous State Aid	4,000	4,000	5,867	1,867
Miscellaneous Federal Aid	-	-	13,641	13,641
Total Intergovernmental	<u>1,950,170</u>	<u>1,950,170</u>	<u>2,010,708</u>	<u>60,538</u>
Charges for Services -				
Special Services, Police	40,000	40,000	30,000	(10,000)
Special Services, Fire	45,000	45,000	51,648	6,648
Miscellaneous Charges	47,500	47,500	110,021	62,521
Total Charges for Services	<u>132,500</u>	<u>132,500</u>	<u>191,669</u>	<u>59,169</u>
Fines and Forfeits	49,000	49,000	48,912	(88)
Interest	3,300	3,300	23,852	20,552
Contributions and Donations	26,000	26,000	258,771	232,771
Payments in Lieu of Taxes	107,500	107,500	107,500	-
Miscellaneous -				
Park Fees	73,000	73,000	54,532	(18,468)
Reimbursements, Refunds and Miscellaneous	<u>67,000</u>	<u>67,000</u>	<u>151,100</u>	<u>84,100</u>
Total Miscellaneous	<u>140,000</u>	<u>140,000</u>	<u>205,632</u>	<u>65,632</u>
Total Revenues	4,983,070	4,983,070	5,467,540	484,470

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	2024 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government -				
Administration:				
Salaries	\$ 243,220	\$ 243,220	\$ 242,734	\$ 486
Employee Benefits	89,581	89,581	77,496	12,085
Payroll Taxes	15,080	15,080	29,345	(14,265)
Workers' Compensation	3,000	3,000	2,160	840
Office Supplies	8,000	8,000	10,093	(2,093)
Printing and Binding	5,000	5,000	1,738	3,262
Repairs and Maintenance	15,500	15,500	27,652	(12,152)
Professional Services	70,000	70,000	82,240	(12,240)
Auditing and Accounting	45,000	45,000	54,886	(9,886)
Legal Fees	85,000	85,000	64,198	20,802
Chamber	6,500	6,500	6,160	340
Computer Software	-	-	925	(925)
Telephone	4,500	4,500	4,912	(412)
Postage	3,000	3,000	2,918	82
Advertising	3,200	3,200	3,813	(613)
Travel	2,000	2,000	1,049	951
Training	3,000	3,000	3,183	(183)
Insurance	30,000	30,000	26,596	3,404
Utilities	67,000	67,000	62,944	4,056
Subscriptions	500	500	1,085	(585)
Continuing Education and Dues	2,000	2,000	342	1,658
League of Minnesota Cities	18,000	18,000	14,492	3,508
Capital Outlay	2,000	2,000	6,274	(4,274)
Miscellaneous	750	750	10,432	(9,682)
Total Administration	721,831	721,831	737,667	(15,836)
Finance:				
Salaries	160,058	160,058	175,307	(15,249)
Employee Benefits	75,326	75,326	60,114	15,212
Payroll Taxes	9,924	9,924	10,384	(460)
Office Supplies	2,000	2,000	2,193	(193)
Printing and Binding	500	500	764	(264)
Repairs and Maintenance	500	500	-	500
Computer Software	5,700	5,700	6,661	(961)
Postage	-	-	10	(10)
Travel	500	500	-	500
Continuing Education and Dues	200	200	-	200
Capital Outlay	500	500	-	500
Training	500	500	116	384
Miscellaneous	600	600	414	186
Total Finance	256,308	256,308	255,963	345

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	2024 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
General Government - (Cont'd.)				
City Council:				
Salaries	\$ 44,700	\$ 44,700	\$ 47,055	\$ (2,355)
Employee Benefits	1,485	1,485	1,485	-
Payroll Taxes	431	431	431	-
Workers' Compensation	-	-	47	(47)
Office Supplies	500	500	208	292
Travel	1,200	1,200	1,029	171
Training	3,000	3,000	3,571	(571)
Dues and Subscriptions	500	500	-	500
Miscellaneous	5,850	5,850	10,090	(4,240)
Total City Council	57,666	57,666	63,916	(6,250)
Unallocated	65,326	65,326	113,680	(48,354)
Total General Government	1,101,131	1,101,131	1,171,226	(70,095)
Public Safety -				
Police Department:				
Salaries	977,035	977,035	985,591	(8,556)
Employee Benefits	387,130	387,130	359,608	27,522
Payroll Taxes	5,656	5,656	6,156	(500)
Workers' Compensation	50,000	50,000	53,871	(3,871)
Supplies	17,700	17,700	21,386	(3,686)
Motor Fuels	30,000	30,000	25,040	4,960
Repairs and Maintenance	35,500	120,668	134,873	(14,205)
Training	19,000	20,700	17,553	3,147
Continuing Education and Dues	750	750	398	352
Investigation	8,000	8,000	4,733	3,267
Telephone	8,000	8,000	15,184	(7,184)
Insurance	23,000	23,000	19,677	3,323
Legal Fees	62,000	62,000	61,314	686
Uniforms	10,000	10,000	5,786	4,214
Animal Control	2,000	2,000	354	1,646
Operating Leases	66,000	66,000	63,271	2,729
Capital Lease Interest	-	-	2,421	(2,421)
Capital Outlay	25,000	25,000	125,534	(100,534)
Utilities	18,000	18,000	15,030	2,970
Miscellaneous	6,500	6,600	4,810	1,790
Total Police Department	1,751,271	1,838,239	1,922,590	(84,351)

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	2024 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
Public Safety - (Cont'd.)				
Fire Department:				
Salaries	\$ 5,400	\$ 5,400	\$ 5,400	\$ -
State Fire Aid	53,000	53,000	64,675	(11,675)
Municipal Fire Aid Contribution	42,000	42,000	47,588	(5,588)
Payroll Taxes	414	414	413	1
Workers' Compensation	19,000	19,000	9,873	9,127
Office Supplies	3,500	3,500	9,091	(5,591)
Motor Fuels	8,200	8,200	5,644	2,556
Repairs and Maintenance	44,500	44,500	46,263	(1,763)
Training	15,000	15,000	4,642	10,358
Telephone	1,000	1,000	1,015	(15)
Travel	1,500	1,500	1,302	198
Advertising	1,400	1,400	613	787
Insurance	5,500	5,500	7,271	(1,771)
Utilities	9,400	9,400	7,143	2,257
Continuing Education and Dues	4,000	4,000	1,704	2,296
Capital Lease Principal	153,163	153,163	153,163	-
Capital Lease Interest	16,382	16,382	16,382	-
Capital Outlay	32,000	48,700	34,405	14,295
Miscellaneous	21,500	21,500	29,927	(8,427)
Total Fire Department	436,859	453,559	446,514	7,045
Code Enforcement:				
Building Inspector	52,000	52,000	123,127	(71,127)
Total Code Enforcement	52,000	52,000	123,127	(71,127)
Total Public Safety	2,240,130	2,343,798	2,492,231	(148,433)
Streets and Highways -				
Salaries	236,008	236,008	248,150	(12,142)
Employee Benefits	73,899	73,899	85,356	(11,457)
Payroll Taxes	14,633	14,633	14,525	108
Workers' Compensation	21,000	21,000	12,852	8,148
Supplies	1,800	1,800	2,641	(841)
Motor Fuels	35,000	35,000	22,290	12,710
Repairs and Maintenance	68,500	68,500	52,627	15,873
Professional Services	2,000	2,000	1,008	992
Street Maintenance	17,000	17,000	16,249	751
Street Overlay and Seal Coat	850,000	850,000	663,796	186,204
Landscaping	2,000	2,000	2,001	(1)
Telephone	1,600	1,600	1,572	28

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	2024 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
Streets and Highways - (Cont'd.)				
Mosquito Control	\$ 10,000	\$ 10,000	\$ 10,421	\$ (421)
Insurance	17,000	17,000	8,296	8,704
Utilities	12,100	12,100	8,549	3,551
Capital Outlay	157,000	157,000	160,654	(3,654)
Miscellaneous	52,750	52,750	98,234	(45,484)
Total Street and Highways	1,572,290	1,572,290	1,409,221	163,069
 Culture and Recreation -				
Parks and Recreation:				
Salaries	291,008	291,008	284,229	6,779
Employee Benefits	105,071	105,071	96,492	8,579
Payroll Taxes	18,043	18,043	16,550	1,493
Workers' Compensation	14,000	14,000	10,520	3,480
Supplies	15,600	15,600	17,764	(2,164)
Motor Fuels	18,000	18,000	17,688	312
Repairs and Maintenance	20,500	20,500	20,035	465
Telephone	1,750	1,750	1,653	97
Insurance	24,500	24,500	22,511	1,989
Utilities	10,400	10,400	15,654	(5,254)
Capital Outlay	17,000	17,000	90,368	(73,368)
Miscellaneous	9,500	9,500	10,351	(851)
Total Park and Recreation	545,372	545,372	603,815	(58,443)
 Library and Community Center:				
Supplies	3,400	3,400	2,925	475
Repairs and Maintenance	3,000	3,000	7,299	(4,299)
Management Fees	97,000	97,000	97,000	-
Telephone	800	800	812	(12)
Insurance	5,000	5,000	24,438	(19,438)
Utilities	22,000	22,000	18,534	3,466
Capital Outlay	2,000	2,000	6,612	(4,612)
Total Library and Community Center	133,200	133,200	157,620	(24,420)
 Total Culture and Recreation	678,572	678,572	761,435	(82,863)

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	2024 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - (Cont'd.)				
Economic Development	\$ 17,000	\$ 17,000	\$ 24,849	\$ (7,849)
Total Expenditures	5,609,123	5,712,791	5,858,962	(146,171)
Deficiency of Revenues Under Expenditures	(626,053)	(729,721)	(391,422)	338,299
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	857,716	857,716	639,000	(218,716)
Operating Transfers Out	(100,000)	(100,000)	(502,000)	(402,000)
SBITA Proceeds	-	-	66,058	66,058
Proceeds from the Sale of Capital Assets	500	500	-	(500)
Insurance Proceeds	5,000	5,000	105,879	100,879
Total Other Financing Sources (Uses)	763,216	763,216	308,937	(454,279)
Net Change in Fund Balances	137,163	33,495	(82,485)	(115,980)
Fund Balances - Beginning of Year	2,465,373	2,465,373	2,465,373	-
Fund Balances - End of Year	<u>\$ 2,602,536</u>	<u>\$ 2,498,868</u>	<u>\$ 2,382,888</u>	<u>\$ (115,980)</u>

See accompanying Notes to Required Supplementary Information.

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2024

	Measurement Date December 31, 2023	Measurement Date December 31, 2022	Measurement Date 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	\$ 7,838	\$ 11,363	\$ 9,926	\$ 7,439	\$ 5,312	\$ 6,116	\$ 5,237
Interest	5,424	2,806	3,381	4,981	6,135	7,261	8,956
Difference Between Expected and Actual Experience	485	4,566	4,717	4,421	24,162	-	-
Assumption Changes	3,785	(18,379)	(4,956)	6,751	11,187	(30,011)	4,369
Benefit Payments	<u>(9,385)</u>	<u>(21,441)</u>	<u>(40,620)</u>	<u>(35,740)</u>	<u>(30,574)</u>	<u>(42,526)</u>	<u>(27,792)</u>
Net Change in Total OPEB Liability	8,147	(21,085)	(27,552)	(12,148)	16,222	(59,160)	(9,230)
Total OPEB Liability - Beginning	<u>130,782</u>	<u>151,867</u>	<u>179,419</u>	<u>191,567</u>	<u>175,345</u>	<u>234,505</u>	<u>243,735</u>
Net OPEB Liability - Ending	<u>\$ 138,929</u>	<u>\$ 130,782</u>	<u>\$ 151,867</u>	<u>\$ 179,419</u>	<u>\$ 191,567</u>	<u>\$ 175,345</u>	<u>\$ 234,505</u>
 Covered Payroll	 \$ 2,131,933	 \$ 2,406,573	 \$ 2,130,550	 \$ 2,102,498	 \$ 2,084,022	 \$ 1,986,408	 \$ 2,233,168
 City's Net OPEB Liability as a Percentage of Covered Payroll	 6.5%	 5.4%	 7.1%	 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.

See accompanying Notes to Required Supplementary Information.

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

	Measurement Date December 31, 2023	Measurement Date December 31, 2022	Measurement Date December 31, 2021	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	\$ 63,603	\$ 60,936	\$ 51,202	\$ 54,829	\$ 49,984	\$ 46,293	\$ 37,968	\$ 45,629	\$ 35,804	\$ 31,824
Interest	59,436	57,966	51,625	59,264	57,642	58,461	60,831	60,464	62,332	54,683
Differences Between Expected and Actual Experience	-	(42,559)	-	(40,396)	-	8,251	-	(43,098)	-	-
Changes in Assumptions	125,810	(6,926)	-	12,268	-	21,529	14,376	(23,628)	24,334	-
Changes in Benefit Terms	-	-	101,476	-	44,542	-	79,790	-	51,986	49,874
Benefit Payments, Including Member Contribution Refunds	(18,936)	(71,777)	(125,692)	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Net Change in Total Pension Liability	229,913	(2,360)	78,611	(137,127)	117,675	(51,202)	53,117	(115,585)	146,052	119,401
Total Pension Liability - Beginning of Year	1,026,526	1,028,886	950,275	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345	817,944
Total Pension Liability - End of Year (a)	1,256,439	1,026,526	1,028,886	950,275	1,087,402	969,727	1,020,929	967,812	1,083,397	937,345
Plan Fiduciary Net Position										
Municipal Contributions	44,783	40,937	40,777	39,776	29,211	29,192	25,500	68,795	68,795	68,774
State Contributions	56,680	52,299	53,334	48,170	45,591	49,282	45,695	46,437	43,134	40,108
Net Investment Income	243,690	(250,018)	210,566	199,006	213,025	(51,005)	140,849	81,653	(11,916)	72,568
Miscellaneous	-	-	-	-	-	-	-	-	25	-
Transfer from General Fund	-	-	-	-	-	-	30,000	-	-	-
Benefit Payments	(18,936)	(71,777)	(125,692)	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)	(16,980)
Administrative Expenses	(20,214)	(13,423)	(15,372)	(11,130)	(12,152)	(11,860)	(17,305)	(12,535)	(14,116)	(8,658)
Net Change in Fiduciary Net Position	306,003	(241,982)	163,613	52,730	241,182	(170,127)	84,891	29,398	57,518	155,812
Fiduciary Net Position - Beginning of Year	1,342,554	1,584,536	1,420,923	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)	1,648,557	1,342,554	1,584,536	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)	\$ (392,118)	\$ (316,028)	\$ (555,650)	\$ (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	131.21%	130.79%	154.01%	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	N/A	N/A	N/A

See accompanying Notes to Required Supplementary Information.

CITY OF GLENCOE, MINNESOTA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Calendar Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	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	0.0207%	0.0219%	0.0225%	0.0227%	0.0213%	0.0212%	0.0221%	0.0220%	0.0213%	0.0218%
City's Proportionate Share of the Net Pension Liability	\$ 765,623	\$ 1,224,623	\$ 1,782,007	\$ 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	19,797	33,753	52,334	29,612	39,457	36,498	40,172	17,628	22,610	-
Total City's Proportionate Share of the Net Pension Liability	<u>\$ 785,420</u>	<u>\$ 1,258,376</u>	<u>\$ 1,834,341</u>	<u>\$ 999,004</u>	<u>\$ 1,316,489</u>	<u>\$ 1,174,870</u>	<u>\$ 1,266,190</u>	<u>\$ 1,422,093</u>	<u>\$ 1,752,064</u>	<u>\$ 1,129,789</u>
City's Covered Payroll	\$ 1,920,897	\$ 1,769,186	\$ 1,750,796	\$ 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	39.86%	69.22%	101.78%	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	89.08%	83.10%	76.67%	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	0.0529%	0.0564%	0.0526%	0.0509%	0.0501%	0.0525%	0.0496%	0.0510%	0.0530%	0.0540%
City's Proportionate Share of the Net Pension Liability	\$ 696,582	\$ 973,955	\$ 2,288,944	\$ 392,894	\$ 660,371	\$ 558,916	\$ 528,685	\$ 688,561	\$ 2,126,982	\$ 613,566
State's Proportionate Share of the Net Pension Liability	26,553	39,184	-	-	-	-	-	-	-	-
Total City's Proportionate Share of the Net Pension Liability	<u>\$ 723,135</u>	<u>\$ 1,013,139</u>	<u>\$ 2,288,944</u>	<u>\$ 392,894</u>	<u>\$ 660,371</u>	<u>\$ 558,916</u>	<u>\$ 528,685</u>	<u>\$ 688,561</u>	<u>\$ 2,126,982</u>	<u>\$ 613,566</u>
City's Covered Payroll	\$ 852,650	\$ 707,639	\$ 706,112	\$ 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	81.70%	137.63%	324.16%	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	90.17%	86.47%	70.53%	93.66%	87.20%	89.30%	88.80%	85.40%	63.90%	86.60%

See accompanying Notes to Required Supplementary Information.

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PERA - General Employees Retirement Plan - City										
Contractually Required Contribution	\$ 144,067	\$ 131,957	\$ 126,654	\$ 122,719	\$ 117,098	\$ 112,633	\$ 114,378	\$ 110,431	\$ 104,130	\$ 99,983
Contributions in Relation to the Contractually Required Contribution	(144,067)	(131,957)	(126,654)	(122,719)	(117,098)	(112,633)	(114,378)	(110,431)	(104,130)	(99,983)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,920,893	\$ 1,759,427	\$ 1,688,720	\$ 1,636,253	\$ 1,561,307	\$ 1,501,772	\$ 1,525,035	\$ 1,472,414	\$ 1,388,399	\$ 1,333,108
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
PERA - Public Employees Police and Fire Plan - City										
Contractually Required Contribution	\$ 150,919	\$ 125,252	\$ 106,504	\$ 106,504	\$ 104,054	\$ 91,721	\$ 84,873	\$ 86,985	\$ 84,340	\$ 81,649
Contributions in Relation to the Contractually Required Contribution	(150,919)	(125,252)	(106,504)	(106,504)	(104,054)	(91,721)	(84,873)	(86,985)	(84,340)	(81,649)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 852,650	\$ 707,639	\$ 606,038	\$ 606,038	\$ 587,876	\$ 553,556	\$ 523,907	\$ 536,943	\$ 520,616	\$ 504,004
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.57%	17.57%	17.70%	16.57%	16.20%	16.20%	16.20%	16.20%
Fire Relief Association										
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	(47,588)	(44,783)	(40,937)	(40,777)	(39,776)	(29,211)	(29,192)	(25,500)	(68,795)	(68,795)
Contribution Deficiency (Excess)	<u>\$ (47,588)</u>	<u>\$ (44,783)</u>	<u>\$ (40,937)</u>	<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>
City's Covered Payroll	N/A	N/A	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	N/A	N/A

See accompanying Notes to Required Supplementary Information.

**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 June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Commission's Proportion of the Net Pension Liability	0.0155%	0.0143%	0.0149%	0.0153%	0.0158%	0.0153%	0.0152%	0.0160%	0.0167%	0.0160%
Commission's Proportionate Share of the Net Pension Liability	\$ 572,535	\$ 799,640	\$ 1,180,085	\$ 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	14,805	21,902	34,739	19,994	29,234	26,332	22,686	12,829	-	-
Total Commission's Proportionate Share of the Net Pension Liability	<u>\$ 587,340</u>	<u>\$ 821,542</u>	<u>\$ 1,214,824</u>	<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	\$ 1,310,735	\$ 1,133,220	\$ 1,121,105	\$ 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	43.68%	70.56%	105.26%	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	89.08%	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.91%	78.20%

See accompanying Notes to Required Supplementary Information.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PERA										
Contractually Required Contribution	\$ 103,670	\$ 90,755	\$ 82,192	\$ 82,853	\$ 83,899	\$ 81,583	\$ 81,158	\$ 76,083	\$ 76,316	\$ 70,549
Contributions in Relation to the Contractually Required Contribution	(103,670)	(90,755)	(82,192)	(82,853)	(83,899)	(81,583)	(81,158)	(76,083)	(76,316)	(70,549)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's Covered Payroll	\$ 1,382,267	\$ 1,210,067	\$ 1,095,893	\$ 1,104,707	\$ 1,118,653	\$ 1,087,773	\$ 1,082,107	\$ 1,014,440	\$ 1,017,546	\$ 940,653
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

See accompanying Notes to 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 2024	Measurement Date December 31 2023	Measurement Date December 31 2022	Measurement Date December 31 2021	Measurement Date December 31 2020	Measurement Date December 31 2019	Measurement Date December 31 2018
Total OPEB Liability							
Service Cost	\$ 10,047	\$ 14,523	\$ 17,383	\$ 14,481	\$ 13,106	\$ 13,062	\$ 11,159
Interest	6,952	4,209	7,268	10,155	13,296	11,818	12,599
Assumption Changes	9,200	(19,900)	(1,762)	9,241	12,306	(7,273)	7,651
Difference Between Expected and Actual Experience	395	(17,404)	(117,520)	(7,715)	(3,685)	-	-
Benefit Payments	(33,757)	(34,341)	(40,016)	(29,854)	(21,131)	(11,473)	(2,431)
Net Change in Total OPEB Liability	(7,163)	(52,913)	(134,647)	(3,692)	13,892	6,134	28,978
Total OPEB Liability - Beginning	178,482	231,395	366,042	369,734	355,842	349,708	320,730
Net OPEB Liability - Ending	<u>\$ 171,319</u>	<u>\$ 178,482</u>	<u>\$ 231,395</u>	<u>\$ 366,042</u>	<u>\$ 369,734</u>	<u>\$ 355,842</u>	<u>\$ 349,708</u>
 Covered-Payroll	 \$ 1,222,046	 \$ 1,141,732	 \$ 1,140,913	 \$ 1,209,004	 \$ 1,114,418	 \$ 1,113,019	 \$ 1,034,595
 Commission's Net OPEB Liability as a Percentage of Covered-Payroll	 14%	 16%	 20%	 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.

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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.

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	<u>\$ 5,712,791</u>	<u>\$ 5,858,962</u>

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

2024

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

A. General Employees Fund (Continued)

2023

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.
- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-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.
- 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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

A. General Employees Fund (Continued)

2020 (Continued)

- 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% 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.
- 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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

A. General Employees Fund (Continued)

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% 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% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

B. Police and Fire Fund

2024

- The state contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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

B. Police and Fire Fund (Continued)

2023

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.
- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

2021

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%. 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% to 70%. Minor changes to form of payment assumptions were applied.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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

B. Police and Fire Fund (Continued)

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% per year through 2064 and 2.5% per year thereafter to 1.0% 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% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% 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% to 60%.
- 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% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

B. Police and Fire Fund (Continued)

2016

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

C. OPEB

The following changes were reflected in the valuation performed on behalf of the City's other postemployment benefits plan for the year ended December 31:

2024

Changes in Actuarial Assumptions

- The discount rate was changed from 4.05% to 3.77%.
- The payroll growth assumption was changed from 3.00% to 3.25%.

2023

Changes in Actuarial Assumptions

- The discount rate was changed from 1.84% to 4.05%.

2022

Changes in Actuarial Assumptions

- The discount rate was changed from 2.00% to 1.84%.
- The inflation assumption was changed from 2.25% to 2.50%.
- Mortality rates non-teachers were updated from Pub-2010 with MP-2019 Generational Improvement Scale to Pub-2010 with MP-2021 Generational Improvement Scale.

2021

Changes in Actuarial Assumptions

- The mortality rates were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Non-Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Non-Teachers) with MP-2020 Generational Improvement Scale.
- The discount rate was changed from 2.75% to 2.00%.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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

C. OPEB (Continued)

2020

Changes in Actuarial Assumptions

- Mortality rates were based on Pub-2010 General Mortality Tables with MP-2019 Generational Improvement Scale.
- The discount rate was changed from 3.71% to 2.75%.
- The inflation rate was changed from 2.75% to 2.50%.

2019

Changes in Actuarial Assumptions

- Mortality rates were based on RP-2014 Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed to 3.71%.

SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2024**

	Other Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 188,107	\$ 591,975	\$ 555,642	\$ 1,335,724
Accounts Receivable	6,010	-	-	6,010
Taxes Receivable:				
Current	-	3,420	-	3,420
Delinquent	-	4,138	-	4,138
Special Assessments Receivable:				
Current	-	11,491	-	11,491
Noncurrent	-	1,518,314	-	1,518,314
Total Assets	<u>\$ 194,117</u>	<u>\$ 2,129,338</u>	<u>\$ 555,642</u>	<u>\$ 2,879,097</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 5,169	\$ 1,095	\$ 11,634	\$ 17,898
Due to Other Funds	-	2,144	9,791	11,935
Total Liabilities	5,169	3,239	21,425	29,833
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	1,522,452	-	1,522,452
Total Deferred Inflows	-	1,522,452	-	1,522,452
FUND BALANCES				
Restricted for:				
Public Safety	180,595	-	-	180,595
Debt Service	-	603,647	-	603,647
Capital Projects	-	-	544,008	544,008
Committed for:				
Aquatic Center	1,039	-	-	1,039
Cable TV	7,314	-	-	7,314
Unassigned	-	-	(9,791)	(9,791)
Total Fund Balances	<u>188,948</u>	<u>603,647</u>	<u>534,217</u>	<u>1,326,812</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 194,117</u>	<u>\$ 2,129,338</u>	<u>\$ 555,642</u>	<u>\$ 2,879,097</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2024**

	Other Governmental Funds			Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
REVENUES				
Taxes	\$ 7,869	\$ 796,321	\$ -	\$ 804,190
Tax Increments	-	-	163,470	163,470
Intergovernmental	-	266,962	153,639	420,601
Charges for Services	107,690	-	-	107,690
Assessments	-	326,490	-	326,490
Interest Income (Loss)	(340)	(6,179)	7,487	968
Franchise Taxes	25,783	-	-	25,783
Miscellaneous	7,681	-	-	7,681
Total Revenues	<u>148,683</u>	<u>1,383,594</u>	<u>324,596</u>	<u>1,856,873</u>
EXPENDITURES				
Current:				
General Government	40,858	-	-	40,858
Highways and Streets	-	-	5,620	5,620
Culture-Recreation	222,407	-	-	222,407
Economic Development	-	-	30,311	30,311
Capital Outlay:				
Culture-Recreation	2,966	-	-	2,966
Debt Service:				
Principal	-	2,157,000	70,000	2,227,000
Interest	-	639,738	-	639,738
Fiscal Charges	-	1,238	-	1,238
Total Expenditures	<u>266,231</u>	<u>2,797,976</u>	<u>105,931</u>	<u>3,170,138</u>
Deficiency of Revenues Under Expenditures	(117,548)	(1,414,382)	218,665	(1,313,265)
OTHER FINANCING SOURCES (USES)				
Transfers In	95,000	1,395,549	25,109	1,515,658
Transfers Out	(20,000)	-	(231,549)	(251,549)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>1,395,549</u>	<u>(206,440)</u>	<u>1,264,109</u>
Net Change in Fund Balances	(42,548)	(18,833)	12,225	(49,156)
Fund Balances - Beginning of Year	<u>231,496</u>	<u>622,480</u>	<u>521,992</u>	<u>1,375,968</u>
Fund Balances - End of Year	<u>\$ 188,948</u>	<u>\$ 603,647</u>	<u>\$ 534,217</u>	<u>\$ 1,326,812</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2024**

	Special Revenue Funds			
	Aquatic Center	Cable TV	Public Safety Aid	Total Special Revenue
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,536	\$ 1,492	\$ 184,079	\$ 188,107
Accounts Receivable	88	5,922	-	6,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,624</u>	<u>\$ 7,414</u>	<u>\$ 184,079</u>	<u>\$ 194,117</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,585	\$ 100	\$ 3,484	\$ 5,169
Total Liabilities	<u>1,585</u>	<u>100</u>	<u>3,484</u>	<u>5,169</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
FUND BALANCES				
Restricted	-	-	180,595	180,595
Committed	1,039	7,314	-	8,353
Total Fund Balances	<u>1,039</u>	<u>7,314</u>	<u>180,595</u>	<u>188,948</u>
Total Liabilities and Fund Balances	<u>\$ 2,624</u>	<u>\$ 7,414</u>	<u>\$ 184,079</u>	<u>\$ 194,117</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Special Revenue Funds			
	Aquatic Center	Cable TV	Public Safety Aid	Total Special Revenue
REVENUES				
Taxes	\$ 7,869	\$ -	\$ -	\$ 7,869
Charges for Services	107,690	-	-	107,690
Interest Income (Loss)	(494)	154	-	(340)
Franchise Fees	-	25,783	-	25,783
Miscellaneous	7,681	-	-	7,681
Total Revenues	122,746	25,937	-	148,683
EXPENDITURES				
Current:				
Culture-Recreation	218,078	4,329	-	222,407
General Government	-	-	40,858	40,858
Capital Outlay:				
Culture-Recreation	1,295	1,671	-	2,966
Total Expenditures	219,373	6,000	40,858	266,231
Excess (Deficiency) of Revenue Over (Under) Expenditures	(96,627)	19,937	(40,858)	(117,548)
OTHER FINANCING SOURCES (USES)				
Transfers In	95,000	-	-	95,000
Transfers Out	-	(20,000)	-	(20,000)
Total Other Financing Sources (Uses)	95,000	(20,000)	-	75,000
Net Change in Fund Balances	(1,627)	(63)	(40,858)	(42,548)
Fund Balances - Beginning of Year	2,666	7,377	221,453	231,496
Fund Balances - End of Year	\$ 1,039	\$ 7,314	\$ 180,595	\$ 188,948

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2024**

	Debt Service Funds			
	City Sinking	2007 Tax Increment Bond	2008 11th Street Morningside	2023 Street Improvement Bond
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 415	\$ 292	\$ 404	\$ 258,421
Taxes Receivable				
Current	-	-	498	-
Delinquent	-	-	602	-
Special Assessments Receivable				
Current	-	-	-	-
Noncurrent	-	-	-	251,550
Total Assets	<u>\$ 415</u>	<u>\$ 292</u>	<u>\$ 1,504</u>	<u>\$ 509,971</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	602	251,550
FUND BALANCES				
Restricted	415	292	902	258,421
Unassigned	-	-	-	-
Total Fund Balances	<u>415</u>	<u>292</u>	<u>902</u>	<u>258,421</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 415</u>	<u>\$ 292</u>	<u>\$ 1,504</u>	<u>\$ 509,971</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2024**

	Debt Service Funds				
	2014 Street Improvement Bond	2016 Street Improvement	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement Bond
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ -	\$ 99,081	\$ 164	\$ 127,686	\$ 29,161
Taxes Receivable					
Current	773	139	-	627	108
Delinquent	936	167	-	758	131
Special Assessments Receivable					
Current	-	-	-	8,634	1,942
Noncurrent	65,381	390,096	-	165,557	-
Total Assets	<u>\$ 67,090</u>	<u>\$ 489,483</u>	<u>\$ 164</u>	<u>\$ 303,262</u>	<u>\$ 31,342</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,095	\$ -
Due to Other Funds	619	-	-	-	-
Total Liabilities	<u>619</u>	<u>-</u>	<u>-</u>	<u>1,095</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>66,318</u>	<u>390,263</u>	<u>-</u>	<u>166,315</u>	<u>131</u>
FUND BALANCES					
Restricted	153	99,220	164	135,852	31,211
Unassigned	-	-	-	-	-
Total Fund Balances	<u>153</u>	<u>99,220</u>	<u>164</u>	<u>135,852</u>	<u>31,211</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 67,090</u>	<u>\$ 489,483</u>	<u>\$ 164</u>	<u>\$ 303,262</u>	<u>\$ 31,342</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2024**

	Debt Service Funds		
	2015 Street Improvement Bond	2017 Street Improvement Bond	Total Debt Service
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ -	\$ 76,351	\$ 591,975
Taxes Receivable			
Current	670	605	12,054
Delinquent	811	733	4,138
Special Assessments Receivable			
Current	915	-	2,857
Noncurrent	285,480	360,250	1,518,314
	<u>285,480</u>	<u>360,250</u>	<u>1,518,314</u>
Total Assets	<u>\$ 287,876</u>	<u>\$ 437,939</u>	<u>\$ 2,129,338</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 1,095
Due to Other Funds	1,525	-	2,144
Total Liabilities	<u>1,525</u>	<u>-</u>	<u>3,239</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>286,290</u>	<u>360,983</u>	<u>1,522,452</u>
FUND BALANCES			
Restricted	61	76,956	572,344
Unassigned	-	-	31,303
Total Fund Balances	<u>61</u>	<u>76,956</u>	<u>603,647</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 287,876</u>	<u>\$ 437,939</u>	<u>\$ 2,129,338</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Debt Service Funds			
	City Sinking	2007 Tax Increment Bond	2008 11th Street Morningside	2023 Street Improvement Bond
REVENUES				
Taxes	\$ 5	\$ -	\$ 115,812	\$ -
Intergovernmental	-	-	-	-
Assessments	-	-	-	91,820
Interest Income (Loss)	6	(750)	(142)	(120)
Total Revenues	11	(750)	115,670	91,700
EXPENDITURES				
Debt Service:				
Principal	-	57,000	125,000	315,000
Interest	-	2,052	2,500	163,865
Fiscal Charges	-	-	248	-
Total Expenditures	-	59,052	127,748	478,865
Excess (Deficiency) of Revenue Over (Under) Expenditures	11	(59,802)	(12,078)	(387,165)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	60,000	-	275,000
Total Other Financing Sources (Uses)	-	60,000	-	275,000
Net Change in Fund Balances	11	198	(12,078)	(112,165)
Fund Balances - Beginning of Year	404	94	12,980	370,586
Fund Balances - End of Year	\$ 415	\$ 292	\$ 902	\$ 258,421

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Debt Service Funds				
	2014 Street Improvement Bond	2016 Street Improvement Bond	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement Bond
REVENUES					
Taxes	\$ 180,156	\$ 32,243	\$ -	\$ 145,964	\$ 25,181
Intergovernmental	-	-	-	-	266,962
Assessments	19,031	62,471	-	26,961	23,971
Interest Income (Loss)	(1,987)	(60)	(270)	(535)	740
Total Revenues	197,200	94,654	(270)	172,390	316,854
EXPENDITURES					
Debt Service:					
Principal	212,000	270,000	26,000	300,000	82,000
Interest	2,456	56,475	12,638	201,744	2,783
Fiscal Charges	-	495	-	-	-
Total Expenditures	214,456	326,970	38,638	501,744	84,783
Excess (Deficiency) of Revenue Over (Under) Expenditures	(17,256)	(232,316)	(38,908)	(329,354)	232,071
OTHER FINANCING SOURCES (USES)					
Transfers In	17,000	207,549	39,000	286,000	-
Total Other Financing Sources (Uses)	17,000	207,549	39,000	286,000	-
Net Change in Fund Balances	(256)	(24,767)	92	(43,354)	232,071
Fund Balances - Beginning of Year	409	123,987	72	179,206	(200,860)
Fund Balances - End of Year	\$ 153	\$ 99,220	\$ 164	\$ 135,852	\$ 31,211

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Debt Service Funds		
	2015 Street Improvement Bond	2017 Street Improvement Bond	Total Debt Service
REVENUES			
Taxes	\$ 156,027	\$ 140,933	\$ 796,321
Intergovernmental	-	-	266,962
Assessments	54,553	47,683	326,490
Interest Income (Loss)	(2,886)	(175)	(6,179)
Total Revenues	207,694	188,441	1,383,594
EXPENDITURES			
Debt Service:			
Principal	455,000	315,000	2,157,000
Interest	98,325	96,900	639,738
Fiscal Charges	495	-	1,238
Total Expenditures	553,820	411,900	2,797,976
Excess (Deficiency) of Revenue Over (Under) Expenditures	(346,126)	(223,459)	(1,414,382)
OTHER FINANCING SOURCES (USES)			
Transfers In	346,000	165,000	1,395,549
Total Other Financing Sources (Uses)	346,000	165,000	1,395,549
Net Change in Fund Balances	(126)	(58,459)	(18,833)
Fund Balances - Beginning of Year	187	135,415	622,480
Fund Balances - End of Year	\$ 61	\$ 76,956	\$ 603,647

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2024**

	Capital Project Funds		
	Tax Increment #4- Industrial Park	Tax Increment #20- Bus Garage	Tax Increment #17- Miller Mfg.
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 377,038	\$ -	\$ 24,257
Total Assets	<u>\$ 377,038</u>	<u>\$ -</u>	<u>\$ 24,257</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 9,762
Due to Other Funds	-	9,791	-
Total Liabilities	<u>-</u>	<u>9,791</u>	<u>9,762</u>
FUND BALANCES			
Restricted	377,038	-	14,495
Unassigned	-	(9,791)	-
Total Fund Balances	<u>377,038</u>	<u>(9,791)</u>	<u>14,495</u>
Total Liabilities and Fund Balances	<u>\$ 377,038</u>	<u>\$ -</u>	<u>\$ 24,257</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS (CONTINUED)
DECEMBER 31, 2024**

	Capital Project Funds		
	Tax Increment #19- Panther Heights	Municipal State Aid	Total Capital Projects
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 31,092	\$ 123,255	\$ 555,642
Total Assets	<u>\$ 31,092</u>	<u>\$ 123,255</u>	<u>\$ 555,642</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 1,872	\$ 11,634
Due to Other Funds	-	-	9,791
Total Liabilities	<u>-</u>	<u>1,872</u>	<u>21,425</u>
FUND BALANCES			
Restricted	31,092	121,383	544,008
Unassigned	-	-	(9,791)
Total Fund Balances	<u>31,092</u>	<u>121,383</u>	<u>534,217</u>
Total Liabilities and Fund Balances	<u>\$ 31,092</u>	<u>\$ 123,255</u>	<u>\$ 555,642</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Capital Project Funds		
	Tax Increment #4- Industrial Park	Tax Increment #20- Bus Garage	Tax Increment #17- Miller Mfg.
REVENUES			
Tax Increments	\$ -	\$ -	\$ 20,483
Intergovernmental	-	-	-
Interest Income	5,371	(135)	273
Total Revenues	5,371	(135)	20,756
EXPENDITURES			
Current:			
Highways and Streets	-	-	-
Economic Development	-	311	30,000
Debt Service:			
Principal	-	-	-
Total Expenditures	-	311	30,000
Excess (Deficiency) of Revenue Over (Under) Expenditures	5,371	(446)	(9,244)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(60,000)	-	-
Total Other Financing Sources (Uses)	(60,000)	-	-
Net Change in Fund Balances	(54,629)	(446)	(9,244)
Fund Balances - Beginning	431,667	(9,345)	23,739
Fund Balances - End of Year	\$ 377,038	\$ (9,791)	\$ 14,495

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – CAPITAL PROJECT FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Capital Project Funds		
	Tax Increment #19- Panther Heights	Municipal State Aid	Total Capital Projects
REVENUES			
Tax Increments	\$ 142,987	\$ -	\$ 163,470
Intergovernmental	-	153,639	153,639
Interest Income	537	1,441	7,487
Total Revenues	143,524	155,080	324,596
EXPENDITURES			
Current:			
Highways and Streets	-	5,620	5,620
Economic Development	-	-	30,311
Debt Service:			
Principal	70,000	-	70,000
Total Expenditures	70,000	5,620	105,931
Excess (Deficiency) of Revenue Over (Under) Expenditures	73,524	149,460	218,665
OTHER FINANCING SOURCES (USES)			
Transfers In	-	25,109	25,109
Transfers Out	(44,000)	(127,549)	(231,549)
Total Other Financing Sources (Uses)	(44,000)	(102,440)	(206,440)
Net Change in Fund Balances	29,524	47,020	12,225
Fund Balances - Beginning	1,568	74,363	521,992
Fund Balances - End of Year	\$ 31,092	\$ 121,383	\$ 534,217

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
DECEMBER 31, 2024

	\$6,735,000 G.O. Improvement Bonds - Series 2015A		\$4,025,000 G.O. Bonds - Series 2016A	
	Principal	Interest	Principal	Interest
2025	\$ 465,000	\$ 88,997	\$ 275,000	\$ 51,075
2026	470,000	78,535	280,000	45,575
2027	480,000	64,435	280,000	39,975
2028	490,000	52,675	290,000	33,675
2029	500,000	35,525	300,000	27,150
2030	515,000	18,025	305,000	18,900
2031	-	-	325,000	9,750
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
	<u>\$ 2,920,000</u>	<u>\$ 338,192</u>	<u>\$ 2,055,000</u>	<u>\$ 226,100</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2024

	\$4,935,000 G.O. Bonds Series 2017B		\$6,985,000 G.O. Bonds Series 2018A		\$453,000 G.O. Tax Increment Revenue Bonds - Series 2018B	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-
	<u>\$ 2,915,000</u>	<u>\$ 407,850</u>	<u>\$ 5,415,000</u>	<u>\$ 1,576,487</u>	<u>\$ 324,000</u>	<u>\$ 66,421</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2024

	Finance Purchase Agreement 2023 Pierce Enforcer		DEED Loan		2018 Marsh Creek Project Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 143,483	\$ 26,061	\$ 6,379	\$ 702	\$ 18,914	\$ 1,158
2026	149,650	19,894	6,379	574	19,292	779
2027	156,008	13,536	6,379	447	19,678	394
2028	162,635	6,909	6,379	319	-	-
2029	-	-	6,379	191	-	-
2030	-	-	6,379	64	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 611,776</u>	<u>\$ 66,400</u>	<u>\$ 38,274</u>	<u>\$ 2,297</u>	<u>\$ 57,884</u>	<u>\$ 2,331</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2024

	\$4,360,000 G.O. Capital Improvement Plan Bonds - Series 2023A		\$626,000 Gross Revenue Event Facility Refunding Bonds - Series 2013A	
	Principal	Interest	Principal	Interest
2025	\$ 922,000	\$ 127,949	\$ 47,000	\$ 8,479
2026	1,055,000	92,659	49,000	6,199
2027	1,193,000	52,533	52,000	3,800
2028	875,000	15,619	54,000	1,282
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
	<u>\$ 4,045,000</u>	<u>\$ 288,760</u>	<u>\$ 202,000</u>	<u>\$ 19,760</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2024

	\$517,000 Liquor Store Revenue Bonds - Series 2014		\$1,516,000 G.O. Capital Improvement Plan Refunding Bonds - Series 2017A		\$14,281,300 MN PFA G.O. Sewer Revenue Note		\$700,000 G.O. Capital Improvement Plan Bonds - Series 2021B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 38,000	\$ 8,798	\$ 112,000	\$ 21,476	\$ 713,000	\$ 106,580	\$ 81,000	\$ 1,840
2026	40,000	7,182	121,000	18,447	720,000	99,450	79,000	909
2027	41,000	5,483	124,000	15,262	727,000	92,250	-	-
2028	43,000	3,740	123,000	12,051	735,000	84,380	-	-
2029	45,000	1,912	126,000	8,814	742,000	77,630	-	-
2030	-	-	134,000	5,434	749,000	70,210	-	-
2031	-	-	142,000	1,846	757,000	62,720	-	-
2032	-	-	-	-	764,000	55,150	-	-
2033	-	-	-	-	772,000	47,510	-	-
2034	-	-	-	-	780,000	39,790	-	-
2035	-	-	-	-	788,000	31,990	-	-
2036	-	-	-	-	796,000	24,110	-	-
2037	-	-	-	-	803,000	16,150	-	-
2038	-	-	-	-	812,000	8,120	-	-
2039	-	-	-	-	-	-	-	-
	<u>\$ 207,000</u>	<u>\$ 27,115</u>	<u>\$ 882,000</u>	<u>\$ 83,330</u>	<u>\$ 10,658,000</u>	<u>\$ 816,040</u>	<u>\$ 160,000</u>	<u>\$ 2,749</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
DECEMBER 31, 2024

	\$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
2025	\$ 61,000	\$ 1,598	\$ 213,000	\$ 820	\$ 97,000	\$ 2,568	\$ 3,849,776	\$ 736,939
2026	60,000	1,132	-	-	90,000	1,848	3,817,321	639,039
2027	54,000	693	-	-	93,000	1,143	3,935,065	535,239
2028	63,000	243	-	-	102,000	393	3,670,014	435,309
2029	-	-	-	-	-	-	2,461,379	353,435
2030	-	-	-	-	-	-	2,477,379	292,247
2031	-	-	-	-	-	-	2,033,000	230,096
2032	-	-	-	-	-	-	1,589,000	185,825
2033	-	-	-	-	-	-	1,204,000	149,195
2034	-	-	-	-	-	-	1,228,000	124,176
2035	-	-	-	-	-	-	1,213,000	99,215
2036	-	-	-	-	-	-	1,241,000	74,335
2037	-	-	-	-	-	-	1,263,000	50,800
2038	-	-	-	-	-	-	1,292,000	26,670
2039	-	-	-	-	-	-	50,000	1,750
	<u>\$ 238,000</u>	<u>\$ 3,666</u>	<u>\$ 213,000</u>	<u>\$ 820</u>	<u>\$ 382,000</u>	<u>\$ 5,952</u>	<u>\$ 31,323,934</u>	<u>\$ 3,934,270</u>



**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
Members 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 the City of Glencoe (the City), Minnesota as of and for the year ended December 31, 2024, 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 26, 2025.

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 responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Honorable Mayor and
Members of the City Council
City of Glencoe

Report on Compliance and Other Matters

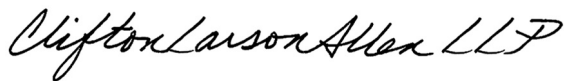
As part of obtaining reasonable assurance about whether the City 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

CliftonLarsonAllen LLP

Austin, Minnesota
June 26, 2025



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, the 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, 2024, and the related notes to the financial statements and have issued our report thereon dated June 26, 2025.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
June 26, 2025

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

FINDING: 2024-001 – FINANCIAL STATEMENT PREPARATION

Type of Finding: Material weakness in internal control over financial reporting

Condition: The Council and management share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.

The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Criteria: City management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements in accordance with Governmental Accounting Standards Board Statement No. 34.

Effect: The design of the controls over the financial reporting process would affect the ability of the City to report its financial data consistently with the assertions of management in the financial statements.

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 2023-001.

Recommendation: The City should evaluate the cost/benefit of obtaining further training for the Finance Director in order to enhance financial reporting abilities.

Views of Responsible Officials and Planned Corrective Action: Management agrees with this comment. The City will continue to evaluate whether an internal control policy over financial reporting would be beneficial.

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

FINDING: 2024-002 – 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 2023-002.

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.

Views of Responsible Officials: Management agrees with this finding. 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.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.