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CONNOISSEURS | CUSTOMERS | TEACHERS |
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CITY OF GLENCOE, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

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YEAR ENDED DECEMBER 31, 2025**

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INTRODUCTORY SECTION

**CITY OF GLENCOE
CITY OFFICIALS
DECEMBER 31, 2025**

Elected Officials

Term Expires

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

Appointed Officials

City Administrator	Mark Lemen
Finance Director	Todd Trippel
Assistant City Administrator/Economic Development Director	Haylie Kusler
Public Works Director	Brandon Frankfurth
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 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, 2025, 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 accompanying 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, 2025, 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, Schedule of Changes in the City's Total 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 schedules, 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 schedules, 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

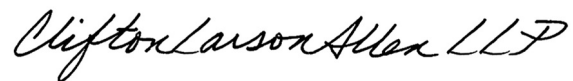
Other Information

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 September 14, 2026, 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
September 14, 2026

BASIC FINANCIAL STATEMENTS

CITY OF GLENCOE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental	Business-Type		Light and Power
	Activities	Activities	Total	Commission
ASSETS				
Cash and Cash Equivalents	\$ 3,410,173	\$ 5,195,040	\$ 8,605,213	\$ 929,647
Taxes Receivable	33,663	1,542	35,205	-
Accounts Receivable	860,672	21,175	881,847	1,054,498
Special Assessments Receivable	1,297,346	2,001	1,299,347	-
Note Receivable	12,104	-	12,104	-
Other Receivables	-	-	-	374,429
Prepaid Expenses	-	-	-	60,570
Internal Balances	978,292	(978,292)	-	-
Inventory	-	453,082	453,082	553,355
Land Held for Resale	111,064	-	111,064	-
Due from Other Governments	227,024	557,109	784,133	-
Due from Component Unit	31,619	371,304	402,923	-
Board Designated Assets	-	-	-	11,630,809
Lease Receivable	-	1,392,008	1,392,008	-
Net Pension Asset	662,696	-	662,696	-
Capital Assets:				
Land	1,221,150	992,925	2,214,075	-
Construction in Progress	1,301,003	1,919,937	3,220,940	3,139,568
Other Capital Assets, Net of Depreciation	19,894,946	41,883,601	61,778,547	14,207,093
Right-to-Use Assets, Net of Amortization	42,034	-	42,034	-
Total Assets	30,083,786	51,811,432	81,895,218	31,949,969
DEFERRED OUTFLOWS OF RESOURCES				
OPEB Related	13,242	-	13,242	13,681
Pension Related	1,288,768	109,796	1,398,564	174,487
Total Deferred Outflows of Resources	1,302,010	109,796	1,411,806	188,168
LIABILITIES				
Accounts Payable	445,780	318,523	764,303	776,092
Contracts Payable	-	-	-	439,755
Retainages Payable	246,260	-	246,260	-
Accrued Interest Payable	307,486	54,301	361,787	-
Accrued Expenses	75,341	191,658	266,999	149,170
Customer Deposits Payable	-	-	-	160,647
Due to the Primary Government	-	-	-	402,923
Unearned Revenue	-	-	-	80,000
Long-Term Liabilities:				
Due Within One Year	3,105,499	1,039,292	4,144,791	-
Due in More Than One Year	17,778,117	10,323,678	28,101,795	137,035
Net Pension Liability	1,115,691	336,175	1,451,866	524,879
Other Postemployment Benefit Liability- Current	13,242	-	13,242	-
Other Postemployment Benefit Liability-Noncurrent	70,846	45,059	115,905	174,244
Total Liabilities	23,158,262	12,308,686	35,466,948	2,844,745
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	180	1,442	1,622	-
Pension Related	1,767,904	232,943	2,000,847	338,688
Lease Related	-	1,392,008	1,392,008	-
Total Deferred Inflows of Resources	1,768,084	1,626,393	3,394,477	338,688
NET POSITION				
Net Investment in Capital Assets	7,072,515	33,326,543	34,065,740	16,906,906
Restricted for:				
Public Safety	94,935	-	94,935	-
Street Improvement Projects	1,140,972	-	1,140,972	-
Debt Service	1,795,120	-	1,795,120	-
Capital Projects	585,414	-	585,414	-
Firemen's Relief Association Net Pension Asset	662,696	-	662,696	-
Unrestricted	(4,892,202)	4,659,606	6,100,722	12,047,798
Total Net Position	\$ 6,459,450	\$ 37,986,149	\$ 44,445,599	\$ 28,954,704

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 1,560,002	\$ 253,398	\$ 196,864	\$ -
Public Safety	2,467,044	82,403	201,868	-
Highways and Streets	6,603,105	2,797,620	-	326,034
Culture and Recreation	1,161,127	221,836	-	95,900
Economic Development	183,612	-	-	5,000
Interest on Long-Term Debt	383,030	-	-	-
Total Governmental Activities	<u>12,357,920</u>	<u>3,355,257</u>	<u>398,732</u>	<u>426,934</u>
Business-Type Activities:				
Water Fund	1,016,933	1,418,479	-	948,525
Wastewater Treatment Plant Fund	2,300,185	2,363,074	-	675,772
Sanitation Fund	30,097	24,238	-	-
City Center Fund	364,160	135,789	-	2,550
Municipal Liquor Fund	2,302,842	2,592,539	-	-
Airport Fund	683,282	101,971	-	457,269
Storm Water Management Fund	253,929	523,397	-	201,843
Total Business-Type Activities	<u>6,951,428</u>	<u>7,159,487</u>	<u>-</u>	<u>2,285,959</u>
 Total Primary Government	<u>\$ 19,309,348</u>	<u>\$ 10,514,744</u>	<u>\$ 398,732</u>	<u>\$ 2,712,893</u>
 Total Component Unit	<u>\$ 15,702,920</u>	<u>\$ 16,918,041</u>	<u>\$ 2,534</u>	<u>\$ -</u>

**CITY OF GLENCOE, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Net Revenue (Expense) and Changes in Net Position			Component Unit Light and Power Commission
	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ (1,109,740)	\$ -	\$ (1,109,740)	\$ -
Public Safety	(2,182,773)	-	(2,182,773)	-
Highways and Streets	(3,479,451)	-	(3,479,451)	-
Culture and Recreation	(843,391)	-	(843,391)	-
Economic Development	(178,612)	-	(178,612)	-
Interest on Long-Term Debt	(383,030)	-	(383,030)	-
Total Governmental Activities	(8,176,997)	-	(8,176,997)	-
Business-Type Activities:				
Water Fund	-	1,350,071	1,350,071	-
Wastewater Treatment Plant Fund	-	738,661	738,661	-
Sanitation Fund	-	(5,859)	(5,859)	-
City Center Fund	-	(225,821)	(225,821)	-
Municipal Liquor Fund	-	289,697	289,697	-
Airport Fund	-	(124,042)	(124,042)	-
Storm Water Management Fund	-	471,311	471,311	-
Total Business-Type Activities	-	2,494,018	2,494,018	-
Total Primary Government	(8,176,997)	2,494,018	(5,682,979)	-
Total Component Unit				1,217,655
General Revenues:				
Taxes	4,203,346	159,676	4,363,022	-
Tax Increments	156,560	-	156,560	-
Franchise Fees	26,035	-	26,035	-
Sales Taxes	12,598	-	12,598	-
Grants and Contributions Not Restricted to Certain Purposes	1,933,185	-	1,933,185	-
Investment Income (Loss)	15,772	74,978	90,750	468,429
Gain (Loss) on Disposal of Capital Assets	-	(2,913)	(2,913)	-
Other	95,273	21,001	116,274	-
Transfers	1,581,000	(1,581,000)	-	-
Total General Revenues and Transfers	8,023,769	(1,328,258)	6,695,511	468,429
CHANGES IN NET POSITION	(153,228)	1,165,760	1,012,532	1,686,084
Net Position - Beginning of Year	6,612,678	36,820,389	43,433,067	27,268,620
NET POSITION - END OF YEAR	<u>\$ 6,459,450</u>	<u>\$ 37,986,149</u>	<u>\$ 44,445,599</u>	<u>\$ 28,954,704</u>

**CITY OF GLENCOE, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	2025 Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,337,602	\$ 659,854	\$ 1,412,717	\$ 3,410,173
Accounts Receivable	218,753	666,934	7,249	892,936
Note Receivable	12,104	-	-	12,104
Taxes Receivable:				
Current	14,489	-	14,523	29,012
Delinquent	10,523	-	3,245	13,768
Special Assessments Receivable:				
Current	336	-	2,063	2,399
Noncurrent	-	-	1,294,947	1,294,947
Due from Other Funds	985,875	-	-	985,875
Due from Other Governments	-	-	227,024	227,024
Land Held for Resale	111,064	-	-	111,064
Total Assets	<u>\$ 2,690,746</u>	<u>\$ 1,326,788</u>	<u>\$ 2,961,768</u>	<u>\$ 6,979,302</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 309,776	\$ 79,158	\$ 66,608	\$ 455,542
Retainages Payable	-	246,260	-	246,260
Accrued Expenses	75,341	-	-	75,341
Due to Other Funds	-	-	7,583	7,583
Total Liabilities	<u>385,117</u>	<u>325,418</u>	<u>74,191</u>	<u>784,726</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	187,899	666,994	1,525,216	2,380,109
FUND BALANCES				
Nonspendable	111,064	-	-	111,064
Restricted for:				
Public Safety	-	-	94,935	94,935
Debt Service	-	-	804,414	804,414
Capital Projects	-	334,376	497,992	832,368
Committed for:				
Aquatic Center	-	-	715	715
Cable TV	-	-	401	401
Assigned for:				
Park Improvement	163,383	-	-	163,383
Engineering and Inspection Services	19,207	-	-	19,207
Cemetery	119,748	-	-	119,748
Unassigned	1,704,328	-	(36,096)	1,668,232
Total Fund Balances	<u>2,117,730</u>	<u>334,376</u>	<u>1,362,361</u>	<u>3,814,467</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,690,746</u>	<u>\$ 1,326,788</u>	<u>\$ 2,961,768</u>	<u>\$ 6,979,302</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, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds	\$	3,814,467
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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		1,301,003	
Buildings, Net of Accumulated Depreciation		2,842,914	
Office Equipment and Furniture, Net of Accumulated Depreciation		25,572	
Vehicles, Net of Accumulated Depreciation		1,094,030	
Office Equipment and Furniture, Net of Accumulated Depreciation		1,056,746	
Improvements Other Than Buildings, Net of Accumulated Depreciation		941,799	
Infrastructure, Net of Accumulated Depreciation		13,933,885	
Right-to-Use Assets, Net of Accumulated Amortization		42,034	22,459,133

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

2,380,109

Gain on refunding is reported as a deferred inflow of resources in the statement of net position.

(180)

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

(307,486)

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	662,696		
Net Pension Liability	(1,115,691)		
Deferred Outflows of Resources - Pension Related	1,288,768		
Deferred Inflows of Resources - Pension Related	(1,767,904)		(932,131)

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	(84,088)		
Deferred Outflows of Resources - OPEB Related	13,242		(70,846)

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

Bonds, Leases, Loans and Certificates of Participation Payable	(20,571,472)		
Compensated Absences Payable	(312,144)		(20,883,616)

Net Position of Governmental Activities as Reported on the Statement of Net Position

\$ 6,459,450

**CITY OF GLENCOE, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	General	2025 Street Improvement	2023 Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,595,062	\$ -	\$ -	\$ 929,825	\$ 3,524,887
Tax Increments	-	-	-	156,560	156,560
Licenses and Permits	90,355	-	-	-	90,355
Intergovernmental	2,173,796	-	-	156,867	2,330,663
Charges for Services	206,853	-	-	110,820	317,673
Fines and Forfeits	49,437	-	-	-	49,437
Assessments	52,162	-	-	807,008	859,170
Investment Income (Loss)	24,330	3,145	-	(11,703)	15,772
Contributions and Donations	149,653	-	-	-	149,653
Payment in Lieu of Taxes	110,000	-	-	-	110,000
Franchise Fees	2,531	-	-	26,035	28,566
Miscellaneous	203,413	2,102,286	-	12,046	2,317,745
Total Revenues	5,657,592	2,105,431	-	2,187,458	9,950,481
EXPENDITURES					
Current:					
General Government	1,475,541	-	-	215,410	1,690,951
Public Safety	2,258,004	-	-	-	2,258,004
Highways and Streets	470,288	661,581	-	13,723	1,145,592
Culture-Recreation	765,929	-	-	260,771	1,026,700
Economic Development	-	-	-	14,867	14,867
Capital Outlay:					
General Government	4,917	-	-	-	4,917
Public Safety	99,099	-	-	-	99,099
Highways and Streets	380,857	5,073,944	-	-	5,454,801
Culture-Recreation	194,694	-	-	-	194,694
Debt Service:					
Principal	149,862	-	-	2,774,000	2,923,862
Interest	26,763	-	-	561,118	587,881
Fiscal Charges	-	63,000	-	1,485	64,485
Total Expenditures	5,825,954	5,798,525	-	3,841,374	15,465,853
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(168,362)	(3,693,094)	-	(1,653,916)	(5,515,372)
OTHER FINANCING SOURCES (USES)					
Transfers In	589,000	-	-	1,921,675	2,510,675
Transfers Out	(697,000)	-	-	(232,675)	(929,675)
Bond Issuance	-	4,236,000	-	-	4,236,000
Proceeds from the Sale of Capital Assets	765	-	-	-	765
Insurance Proceeds	10,439	-	-	-	10,439
Total Other Financing Sources (Uses)	(96,796)	4,236,000	-	1,689,000	5,828,204
NET CHANGE IN FUND BALANCES	(265,158)	542,906	-	35,084	312,832
Fund Balances - Beginning of Year, as Originally Reported	2,382,888	(208,530)	465	1,326,812	3,501,635
Change Within the Reporting Entity	-	-	(465)	465	-
Fund Balances - Beginning of Year, as Adjusted	2,382,888	(208,530)	-	1,327,277	3,501,635
FUND BALANCES - END OF YEAR	<u>\$ 2,117,730</u>	<u>\$ 334,376</u>	<u>\$ -</u>	<u>\$ 1,362,361</u>	<u>\$ 3,814,467</u>

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, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds \$ 312,832

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	\$ 1,842,670	
Loss on Disposal of Capital Assets	(64,184)	
Depreciation and Amortization Expense	<u>(1,702,343)</u>	76,143

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

Bond Issuance	(4,236,000)	
Repayment of Bond, Equipment Certificates, Lease, SBITA and Loan Principal	2,842,274	
Change in Accrued Interest	(46,077)	
Amortization of Bond Premiums	40,100	
Amortization of Gain on Bond Refunding	<u>85</u>	(1,399,618)

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, 2024	(1,716,790)	
Unavailable Revenue - December 31, 2025	<u>2,380,109</u>	663,319

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 liability and related deferred outflows and inflows of resources.

178,991

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.

8,716

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).

6,389

Change in Net Position of Governmental Activities as Reported on the Statement of Activities

\$ (153,228)

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,332,494	\$ 2,598,941	\$ 48,880	\$ 45,320
Accounts Receivable	6,858	9,127	37	1,396
Taxes Receivable	-	-	-	1,542
Special Assessments Receivable	513	706	-	-
Inventory	-	-	-	-
Due from Other Governments	-	-	-	-
Lease Receivable	78,639	-	-	-
Due from Component Unit	111,563	208,247	2,472	-
Total Current Assets	2,530,067	2,817,021	51,389	48,258
Noncurrent Assets:				
Lease Receivable	1,306,805	-	-	-
Capital Assets:				
Land	41,628	312,678	-	-
Construction in Progress	948,272	675,646	-	-
Other Capital Assets (Net of Accumulated Depreciation)	5,221,041	24,413,828	-	2,372,255
Total Capital Assets	6,210,941	25,402,152	-	2,372,255
Total Noncurrent Assets	7,517,746	25,402,152	-	2,372,255
Total Assets	10,047,813	28,219,173	51,389	2,420,513
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	32,626	45,258	-	13,632
LIABILITIES				
Current Liabilities:				
Accounts Payable	65,433	78,801	14,595	9,944
Accrued Interest Payable	(537)	38,916	-	12,962
Compensated Absences Payable	43,259	56,845	278	17,040
Accrued Expenses	9,684	14,083	-	4,154
Due to Other Funds	-	-	-	501,098
Loan Payable	-	720,000	-	-
Revenue Bonds Payable	-	-	-	170,000
Total Current Liabilities	117,839	908,645	14,873	715,198
Noncurrent Liabilities:				
Loan Payable	-	9,225,000	-	-
Revenue Bonds Payable	-	-	-	755,000
Net Pension Liability	108,306	132,395	-	42,894
Other Postemployment Benefit Liability	12,653	22,608	-	3,839
Total Noncurrent Liabilities	120,959	9,380,003	-	801,733
Total Liabilities	238,798	10,288,648	14,873	1,516,931
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	1,149	-	-	-
Pension Related	76,665	90,551	-	29,945
Lease Related	1,385,444	-	-	-
Total Deferred Inflows of Resources	1,463,258	90,551	-	29,945
NET POSITION				
Net Investment in Capital Assets	6,178,446	15,431,759	-	1,447,255
Unrestricted	2,199,937	2,453,473	36,516	(559,986)
Total Net Position	\$ 8,378,383	\$ 17,885,232	\$ 36,516	\$ 887,269

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 117,662	\$ 22,184	\$ 29,559	\$ 5,195,040
Accounts Receivable	-	703	3,054	21,175
Taxes Receivable	-	-	-	1,542
Special Assessments Receivable	-	-	782	2,001
Inventory	453,082	-	-	453,082
Due from Other Governments	-	557,109	-	557,109
Lease Receivable	-	-	-	78,639
Due from Component Unit	-	-	49,022	371,304
Total Current Assets	570,744	579,996	82,417	6,679,892
Noncurrent Assets:				
Lease Receivable	-	6,564	-	1,313,369
Capital Assets:				
Land	30,207	169,232	439,180	992,925
Construction in Progress	-	89,460	206,559	1,919,937
Other Capital Assets (Net of Accumulated Depreciation)	385,181	2,927,442	6,563,854	41,883,601
Total Capital Assets	415,388	3,186,134	7,209,593	44,796,463
Total Noncurrent Assets	415,388	3,192,698	7,209,593	46,109,832
Total Assets	986,132	3,772,694	7,292,010	52,789,724
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	18,280	-	-	109,796
LIABILITIES				
Current Liabilities:				
Accounts Payable	95,402	24,789	29,559	318,523
Accrued Interest Payable	418	-	2,542	54,301
Compensated Absences Payable	30,132	-	-	147,554
Accrued Expenses	16,183	-	-	44,104
Due to Other Funds	-	457,341	19,853	978,292
Loan Payable	-	-	19,292	739,292
Revenue Bonds Payable	40,000	-	90,000	300,000
Total Current Liabilities	182,135	482,130	161,246	2,582,066
Noncurrent Liabilities:				
Loan Payable	-	-	19,678	9,244,678
Revenue Bonds Payable	129,000	-	195,000	1,079,000
Net Pension Liability	52,580	-	-	336,175
Other Postemployment Benefit Liability	5,959	-	-	45,059
Total Noncurrent Liabilities	187,539	-	214,678	10,704,912
Total Liabilities	369,674	482,130	375,924	13,286,978
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	-	-	293	1,442
Pension Related	35,782	-	-	232,943
Lease Related	-	6,564	-	1,392,008
Total Deferred Inflows of Resources	35,782	6,564	293	1,626,393
NET POSITION				
Net Investment in Capital Assets	246,388	3,166,254	6,856,441	33,326,543
Unrestricted	352,568	117,746	59,352	4,659,606
Total Net Position	\$ 598,956	\$ 3,284,000	\$ 6,915,793	\$ 37,986,149

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, 2025**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
OPERATING REVENUES				
Charges for Services	\$ 1,258,043	\$ 2,348,106	\$ -	\$ 95,761
Other Operating Revenues	4,746	3,968	24,238	40,028
Sales	-	-	-	-
Cost of Sales	-	-	-	-
Total Operating Revenues	<u>1,262,789</u>	<u>2,352,074</u>	<u>24,238</u>	<u>135,789</u>
OPERATING EXPENSES				
Personal Services	344,221	586,328	7,907	141,952
Materials and Supplies	130,403	100,672	-	4,919
Repairs and Maintenance	19,321	127,823	4,558	14,496
Management Fees	113,209	56,110	-	-
Professional Services	47,210	156,676	14,459	6,057
Insurance	29,686	42,691	1,681	33,553
Utilities	69,378	165,961	1,492	21,308
Depreciation and Amortization	170,560	944,219	-	77,709
Other	92,945	13,365	-	36,711
Total Operating Expenses	<u>1,016,933</u>	<u>2,193,845</u>	<u>30,097</u>	<u>336,705</u>
OPERATING INCOME (LOSS)	245,856	158,229	(5,859)	(200,916)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	253	126	-	-
Lease Revenues	155,690	11,000	-	-
Taxes	-	-	-	159,676
Federal Aid and Grants	-	-	-	-
State Aid and Grants	-	-	-	-
Donations	-	-	-	2,550
Insurance Proceeds	-	21,001	-	-
Investment Income (Loss)	41,600	42,187	676	(10,209)
Interest Expense and Fiscal Charges	-	(102,580)	-	(27,455)
Gain (Loss) on Sale of Capital Assets	(2,913)	(3,760)	-	-
Total Nonoperating Revenues (Expenses)	<u>194,630</u>	<u>(32,026)</u>	<u>676</u>	<u>124,562</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	440,486	126,203	(5,183)	(76,354)
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Capital Contributions	948,272	675,646	-	-
Transfers In	-	37,000	-	208,000
Transfers Out	(807,000)	(391,000)	-	-
Total Transfers and Capital Contributions	<u>141,272</u>	<u>321,646</u>	<u>-</u>	<u>208,000</u>
CHANGE IN NET POSITION	581,758	447,849	(5,183)	131,646
Net Position - Beginning of Year	<u>7,796,625</u>	<u>17,437,383</u>	<u>41,699</u>	<u>755,623</u>
NET POSITION - END OF YEAR	<u>\$ 8,378,383</u>	<u>\$ 17,885,232</u>	<u>\$ 36,516</u>	<u>\$ 887,269</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, 2025**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
OPERATING REVENUES				
Charges for Services	\$ -	\$ 92,912	\$ 523,397	\$ 4,318,219
Other Operating Revenues	-	459	-	73,439
Sales	2,592,539	-	-	2,592,539
Cost of Sales	(1,872,554)	-	-	(1,872,554)
Total Operating Revenues	719,985	93,371	523,397	5,111,643
OPERATING EXPENSES				
Personal Services	237,329	-	-	1,317,737
Materials and Supplies	59,833	49,856	-	345,683
Repairs and Maintenance	9,068	5,769	42,964	223,999
Management Fees	-	348	-	169,667
Professional Services	12,613	51,124	11,441	299,580
Insurance	13,292	19,085	3,847	143,835
Utilities	17,019	7,811	-	282,969
Depreciation and Amortization	52,425	249,551	194,898	1,689,362
Other	19,911	299,738	-	462,670
Total Operating Expenses	421,490	683,282	253,150	4,935,502
OPERATING INCOME (LOSS)	298,495	(589,911)	270,247	176,141
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	-	-	41	420
Lease Revenues	-	8,600	-	175,290
Taxes	-	-	-	159,676
Federal Aid and Grants	-	480,804	-	480,804
State Aid and Grants	-	(23,535)	-	(23,535)
Donations	-	-	-	2,550
Insurance Proceeds	-	-	-	21,001
Investment Income (Loss)	2,208	(3,197)	1,713	74,978
Interest Expense and Fiscal Charges	(8,798)	-	(779)	(139,612)
Gain (Loss) on Sale of Capital Assets	-	-	-	(6,673)
Total Nonoperating Revenues (Expenses)	(6,590)	462,672	975	744,899
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	291,905	(127,239)	271,222	921,040
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Capital Contributions	-	-	201,802	1,825,720
Transfers In	-	-	-	245,000
Transfers Out	(268,000)	-	(360,000)	(1,826,000)
Total Transfers and Capital Contributions	(268,000)	-	(158,198)	244,720
CHANGE IN NET POSITION	23,905	(127,239)	113,024	1,165,760
Net Position - Beginning of Year	575,051	3,411,239	6,802,769	36,820,389
NET POSITION - END OF YEAR	<u>\$ 598,956</u>	<u>\$ 3,284,000</u>	<u>\$ 6,915,793</u>	<u>\$ 37,986,149</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	Water Fund	Wastewater Treatment Plant Fund	Sanitation Fund	City Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 1,263,292	\$ 2,363,551	\$ 28,522	\$ 136,011
Cash Paid to Suppliers	(451,117)	(678,705)	(19,608)	(108,984)
Cash Paid to Employees	(477,646)	(682,261)	(7,764)	(155,161)
Net Cash Provided (Used) by Operating Activities	334,529	1,002,585	1,150	(128,134)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	-	37,000	-	208,000
Transfers to Other Funds	(807,000)	(391,000)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(807,000)	(354,000)	-	208,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Bonds	-	(713,000)	-	(159,000)
Collection of Special Assessments	317	168	-	-
Leasing Receipts	155,690	11,000	-	-
Collection of Taxes	-	-	-	159,784
Interest and Agent Fees on Bonds and Leases	-	(99,036)	-	(27,671)
Acquisition of Capital Assets	(984,638)	(701,807)	-	-
Disposal of Capital Assets	(130)	-	-	-
Capital Contributions Received	948,272	675,646	-	-
Donations	-	-	-	2,550
Insurance Proceeds	-	21,001	-	-
Federal Grants Received	-	-	-	-
State Grants Received (Repaid)	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	119,511	(806,028)	-	(24,337)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	41,600	42,187	676	(10,209)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(311,360)	(115,256)	1,826	45,320
Cash and Cash Equivalents - Beginning of Year	2,643,854	2,714,197	47,054	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,332,494</u>	<u>\$ 2,598,941</u>	<u>\$ 48,880</u>	<u>\$ 45,320</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	Municipal Liquor Fund	Airport Fund	Storm Water Management Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 2,592,539	\$ 74,874	\$ 536,468	\$ 6,995,257
Cash Paid to Suppliers	(2,019,769)	(411,639)	(29,099)	(3,718,921)
Cash Paid to Employees	(243,269)	(348)	(3,300)	(1,569,749)
Net Cash Provided (Used) by Operating Activities	329,501	(337,113)	504,069	1,706,587
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	-	-	-	245,000
Transfers to Other Funds	(268,000)	-	(360,000)	(1,826,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(268,000)	-	(360,000)	(1,581,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Bonds	(38,000)	-	(115,914)	(1,025,914)
Collection of Special Assessments	-	-	41	526
Leasing Receipts	-	8,600	-	175,290
Collection of Taxes	-	-	-	159,784
Interest and Agent Fees on Bonds and Leases	(8,798)	-	2,521	(132,984)
Acquisition of Capital Assets	(13,446)	(103,375)	(201,802)	(2,005,068)
Disposal of Capital Assets	-	-	(2,871)	(3,001)
Capital Contributions Received	-	-	201,802	1,825,720
Donations	-	-	-	2,550
Insurance Proceeds	-	-	-	21,001
Federal Grants Received	-	480,804	-	480,804
State Grants Received (Repaid)	-	(23,535)	-	(23,535)
Net Cash Provided (Used) by Capital and Related Financing Activities	(60,244)	362,494	(116,223)	(524,827)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	2,208	(3,197)	1,713	74,978
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,465	22,184	29,559	(324,262)
Cash and Cash Equivalents - Beginning of Year	114,197	-	-	5,519,302
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 117,662</u>	<u>\$ 22,184</u>	<u>\$ 29,559</u>	<u>\$ 5,195,040</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	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)	\$ 245,856	\$ 158,229	\$ (5,859)	\$ (200,916)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	170,560	944,219	-	77,709
Change in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(2,566)	6,372	6,756	222
Due from Other Governments	-	-	-	-
Deferred Outflows of Resources - Pension Related	(10,757)	(18,254)	-	(4,935)
Due from Component Unit	3,069	5,105	(2,472)	-
Inventory	-	-	-	-
Increase (Decrease) in:				
Accounts Payable	(62,174)	(71,517)	2,582	4,333
Compensated Absences Payable	5,681	1,217	143	1,371
Due to Other Funds	-	-	-	3,727
Deferred Inflows of Resources - Pension Related	(8,899)	(15,102)	-	(4,082)
Net Pension Liability	(2,897)	(4,916)	-	(1,329)
OPEB	(3,287)	(257)	-	(2,368)
Accrued Expenses	(57)	(2,511)	-	(1,866)
Net Cash Provided (Used) by Operating Activities	<u>\$ 334,529</u>	<u>\$ 1,002,585</u>	<u>\$ 1,150</u>	<u>\$ (128,134)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND NONCAPITAL FINANCING ACTIVITIES				
Loss on Disposal of Capital Assets	<u>\$ 2,913</u>	<u>\$ 3,760</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	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)	\$ 298,495	\$ (589,911)	\$ 270,247	\$ 176,141
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	52,425	249,551	194,898	1,689,362
Change in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	-	546	(1,003)	10,327
Due from Other Governments	-	(364,375)	-	(364,375)
Deferred Outflows of Resources - Pension Related	(7,540)	-	-	(41,486)
Due from Component Unit	-	-	301	6,003
Inventory	(17,665)	-	-	(17,665)
Increase (Decrease) in:				
Accounts Payable	2,186	21,744	29,153	(73,693)
Compensated Absences Payable	5,470	-	-	13,882
Due to Other Funds	-	345,332	13,773	362,832
Deferred Inflows of Resources - Pension Related	(6,238)	-	-	(34,321)
Net Pension Liability	(2,031)	-	-	(11,173)
OPEB	989	-	-	(4,923)
Accrued Expenses	3,410	-	(3,300)	(4,324)
Net Cash Provided (Used) by Operating Activities	<u>\$ 329,501</u>	<u>\$ (337,113)</u>	<u>\$ 504,069</u>	<u>\$ 1,706,587</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND NONCAPITAL FINANCING ACTIVITIES				
Loss on Disposal of Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,673</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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, 2025**

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, 2025**

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

The General Fund 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.

2025 Improvement Project

The 2025 Improvement Project is the City's fund for tracking 2025 Street Improvement Project expenditures. It accounts for all financial resources of the 2025 Street Improvement Project.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

Water Fund

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

Wastewater Treatment Plant Fund

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

Sanitation Fund

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

City Center Fund

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

Municipal Liquor Fund

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

Airport Fund

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

Storm Water Management Fund

The Storm Water Management Fund 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

The 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Debt Service Funds

The 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

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

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

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

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, 2025, 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 2025 and prior years and are offset by unavailable revenues in the governmental fund financial statements.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Taxes and Special Assessments (Continued)

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 30 of each year are certified to the County for collection with property taxes during the following year. Property owners are allowed to prepay future installments without interest or prepayment penalties.

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

Accounts Receivable – Utilities

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

Noncurrent Special Assessments

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

Inventory

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

Land Held for Resale

Purchased land held for resale is recorded in the fund that purchased the property.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

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 and a useful life that extends beyond one year. 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, 6 to 20 years on vehicles and machinery and 7 years on office equipment. Useful lives on infrastructure capital assets vary from 20 to 90 years.

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

Deferred 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. The City reports two types of deferred outflows—one is pension related and the other is postemployment benefits related.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Postemployment Benefit Liability

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

Long-Term Obligations

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

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

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

Pensions

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

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The city has four types of items. The first arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resource in the period that the amount becomes available. The other three items are reported on the statement of net position and are related to gains on refunded bonds, pensions, and lessor leases.

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, 2025**

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 funds 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, 2025**

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 deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from those estimates.

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 2025.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	<u>Budget</u>	<u>Actual</u>
General Fund	<u>\$ 5,372,762</u>	<u>\$ 5,825,954</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, 2025:

Nonmajor - Tax Increment #20 Bus Garage	<u>\$ (5,883)</u>
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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, 2025.

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

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

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

The City's deposits in the depository banks at December 31, 2025 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk (Continued)

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

Investments

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

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

The City had no investments at December 31, 2025.

The deposits are presented in the financial statements as follows:

Deposits	<u>\$ 8,605,213</u>
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**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

Cash and Cash Equivalents - Governmental Activities	\$ 3,410,173
Cash and Cash Equivalents - Business-Type Activities	5,195,040
Total	<u>\$ 8,605,213</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 1,221,150	\$ -	\$ -	\$ -	\$ 1,221,150
Construction in Progress	413,845	946,967	-	(59,809)	1,301,003
Total Capital Assets, Not Being Depreciated	1,634,995	946,967	-	(59,809)	2,522,153
Capital Assets, Being Depreciated:					
Buildings	4,907,568	54,480	-	59,809	5,021,857
Improvements Other Than Buildings	3,462,837	228,139	-	-	3,690,976
Office Equipment and Furniture	42,254	-	-	-	42,254
Vehicles	3,224,364	-	-	-	3,224,364
Machinery and Shop Equipment	1,421,682	613,084	(195,108)	-	1,839,658
Infrastructure	26,216,947	-	(32,361)	-	26,184,586
Subtotal	39,275,652	895,703	(227,469)	59,809	40,003,695
Less: Accumulated Depreciation for:					
Buildings	(2,058,971)	(119,972)	-	-	(2,178,943)
Improvements Other Than Buildings	(2,622,065)	(127,112)	-	-	(2,749,177)
Office Equipment and Furniture	(12,830)	(3,852)	-	-	(16,682)
Vehicles	(1,908,792)	(221,542)	-	-	(2,130,334)
Machinery and Shop Equipment	(821,058)	(92,777)	130,923	-	(782,912)
Infrastructure	(11,166,084)	(1,116,979)	32,362	-	(12,250,701)
Subtotal	(18,589,800)	(1,682,234)	163,285	-	(20,108,749)
Total Capital Assets, Being Depreciated, Net	20,685,852	(786,531)	(64,184)	59,809	19,894,946
Right-to-Use Assets, Being Amortized:					
Vehicles	62,934	-	(62,934)	-	-
Equipment	10,282	-	-	-	10,282
Subscriptions	66,058	-	-	-	66,058
Subtotal	139,274	-	(62,934)	-	76,340
Less: Accumulated Amortization for:					
Vehicles	(58,093)	(4,841)	62,934	-	-
Equipment	(5,826)	(2,056)	-	-	(7,882)
Subscriptions	(13,212)	(13,212)	-	-	(26,424)
Subtotal	(77,131)	(20,109)	62,934	-	(34,306)
Total Right-to-Use Assets, Being Amortized, Net	62,143	(20,109)	-	-	42,034
Governmental Activities Capital Assets, Net	<u>\$ 22,382,990</u>	<u>\$ 140,327</u>	<u>\$ (64,184)</u>	<u>\$ -</u>	<u>\$ 22,459,133</u>

CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 42,981
Public Safety	203,002
Public Works	1,286,221
Culture and Recreation	170,139
Total Depreciation Expense - Governmental Activities	<u>\$ 1,702,343</u>

Capital asset activity for business-type activities for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 992,925	\$ -	\$ -	\$ -	\$ 992,925
Construction in Progress	4,757	1,915,180	-	-	1,919,937
Total Capital Assets, Not Being Depreciated	997,682	1,915,180	-	-	2,912,862
Capital Assets, Being Depreciated:					
Buildings	24,566,434	-	-	-	24,566,434
Improvements Other Than Buildings	13,187,202	50,284	-	-	13,237,486
Vehicles	885,833	-	-	-	885,833
Office Equipment and Furniture	100,321	-	-	-	100,321
Machinery and Shop Equipment	443,669	35,447	(29,132)	-	449,984
Infrastructure	21,556,110	-	(36,403)	-	21,519,707
Subtotal	60,739,569	85,731	(65,535)	-	60,759,765
Less: Accumulated Depreciation for:					
Buildings	(4,759,194)	(599,342)	-	-	(5,358,536)
Improvements Other Than Buildings	(4,300,644)	(530,124)	-	-	(4,830,768)
Vehicles	(267,475)	(59,569)	-	-	(327,044)
Office Equipment and Furniture	(42,534)	(11,275)	-	-	(53,809)
Machinery and Shop Equipment	(279,768)	(22,000)	26,218	-	(275,550)
Infrastructure	(7,596,048)	(467,052)	32,643	-	(8,030,457)
Subtotal	(17,245,663)	(1,689,362)	58,861	-	(18,876,164)
Total Capital Assets, Being Depreciated, Net	43,493,906	(1,603,631)	(6,674)	-	41,883,601
Business-Type Activities Capital Assets, Net	<u>\$ 44,491,588</u>	<u>\$ 311,549</u>	<u>\$ (6,674)</u>	<u>\$ -</u>	<u>\$ 44,796,463</u>

Proprietary Activities:

Water Fund	\$ 170,560
Wastewater Treatment Plant Fund	944,219
City Center Fund	77,709
Municipal Liquor Fund	52,425
Airport Fund	249,551
Storm Water Management Fund	194,898
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,689,362</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LEASES RECEIVABLE

The City, acting as lessor, leases space for cellular services under a long-term, noncancelable lease agreements. The leases expire in varying intervals between 2025 in 2062. During the year ended December 31, 2025, the City recognized \$143,383 and \$63,310 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>
2026	\$ 78,639	\$ 60,465
2027	88,445	57,585
2028	98,981	54,320
2029	72,800	50,915
2030	5,419	50,008
2031 - 2035	79,287	241,819
2036 - 2040	198,737	209,656
2041 - 2045	375,530	142,630
2046 - 2050	196,514	57,547
2051 - 2055	54,679	40,847
2056 - 2060	100,754	21,164
2061 - 2062	42,223	720
Total	<u>\$ 1,392,008</u>	<u>\$ 987,676</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at December 31, 2025:

<u>Description</u>				<u>Beginning Balance</u>	<u>Issuances</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
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		\$ 324,000	\$ -	\$ (27,000)	\$ 297,000	\$ 28,000
\$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		238,000	-	(61,000)	177,000	60,000
\$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		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		160,000	-	(81,000)	79,000	79,000
\$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		4,045,000	-	(922,000)	3,123,000	1,055,000
Total General Obligation Bonds				4,980,000	-	(1,304,000)	3,676,000	1,222,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

<u>Description</u>				<u>Beginning Balance</u>	<u>Issuances</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental Activities - (Continued):								
Special Assessment Bonds:								
\$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		\$ 2,920,000	\$ -	\$ (465,000)	\$ 2,455,000	\$ 470,000
\$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		2,055,000	-	(275,000)	1,780,000	280,000
\$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		2,915,000	-	(325,000)	2,590,000	335,000
\$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		5,415,000	-	(305,000)	5,110,000	315,000
\$4,236,000 G.O. Improvement Bonds - Series 2025A	3.94%	Interest due semi- annually on 8/1 and 2/1 and principal due annually on 2/1 until 2/1/41		-	4,236,000	-	4,236,000	-
Total Special Assessment Bonds				13,305,000	4,236,000	(1,370,000)	16,171,000	1,400,000
Total Bonds Payable				18,285,000	4,236,000	(2,674,000)	19,847,000	2,622,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

<u>Description</u>			<u>Beginning Balance</u>	<u>Issuances</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental Activities - (Continued):							
Loans:							
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	\$ 38,274	\$ -	\$ (6,379)	\$ 31,895	\$ 6,379
Total Loans			38,274	-	(6,379)	31,895	6,379
Finance Purchase Agreements:							
2023 Pierce Enforcer (Direct Borrowing)	4.19%	Payments of \$169,544 due annually until 2/1/28	611,776	-	(143,483)	468,293	149,650
Total Finance Purchase Agreements			611,776	-	(143,483)	468,293	149,650
Unamortized Bond Premium			218,710	-	(40,100)	178,610	-
Compensated Absences Payable			318,533	-	(6,389)	312,144	312,144
Lease Liability			8,970	-	(6,409)	2,561	2,190
SBITA Liability			55,116	-	(12,003)	43,113	13,136
Total Governmental Activities Long-Term Liabilities			\$ 19,536,379	\$ 4,236,000	\$ (2,888,763)	\$ 20,883,616	\$ 3,105,499

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

<u>Description</u>				<u>Beginning Balance</u>	<u>Issuances</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Business-Type Activities:								
Bonds Payable:								
\$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		\$ 202,000	\$ -	\$ (47,000)	\$ 155,000	\$ 49,000
\$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		207,000	-	(38,000)	169,000	40,000
\$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		882,000	-	(112,000)	770,000	121,000
\$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		382,000	-	(97,000)	285,000	90,000
Total Bonds Payable				1,673,000	-	(294,000)	1,379,000	300,000

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

<u>Description</u>			<u>Beginning Balance</u>	<u>Issuances</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
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	\$ 57,884	\$ -	\$ (18,914)	\$ 38,970	\$ 19,292
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	10,658,000	-	(713,000)	9,945,000	720,000
Total			12,388,884	-	(1,025,914)	11,362,970	1,039,292
Unamortized Bond Discount			(353)	-	353	-	-
Total Business-Type Long-Term Liabilities			<u>\$ 12,388,531</u>	<u>\$ -</u>	<u>\$ (1,025,561)</u>	<u>\$ 11,362,970</u>	<u>\$ 1,039,292</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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
2026	\$ 2,622,000	\$ 665,473	\$ 300,000	\$ 33,676	\$ 2,922,000	\$ 699,149
2027	2,913,000	565,941	310,000	25,688	3,223,000	591,629
2028	2,745,000	479,442	322,000	17,466	3,067,000	496,908
2029	1,854,000	406,019	171,000	10,726	2,025,000	416,745
2030	1,913,000	345,121	276,000	7,280	2,189,000	352,401
2031-2035	5,090,000	985,698	-	-	5,090,000	985,698
2036-2040	2,477,000	256,747	-	-	2,477,000	256,747
2041-2045	233,000	4,590	-	-	233,000	4,590
Total	<u>\$ 19,847,000</u>	<u>\$ 3,709,031</u>	<u>\$ 1,379,000</u>	<u>\$ 94,836</u>	<u>\$ 21,226,000</u>	<u>\$ 3,803,867</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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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.

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 any 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.

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, 2025, 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 \$9,945,000 and \$710,060, respectively. Pledged revenue for the current year was \$1,109,814 and principal and interest paid was \$713,000 and \$99,036, respectively.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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 \$169,000 and \$18,315, respectively. Pledged revenue for the current year was \$350,921 and principal and interest paid was \$38,000 and \$8,798, respectively.

On July 1, 2025, the City of Glencoe issued \$4,236,000 of General Obligation Bonds, Series 2025A. The proceeds of the issue were used to pay the costs associated with the 2025 Street Improvement Project. Assets of the City, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

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 CWRP Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	84,980	741,379	85,299
2029	6,379	191	-	-	742,000	77,630	748,379	77,821
2030	6,379	64	-	-	749,000	70,210	755,379	70,274
2031 - 2035	-	-	-	-	3,861,000	237,160	3,861,000	237,160
2036 - 2039	-	-	-	-	2,411,000	48,380	2,411,000	48,380
Total	<u>\$ 31,895</u>	<u>\$ 1,595</u>	<u>\$ 38,970</u>	<u>\$ 1,173</u>	<u>\$ 9,945,000</u>	<u>\$ 710,060</u>	<u>\$ 10,015,865</u>	<u>\$ 712,828</u>

In 2025 and prior years, the City of Glencoe entered into lease agreements as a lessee for financing the acquisition of one vehicle and two pieces of equipment. The right-of-use assets related to the leases have a cost of \$58,272 and \$18,952 of accumulated amortization at December 31, 2025. The agreement for the vehicle has terms ending in 2028 with a rate of 3%. 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
2026	\$ 2,190	\$ 48
2027	371	1
Total	<u>\$ 2,561</u>	<u>\$ 49</u>

The City has one agreement that qualifies as 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 \$149,650 interest of \$19,894 due during 2026.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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 future principal and interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Direct Borrowing</u>	
	<u>Financed Purchase</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 149,650	\$ 19,894
2027	156,008	13,536
2028	162,635	6,909
Total	<u>\$ 468,293</u>	<u>\$ 40,339</u>

Conduit Debt

On August 1, 2005, the City issued Health Care Facilities Revenue Bonds, Series 2005 in the amount of \$25,075,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2001 and to complete a construction project. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. On February 1, 2013, the City issued Health Care Facilities Revenue Refunding Bonds, Series 2013 in the amount of \$22,190,000. The proceeds of the bonds were loaned to Glencoe Regional Health Services. Glencoe Regional Health Services used the bond proceeds to refund the Health Care Facilities Revenues Bonds, Series 2005. The bonds are to be paid back solely by Glencoe Regional Health Services and the City is not obligated in any way to pay for these bonds. As of December 31, 2025, the principal amount outstanding was \$7,730,000.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 RESTRICTED FUND BALANCES (CONTINUED)

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.

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates in the following cost-sharing, multiemployer 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 (IRC).

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 and 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 and 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% 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% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. 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% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a 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% vested after five years of service and 100% vested after 10 years. After five years, vesting increase by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% 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% each month members are younger than age 55.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a 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 2025 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, 2025, were \$161,443. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.8% and employer rates were 17.7% in fiscal year 2025. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$155,648. 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, 2025, the City reported a liability of \$740,785 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. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$17,870.

City's Proportionate Share of the Net Pension Liability	\$ 740,785
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	17,870
Total	<u><u>\$ 758,655</u></u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0224% at the end of the measurement period and .0207% for the beginning of the period.

For the year ended June 30, 2025, the City recognized pension expense (revenue) of \$(35,115) for its proportionate share of the General Employees Plan's pension expense (revenue). In addition, the Utilities recognized an additional \$(2,741) as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 70,581	\$ -
Changes in Actuarial Assumptions	17,849	170,452
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	294,766
Changes in Proportion	71,426	47,581
Contributions Paid to PERA Subsequent to the Measurement Date	82,946	-
Total	<u>\$ 242,802</u>	<u>\$ 512,799</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$82,946 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2026	\$ (87,875)
2027	(134,686)
2028	(77,727)
2029	(52,655)

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$711,082 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0607% at the end of the measurement period and 0.0529% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$24,650.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$ 711,082
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	24,650
Total	<u>\$ 735,732</u>

For the year ended December 31, 2025, the City recognized pension expense of \$195,824 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$11,927 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 \$9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$16,204 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2025, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 328,542	\$ -
Changes in Actuarial Assumptions	539,228	890,956
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	317,366
Changes in Proportion	148,991	39,939
Contributions Paid to PERA Subsequent to the Measurement Date	75,807	-
Total	<u>\$ 1,092,568</u>	<u>\$ 1,248,261</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The \$75,807 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2026	\$ 194,221
2027	(132,662)
2028	(326,635)
2029	(7,259)
2030	40,835

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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, 2025, 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, Police and Fire Plan, and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3% after 23 years of service. In the Correctional Plan, salary growth assumptions range in annual increment from 8% after one year of service to 3% after 19 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 and Fire Plan and the Correctional 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 and Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for nonvested, terminated members.
- The assumed postretirement benefit increase changed from 1.25% to 1.5%.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

General Employees Fund (Continued)

Changes in Plan Provisions:

- The postretirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for nonvested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund (Continued)

Changes in Plan Provisions (Continued):

- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 20248 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 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 position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
City's Proportionate Share of the GERP Net Pension Liability	\$ 1,799,251	\$ 740,785	\$ (117,869)
City's Proportionate Share of the PEPFP Net Pension Liability	1,863,185	711,082	(234,977)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 DEFINED BENEFIT PENSION PLANS (CONTINUED)

I. Pension Plan Fiduciary Net Position

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

NOTE 11 DEFINED CONTRIBUTION PLAN

Five council members of the City of Glencoe are covered by the Defined Contribution Plan, a multiemployer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the IRC 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 and 356, 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 5% 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 2% of employer contributions and 0.25% of 1% of the assets in each member's account annually.

Total contributions made by the City during 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,497	\$ 1,497	5%	5%	5%

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 12 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

A. 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, 2024, membership includes 41 active participants, five terminated members entitled to benefits 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.

B. 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 \$4,000 for each year of active Fire Department service (including each year over 20) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

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, 2025**

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

C. 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 \$76,140 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2024. 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, 2024 was \$-0-.

D. Pension Costs

At December 31, 2025, the City reported an asset of \$662,696 for the Association's net pension asset. The net pension asset was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024.

As a result of its requirement not to contribute to the Relief Association, the City recognized expense of \$5,724 for the year ended December 31, 2025. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 2,594	\$ 72,483
Changes in Actuarial Assumptions	13,012	36,963
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	130,341
City Contributions Subsequent to the Measurement Date	47,588	-
Total	<u>\$ 63,194</u>	<u>\$ 239,787</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Pension Costs (Continued)

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 (asset) in the year ended December 31, 2026. 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>
2026	\$ (39,614)
2027	(12,164)
2028	(79,512)
2029	(47,846)
2030	(14,541)
Thereafter	(30,504)

E. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2024	
Actuarial Cost Method	Entry Age Normal	
Amortization Method	Straight Line - Closed	
Actuarial Assumptions:		
Discount Rate	6.25%	(5.50% at Previous Measurement Date)
Investment Rate of Return	6.25%	(5.50% at Previous Measurement Date)
20-Year Municipal Bond Yield	4.08%	(4.05% at Previous Measurement Date)
Inflation Rate	2.50%	
Age of Service Retirement	50	

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

E. Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Allocation at December 31, 2024</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash and Equivalents	3.20 %	0.99 %	3.49 %
Fixed Income	22.90	2.44	4.94
Domestic Equity	73.40	4.52	7.02
Real Estate and Alternatives	0.10	3.73	6.23
International Equity	0.40	5.08	3.49
Total Portfolio	<u>100.00 %</u>		

F. Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.25% (5.50% at previous measurement date). 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, 2025**

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

G. 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 6.25%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	<u>1% Decrease</u>	<u>Selected Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ (614,357)	\$ (662,696)	\$ 709,097
Discount Rate	5.25%	6.25%	7.25%

H. Plan's Fiduciary Net Position

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

Assets:	
Cash and Cash Equivalents	\$ 111,943
Fixed Income Securities	62,757
Equity Investments	569,565
Mutual Funds	1,165,000
Accrued Interest	526
Total Assets	<u>\$ 1,909,791</u>
Net Position:	
Restricted for Fire Pensions	<u>\$ 1,648,557</u>
Revenues:	
Fire State Aid	\$ 65,675
Municipal Contribution	47,588
Investment Income	260,648
Total Revenues	<u>373,911</u>
Expenses:	
Pension Distributions	92,896
Administrative	19,781
Total Expenses	<u>112,677</u>
Change in Net Position	261,234
Net Position - Beginning of Year	1,648,557
Net Position - End of Year	<u>\$ 1,909,791</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

I. Changes in Net Pension Liability

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

	Measurement Date December 31, 2024
Total Pension Liability:	
Service Cost	\$ 74,464
Interest	70,645
Differences Between Expected and Actual Experience	(25,479)
Changes of Assumptions	(36,078)
Benefit Payments, Including Member Contribution Refunds	(92,896)
Net Change in Total Pension Liability	(9,344)
Total Pension Liability - Beginning of Year	1,256,439
Total Pension Liability - End of Year (a)	1,247,095
Plan Fiduciary Net Position:	
Municipal Contributions	48,588
State Contributions	64,675
Net Investment Income	260,648
Benefit Payments	(92,896)
Administrative Expenses	(19,781)
Net Change in Fiduciary Net Position	261,234
Fiduciary Net Position - Beginning of Year	1,648,557
Fiduciary Net Position - End of Year (b)	1,909,791
Association's Net Pension Liability/(Asset) - End of Year (a) - (b)	\$ (662,696)

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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	\$ 1,451,867	\$ 1,335,370	\$ 1,761,060	\$ 169,895
Public Employees Retirement Association - Component Unit	524,879	174,487	338,688	(12,528)
Fire Relief Association	(662,696)	63,194	239,787	5,724
Total	<u>\$ 1,314,050</u>	<u>\$ 1,573,051</u>	<u>\$ 2,339,535</u>	<u>\$ 163,091</u>

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS

A. 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.

B. 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, 2025, there were \$13,242 of contributions to the plan.

C. Actuarial Methods and Assumptions

The City's OPEB liability was measured as of December 31, 2024, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2023, and rolled forward to a measurement date of December 31, 2024, using the alternative measurement method.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.25%
Health Care Trend Rates	6.9% Decreasing to 3.9% 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, 2024 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 4.08% (3.77% 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, 2024	\$ 138,929
Changes for the Year:	
Service Cost	6,369
Interest	5,228
Assumption Changes	(2,015)
Difference Between Expected and Actual Experience	(6,122)
Benefit Payments	(13,242)
Net Change in Total OPEB Liability	(9,782)
Balances at December 31, 2025	\$ 129,147

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Changes in the Net OPEB Liability (Continued)

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Decrease (5.08%)
Net OPEB Liability	<u>\$ 135,826</u>	<u>\$ 129,147</u>	<u>\$ 122,983</u>

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.9% decreasing to 2.9% over five years) or 1-percentage-point 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%)
Medical Trend Rate: Net OPEB Liability	<u>\$ 120,100</u>	<u>\$ 129,147</u>	<u>\$ 139,731</u>

For the year ended December 31, 2024, the City recognized OPEB expense of \$3,460. At December 31, 2025, the City reported no deferred inflows of resources, and \$13,242 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, 2026.

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 2025, the Commission transferred \$110,000 to the City of Glencoe for the payment in lieu of taxes. In addition, the Commission provided, at no cost to the City, street lights and street light maintenance in the amount of \$17,771 for 2025.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 16 JOINT POWERS AGREEMENT

The City entered into a joint powers agreement with McLeod County for the reconstruction of County Road 83. The City administers the project and pays construction costs, and the County reimburses its share based on agreed-upon cost allocations. During the year, total costs incurred were \$5,712,583, of which \$2,751,784 is allocable to the County. At year-end, the City reported an intergovernmental receivable of \$666,934 related to this agreement.

NOTE 17 RISK MANAGEMENT

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

NOTE 18 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, 2025**

NOTE 19 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers

Transfers between funds during 2025 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types:		
General Fund	\$ 589,000	\$ (697,000)
Nonmajor Governmental Funds	1,921,675	(232,675)
Total Governmental Funds	<u>2,510,675</u>	<u>(929,675)</u>
Proprietary Fund Types:		
Water Fund	-	(807,000)
Wastewater Treatment Plant Fund	37,000	(391,000)
City Center Fund	208,000	-
Municipal Liquor Fund	-	(268,000)
Storm Water Management Fund	-	(360,000)
Total Proprietary Funds	<u>245,000</u>	<u>(1,826,000)</u>
Total Operating Transfers	<u><u>\$ 2,755,675</u></u>	<u><u>\$ (2,755,675)</u></u>

Due to/from Other Funds

Individual fund receivable and payable balances at December 31, 2025 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 985,875	\$ -
2015 Street Improvement Bond	-	635
2025 Street Improvement	-	773
Tax Inc. #20 - Bus Garage	-	6,175
Airport Fund	-	457,341
City Center Fund	-	501,098
Storm Water Management Fund	-	19,853
Total	<u><u>\$ 985,875</u></u>	<u><u>\$ 985,875</u></u>

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

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 20 TAX ABATEMENTS

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

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

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

As of December 31, 2025, the Developer has not completed the requirements for the tax abatement; therefore, there were no abated property taxes by the City in 2025 under this agreement.

NOTE 21 CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

The 2023 Street Improvement capital project fund previously met the criteria to be reported as a major governmental fund. However, effective January 1, 2025, the fund no longer met the criteria to be reported as a major fund and is reported in nonmajor governmental funds for the fiscal year ended December 31, 2025. The effect of that change within the financial reporting entity is shown in the table below.

	2023 Street Improvement	Nonmajor Governmental Funds
Fund Balances - Beginning of Year, as Originally Reported	\$ 465	\$ 1,326,812
Change in Fund Presentation from Major to Nonmajor	(465)	465
Fund Balances - Beginning of Year, as Adjusted	<u>\$ -</u>	<u>\$ 1,327,277</u>

NOTE 22 SUBSEQUENT EVENTS

On May 28, 2026, the City Issued \$1,458,000 of General Obligation Sewer Revenue Bonds, Series 2026A. The bonds mature on February 1, 2041 and hold an interest rate of 3.9%.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

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.

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, 2025 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Investments (Continued)

- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At December 31, 2025, the Light and Power Commission’s investments were as follows:

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Minnesota Municipal Money Market Fund 4M Liquid Asset Fund	<u>\$ 1,034,743</u>	<u>\$ 1,034,743</u>	<u>\$ -</u>	<u>\$ -</u>

The Commission’s investment with the 4M fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated external investment pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is valued at amortized cost. For this investment pool, there are no restrictions on withdrawals from the 4M Liquid Asset Fund, which may be affected on a same day basis. All investments in the 4M PLUS Fund must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to 7 days interest on the amount withdrawn.

The Minnesota Municipal Money Market Fund does not have its own credit rating. PMA Financial Network, Inc., who administers the Minnesota Municipal Money Market Fund, holds an organization credit rating of AA by Standard & Poor’s.

Designated Cash

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

Expansion Fund	\$ 8,139,776
Expansion Fund Cash on Deposit	687,000
Catastrophic Reserve Fund	<u>2,804,033</u>
Total Designated Cash	<u><u>\$ 11,630,809</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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Designated Cash (Continued)

Catastrophic Reserve Fund – Designated

Commission designated funds for relief from unexpected catastrophic events.

Capital Assets

A summary of capital asset activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Utility Plant:				
Plant In Service:				
Buildings, Land, and Land Improvements	\$ 2,535,415	\$ 57,531	\$ -	\$ 2,592,946
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	3,229,129	43,562	-	3,272,691
Loop Feeder	468,366	-	-	468,366
Meters	992,144	-	-	992,144
Total Plant in Service	41,283,094	101,093	-	41,384,187
Less: Accumulated Depreciation	(27,227,581)	(918,654)	-	(28,146,235)
Plant In Service, Net	14,055,513	(817,561)	-	13,237,952
Construction Work-In-Progress	327,503	2,812,065	-	3,139,568
Utility Plant, Net	14,383,016	1,994,504	-	16,377,520
Nonutility Property:				
Building and Improvements	447,364	-	-	447,364
Transportation Equipment	1,402,730	292,197	(179,373)	1,515,554
Plant Tools and Equipment	182,155	4,325	-	186,480
Office Equipment	164,058	1,648	-	165,706
Total Nonutility Property	2,196,307	298,170	(179,373)	2,315,104
Less: Accumulated Depreciation	(1,420,600)	(104,736)	179,373	(1,345,963)
Nonutility Property, Net	775,707	193,434	-	969,141
Total Net Capital Assets	<u>\$ 15,158,723</u>	<u>\$ 2,187,938</u>	<u>\$ -</u>	<u>\$ 17,346,661</u>

Capital assets that are not being depreciated (including land and construction-in-progress) totaled \$3,695,901 at December 31, 2025.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Long-Term Liabilities

A summary of long-term debt activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated Absences Payable	\$ 120,920	\$ 16,115	\$ -	\$ 137,035	\$ -

Defined Benefit Pension Plan

A. Pension Description

The Commission participates in the following cost-sharing, multiemployer 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 IRC.

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

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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

B. Benefits Provided (Continued)

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 1.20% of the highest average salary for each of the first 10 years of service and 1.70% for each additional year. Under the Level formula, General Plan members receive 1.70% 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% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. 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% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.00% and a maximum of 1.50%. The 2025 annual increase was 1.50%. 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.

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.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2025 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, 2025 were \$114,773. The Commission's contributions were equal to the required contributions as set by state statute.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

D. Pension Costs

At December 31, 2025, the Commission reported a liability of \$524,879 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 2025. 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 \$12,662 for a total pension liability of \$537,541. The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2025, the Commission's proportionate share was .0158% at the end of the measurement period and .0155% for the beginning of the period.

For the year ended December 31, 2025, the Commission recognized pension expense of (\$10,856) for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional (\$1,942) as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 50,009	\$ -
Changes in Actuarial Assumptions	12,647	120,773
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	208,854
Changes in Proportion	52,603	9,061
Commission Contributions Subsequent to the Measurement Date	59,228	-
Total	<u>\$ 174,487</u>	<u>\$ 338,688</u>

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

D. Pension Costs (Continued)

\$59,228 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, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2026	\$ (44,227)
2027	(75,058)
2028	(66,836)
2029	(37,308)

E. Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions:

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

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, 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.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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 following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for nonvested, terminated members.
- The assumed postretirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The postretirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

The total pension liability in the June 30, 2024 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Defined Benefit Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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.

F. Long-Term Expected Return on Investment

	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity		33.5 %	5.10 %
International Equity		16.5	5.30
Fixed Income		25.0	0.75
Private Markets		25.0	5.90
Total		<u>100.0 %</u>	

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

H. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Measurement Date <u>June 30, 2024</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employee Plan Discount Rate	6.00%	7.00%	8.00%
Commission's Proportionate Share of the Net Pension Liability	<u>\$ 1,274,849</u>	<u>\$ 524,879</u>	<u>\$ (83,515)</u>

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, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits

A. 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 age 62 or 15 years of service and are age 63. There are 14 active participants, 2 retired participants, and no inactive employees entitled to but not receiving benefit payments. 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.

B. 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, 2025, there were \$13,681 of contributions to the plan.

C. Actuarial Methods and Assumptions

The Commission's OPEB liability was measured as of December 31, 2024, 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	2.50%
Salary Increases	3.25%
Health Care Trend Rates	6.90%
	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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

C. Actuarial Methods and Assumptions (Continued)

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 4.08%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

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

- The discount rate was changed from 3.77% to 4.08% based on updated 20-year municipal bond rates.

Changes in the Net OPEB Liability

	Total OPEB Liability
Balances at December 31, 2023	\$ 171,319
Changes for the Year:	
Service Cost	14,025
Interest	6,649
Assumption Changes	(3,530)
Difference Between Expected and Actual Experience	3,730
Benefit Payments	(17,949)
Net Change in Total OPEB Liability	2,925
Balances at December 31, 2024	\$ 174,244

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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Decrease (5.08%)
Net OPEB Liability	\$ 186,037	\$ 174,244	\$ 163,591

**CITY OF GLENCOE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 23 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Other Postemployment Benefits (Continued)

C. Actuarial Methods and Assumptions (Continued)

Changes in the Net OPEB Liability (Continued)

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-percentage-point lower (5.90% decreasing to 2.9% over five years) or 1-percentage-point 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%)
Net OPEB Liability	<u>\$ 158,754</u>	<u>\$ 174,244</u>	<u>\$ 193,185</u>

For the year ended December 31, 2025, the Commission recognized OPEB expense of \$20,874. At December 31, 2025, the Commission reported no deferred inflows of resources, and \$13,681 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, 2025**

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
General Property Taxes	\$ 2,587,000	\$ 2,587,000	\$ 2,595,062	\$ 8,062
Special Assessments	110,000	110,000	52,162	(57,838)
Franchise Taxes	3,500	3,500	2,531	(969)
Total Taxes	<u>2,700,500</u>	<u>2,700,500</u>	<u>2,649,755</u>	<u>(50,745)</u>
Licenses and Permits	65,500	65,500	90,355	24,855
Intergovernmental:				
Local Government Aid	1,820,353	1,849,441	1,864,075	14,634
Market Value Credit Aid	-	-	301	301
Police State Aid	80,000	80,000	124,727	44,727
Fire State Aid	58,000	58,000	77,141	19,141
Miscellaneous State Aid	4,000	4,000	3,878	(122)
Miscellaneous Federal Aid	-	87,264	103,674	16,410
Total Intergovernmental	<u>1,962,353</u>	<u>2,078,705</u>	<u>2,173,796</u>	<u>95,091</u>
Charges for Services:				
Special Services, Police	40,000	40,000	48,068	8,068
Special Services, Fire	45,000	45,000	58,521	13,521
Miscellaneous Charges	52,600	52,600	100,264	47,664
Total Charges for Services	<u>137,600</u>	<u>137,600</u>	<u>206,853</u>	<u>69,253</u>
Fines and Forfeits	50,000	50,000	49,437	(563)
Interest	16,500	16,500	24,330	7,830
Contributions and Donations	30,000	30,000	149,653	119,653
Payments in Lieu of Taxes	110,000	110,000	110,000	-
Miscellaneous:				
Park Fees	73,000	73,000	48,040	(24,960)
Reimbursements, Refunds, and Miscellaneous	<u>71,400</u>	<u>71,400</u>	<u>155,373</u>	<u>83,973</u>
Total Miscellaneous	<u>144,400</u>	<u>144,400</u>	<u>203,413</u>	<u>59,013</u>
Total Revenues	5,216,853	5,333,205	5,657,592	324,387

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, 2025**

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government:				
Administration:				
Salaries	\$ 272,632	\$ 272,632	\$ 299,553	\$ (26,921)
Employee Benefits	71,214	71,214	69,611	1,603
Payroll Taxes	16,904	16,904	17,976	(1,072)
Workers' Compensation	3,100	3,100	1,549	1,551
Office Supplies	9,200	9,200	11,963	(2,763)
Printing and Binding	3,000	3,000	2,798	202
Repairs and Maintenance	15,100	15,100	21,919	(6,819)
Professional Services	72,000	72,000	168,922	(96,922)
Auditing and Accounting	45,000	45,000	47,413	(2,413)
Legal Fees	90,000	90,000	68,213	21,787
Chamber	6,300	6,300	6,154	146
Computer Software	-	-	1,547	(1,547)
Telephone	4,600	4,600	3,844	756
Postage	3,700	3,700	4,503	(803)
Advertising	3,500	3,500	8,304	(4,804)
Travel	2,000	2,000	1,727	273
Training	3,000	3,000	2,408	592
Insurance	40,000	40,000	23,689	16,311
Utilities	64,000	64,000	64,546	(546)
Subscriptions	500	500	967	(467)
Continuing Education and Dues	2,000	2,000	301	1,699
League of Minnesota Cities	19,000	19,000	20,070	(1,070)
Capital Outlay	2,000	2,000	4,917	(2,917)
Miscellaneous	1,250	1,250	365	885
Total Administration	750,000	750,000	853,259	(103,259)
Finance:				
Salaries	196,459	196,459	209,650	(13,191)
Employee Benefits	58,584	58,584	57,856	728
Payroll Taxes	12,181	12,181	12,499	(318)
Office Supplies	2,000	2,000	3,061	(1,061)
Printing and Binding	500	500	788	(288)
Repairs and Maintenance	500	500	-	500
Computer Software	7,000	7,000	20,702	(13,702)
Travel	500	500	42	458
Continuing Education and Dues	200	200	-	200
Capital Outlay	500	500	-	500
Training	500	500	-	500
Miscellaneous	600	600	240	360
Total Finance	279,524	279,524	304,838	(25,314)

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, 2025**

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
General Government (Continued):				
City Council:				
Salaries	\$ 29,700	\$ 29,700	\$ 29,750	\$ (50)
Employee Benefits	1,485	1,485	1,497	(12)
Payroll Taxes	431	431	434	(3)
Workers' Compensation	100	100	61	39
Office Supplies	500	500	-	500
Travel	1,500	1,500	419	1,081
Training	3,000	3,000	2,915	85
Dues and Subscriptions	1,000	1,000	930	70
Miscellaneous	5,850	5,850	11,253	(5,403)
Total City Council	43,566	43,566	47,259	(3,693)
Unallocated	70,961	184,185	282,183	(97,998)
Total General Government	1,144,051	1,257,275	1,487,539	(230,264)
Public Safety:				
Police Department:				
Salaries	1,059,440	1,059,440	1,063,647	(4,207)
Employee Benefits	370,219	370,219	373,347	(3,128)
Payroll Taxes	7,218	7,218	7,261	(43)
Workers' Compensation	52,000	52,000	48,643	3,357
Supplies	17,700	23,702	22,237	1,465
Motor Fuels	30,000	30,000	25,243	4,757
Repairs and Maintenance	96,500	101,439	122,581	(21,142)
Training	30,000	30,000	25,534	4,466
Continuing Education and Dues	750	750	426	324
Investigation	8,000	8,000	6,493	1,507
Telephone	8,000	8,000	13,226	(5,226)
Insurance	23,000	23,000	23,151	(151)
Legal Fees	62,000	62,000	58,192	3,808
Uniforms	10,000	10,000	4,726	5,274
Animal Control	2,000	2,000	436	1,564
Operating Leases	69,000	69,000	72,226	(3,226)
Capital Outlay	25,000	34,164	45,506	(11,342)
Utilities	18,000	18,000	17,019	981
Miscellaneous	56,500	56,500	11,905	44,595
Total Police Department	1,945,327	1,965,432	1,941,799	23,633

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, 2025**

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Public Safety (Continued):				
Fire Department:				
Salaries	\$ 5,400	\$ 5,400	\$ 5,400	\$ -
State Fire Aid	59,000	59,000	77,141	(18,141)
Municipal Fire Aid Contribution	44,000	44,000	47,588	(3,588)
Payroll Taxes	414	414	413	1
Workers' Compensation	19,000	19,000	9,222	9,778
Office Supplies	4,000	4,000	9,166	(5,166)
Motor Fuels	8,000	8,000	5,640	2,360
Repairs and Maintenance	48,250	48,250	31,182	17,068
Training	15,000	15,000	20,811	(5,811)
Telephone	1,000	1,000	827	173
Travel	1,500	1,500	859	641
Advertising	1,200	1,200	-	1,200
Insurance	5,700	5,700	6,586	(886)
Utilities	7,600	7,600	8,337	(737)
Continuing Education and Dues	2,500	2,500	940	1,560
Capital Lease Principal	143,484	143,484	143,483	1
Capital Lease Interest	26,061	26,061	26,061	-
Capital Outlay	28,000	74,304	53,593	20,711
Miscellaneous	17,750	17,750	25,126	(7,376)
Total Fire Department	437,859	484,163	472,375	11,788
Code Enforcement:				
Building Inspector	55,000	55,000	112,473	(57,473)
Total Code Enforcement	55,000	55,000	112,473	(57,473)
Total Public Safety	2,438,186	2,504,595	2,526,647	(22,052)
Streets and Highways:				
Salaries	263,454	263,454	213,670	49,784
Employee Benefits	83,318	83,318	98,726	(15,408)
Payroll Taxes	16,335	16,335	12,223	4,112
Workers' Compensation	22,000	22,000	7,317	14,683
Supplies	2,500	2,500	2,448	52
Motor Fuels	35,000	35,000	26,569	8,431
Repairs and Maintenance	68,500	68,500	47,878	20,622
Professional Services	2,000	2,000	612	1,388
Street Maintenance	17,000	17,000	16,001	999
Street Overlay and Seal Coat	50,000	50,000	-	50,000
Landscaping	2,000	2,000	195	1,805
Telephone	1,700	1,700	1,752	(52)

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, 2025**

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Streets and Highways (Continued):				
Mosquito Control	\$ 13,000	\$ 13,000	\$ -	\$ 13,000
Insurance	21,000	21,000	11,189	9,811
Utilities	7,800	7,800	10,024	(2,224)
Capital Outlay	190,000	190,000	380,857	(190,857)
Miscellaneous	62,900	63,784	21,684	42,100
Total Street and Highways	858,507	859,391	851,145	8,246
Culture and Recreation:				
Parks and Recreation:				
Salaries	317,954	317,954	370,703	(52,749)
Employee Benefits	109,483	109,483	111,421	(1,938)
Payroll Taxes	19,714	19,714	22,041	(2,327)
Workers' Compensation	14,000	14,000	8,923	5,077
Supplies	18,200	18,200	14,447	3,753
Motor Fuels	20,000	20,000	17,584	2,416
Repairs and Maintenance	21,000	21,000	19,526	1,474
Telephone	1,750	1,750	2,391	(641)
Insurance	31,000	31,000	25,149	5,851
Utilities	9,800	9,800	15,922	(6,122)
Capital Outlay	37,000	37,000	191,295	(154,295)
Miscellaneous	11,000	11,000	8,741	2,259
Total Parks and Recreation	610,901	610,901	808,143	(197,242)
Library and Community Center:				
Supplies	3,300	3,300	2,636	664
Repairs and Maintenance	4,000	4,000	4,180	(180)
Management Fees	100,000	100,000	100,000	-
Janitorial	-	-	665	(665)
Telephone	800	800	747	53
Insurance	12,000	12,000	19,545	(7,545)
Utilities	18,500	18,500	21,308	(2,808)
Capital Outlay	2,000	2,000	3,399	(1,399)
Total Library and Community Center	140,600	140,600	152,480	(11,880)
Total Culture and Recreation	751,501	751,501	960,623	(209,122)
Total Expenditures	5,192,245	5,372,762	5,825,954	(453,192)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,608	(39,557)	(168,362)	(128,805)

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, 2025**

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 920,000	\$ 920,000	\$ 589,000	\$ (331,000)
Operating Transfers Out	(900,000)	(900,000)	(697,000)	203,000
Proceeds from the Sale of Capital Assets	500	500	765	265
Insurance Proceeds	5,000	5,000	10,439	5,439
Total Other Financing Sources (Uses)	25,500	25,500	(96,796)	(122,296)
NET CHANGE IN FUND BALANCES	50,108	(14,057)	(265,158)	(251,101)
Fund Balances - Beginning of Year	2,382,888	2,382,888	2,382,888	-
FUND BALANCES - END OF YEAR	<u>\$ 2,432,996</u>	<u>\$ 2,368,831</u>	<u>\$ 2,117,730</u>	<u>\$ (251,101)</u>

See accompanying Notes to Required Supplementary Information.

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT YEARS

Measurement Date - December 31,	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 6,369	\$ 7,838	\$ 11,363	\$ 9,926	\$ 7,439	\$ 5,312	\$ 6,116	\$ 5,237
Interest	5,228	5,424	2,806	3,381	4,981	6,135	7,261	8,956
Difference Between Expected and Actual Experience	(2,015)	485	4,566	4,717	7	24,162	-	-
Assumption Changes	(6,122)	3,785	(18,379)	(4,956)	6,751	11,187	(30,011)	4,369
Benefit Payments	(13,242)	(4,971)	(21,441)	(40,620)	(35,740)	(30,574)	(42,526)	(27,792)
Net Change in Total OPEB Liability	(9,782)	12,561	(21,085)	(27,552)	(16,562)	16,222	(59,160)	(9,230)
Total OPEB Liability - Beginning	138,929	126,368	147,453	175,005	191,567	175,345	234,505	243,735
Net OPEB Liability - Ending	<u>\$ 129,147</u>	<u>\$ 138,929</u>	<u>\$ 126,368</u>	<u>\$ 147,453</u>	<u>\$ 175,005</u>	<u>\$ 191,567</u>	<u>\$ 175,345</u>	<u>\$ 234,505</u>
Covered Payroll	\$ 2,663,029	\$ 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	4.8%	6.5%	5.3%	6.9%	8.3%	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
LAST TEN YEARS**

Measurement Date - December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 74,464	\$ 63,603	\$ 60,936	\$ 51,202	\$ 54,829	\$ 49,984	\$ 46,293	\$ 37,968	\$ 45,629	\$ 35,804
Interest	70,645	59,436	57,966	51,625	59,264	57,642	58,461	60,831	60,464	62,332
Differences Between Expected and Actual Experience	(25,479)	-	(42,559)	-	(40,396)	-	8,251	-	(43,098)	-
Changes of Assumptions	(36,078)	125,810	(6,926)	-	12,268	-	21,529	14,376	(23,628)	24,334
Changes of Benefit Terms	-	-	-	101,476	-	44,542	-	79,790	-	51,986
Benefit Payments, Including Member Contribution Refunds	(92,896)	(18,936)	(71,777)	(125,692)	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)
Net Change in Total Pension Liability	(9,344)	229,913	(2,360)	78,611	(137,127)	117,675	(51,202)	53,117	(115,585)	146,052
Total Pension Liability - Beginning of Year	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
Total Pension Liability - End of Year (a)	1,247,095	1,256,439	1,026,526	1,028,886	950,275	1,087,402	969,727	1,020,929	967,812	1,083,397
Plan Fiduciary Net Position:										
Municipal Contributions	48,588	44,783	40,937	40,777	39,776	29,211	29,192	25,500	68,795	68,795
State Contributions	64,675	56,680	52,299	53,334	48,170	45,591	49,282	45,695	46,437	43,134
Net Investment Income	260,648	243,690	(250,018)	210,566	199,006	213,025	(51,005)	140,849	81,653	(11,916)
Miscellaneous	-	-	-	-	-	-	-	-	25	-
Transfer from General Fund	-	-	-	-	-	-	-	30,000	-	-
Benefit Payments	(92,896)	(18,936)	(71,777)	(125,692)	(223,092)	(34,493)	(185,736)	(139,848)	(154,952)	(28,404)
Administrative Expenses	(19,781)	(20,214)	(13,423)	(15,372)	(11,130)	(12,152)	(11,860)	(17,305)	(12,535)	(14,116)
Net Change in Fiduciary Net Position	261,234	306,003	(241,982)	163,613	52,730	241,182	(170,127)	84,891	29,423	57,493
Fiduciary Net Position - Beginning of Year	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
Fiduciary Net Position - End of Year (b)	1,909,791	1,648,557	1,342,554	1,584,536	1,420,923	1,368,193	1,127,011	1,297,138	1,212,272	1,182,824
Association's Net Pension Liability/(Asset) - End of Year (a) - (b)	<u>\$ (662,696)</u>	<u>\$ (392,118)</u>	<u>\$ (316,028)</u>	<u>\$ (555,650)</u>	<u>\$ (470,648)</u>	<u>\$ (280,791)</u>	<u>\$ (157,284)</u>	<u>\$ (276,209)</u>	<u>\$ (244,460)</u>	<u>\$ (99,427)</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	153.14%	131.21%	130.79%	154.01%	149.53%	125.82%	116.22%	127.05%	125.26%	109.18%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee 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
LAST TEN YEARS

Calendar Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	June 30, 2025	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
PERA - General Employees Retirement										
Plan - City										
City's Proportion of the Net Pension Liability	0.2240%	0.0207%	0.0219%	0.0225%	0.0227%	0.0213%	0.0212%	0.0221%	0.0220%	0.0213%
City's Proportionate Share of the Net Pension Liability	\$ 740,785	\$ 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
State's Proportionate Share of the Net Pension Liability	17,870	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>\$ 758,655</u>	<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>
City's Covered Payroll	\$ 2,161,672	\$ 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
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	34.27%	39.86%	69.22%	101.78%	60.25%	84.05%	75.80%	82.65%	99.28%	130.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.78%	89.08%	83.10%	76.67%	87.00%	79.10%	80.20%	79.50%	75.90%	68.90%
PERA - Public Employees Police and Fire										
Plan - City										
City's Proportion of the Net Pension Liability	0.0607%	0.0529%	0.0564%	0.0526%	0.0509%	0.0501%	0.0525%	0.0496%	0.0510%	0.0530%
City's Proportionate Share of the Net Pension Liability	\$ 711,082	\$ 696,582	\$ 973,955	\$ 2,288,944	\$ 392,894	\$ 660,371	\$ 558,916	\$ 528,685	\$ 688,561	\$ 2,126,982
State's Proportionate Share of the Net Pension Liability	24,650	26,553	39,184	-	-	-	-	-	-	-
Total City's Proportionate Share of the Net Pension Liability	<u>\$ 735,732</u>	<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>
City's Covered Payroll	\$ 879,366	\$ 852,650	\$ 707,639	\$ 706,112	\$ 604,552	\$ 566,326	\$ 553,556	\$ 523,215	\$ 522,873	\$ 514,958
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	80.86%	81.70%	137.63%	324.16%	64.99%	116.61%	100.97%	101.05%	131.69%	413.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.78%	90.17%	86.47%	70.53%	93.66%	87.20%	89.30%	88.80%	85.40%	63.90%

See accompanying Notes to Required Supplementary Information.

**CITY OF GLENCOE, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PERA - General Employees Retirement Plan - City										
Contractually Required Contribution	\$ 161,443	\$ 144,067	\$ 131,957	\$ 126,654	\$ 122,719	\$ 117,098	\$ 112,633	\$ 114,378	\$ 110,431	\$ 104,130
Contributions in Relation to the Contractually Required Contribution Deficiency (Excess)	<u>(161,443)</u>	<u>(144,067)</u>	<u>(131,957)</u>	<u>(126,654)</u>	<u>(122,719)</u>	<u>(117,098)</u>	<u>(112,633)</u>	<u>(114,378)</u>	<u>(110,431)</u>	<u>(104,130)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,152,573	\$ 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
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	\$ 155,648	\$ 150,919	\$ 125,252	\$ 106,504	\$ 106,504	\$ 104,054	\$ 91,721	\$ 84,873	\$ 86,985	\$ 84,340
Contributions in Relation to the Contractually Required Contribution Deficiency (Excess)	<u>(155,648)</u>	<u>(150,919)</u>	<u>(125,252)</u>	<u>(106,504)</u>	<u>(106,504)</u>	<u>(104,054)</u>	<u>(91,721)</u>	<u>(84,873)</u>	<u>(86,985)</u>	<u>(84,340)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 879,336	\$ 852,650	\$ 707,639	\$ 606,038	\$ 606,038	\$ 587,876	\$ 553,556	\$ 523,907	\$ 536,943	\$ 520,616
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.57%	17.57%	17.70%	16.57%	16.20%	16.20%	16.20%
Fire Relief Association										
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	<u>(47,588)</u>	<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>
Contribution Deficiency (Excess)	<u>\$ (47,588)</u>	<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>
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
LAST TEN YEARS**

Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Commission's Proportion of the Net Pension Liability	0.1580%	0.0155%	0.0143%	0.0149%	0.0153%	0.0158%	0.0153%	0.0152%	0.0160%	0.0167%
Commission's Proportionate Share of the Net Pension Liability	\$ 524,879	\$ 524,879	\$ 799,640	\$ 1,180,085	\$ 653,379	\$ 947,282	\$ 845,903	\$ 843,234	\$ 1,021,429	\$ 1,355,957
State's Proportionate Share of the Net Pension Liability	<u>12,662</u>	<u>14,805</u>	<u>21,902</u>	<u>34,739</u>	<u>19,994</u>	<u>29,234</u>	<u>26,332</u>	<u>22,686</u>	<u>12,829</u>	<u>-</u>
Total Commission's Proportionate Share of the Net Pension Liability	<u>\$ 537,541</u>	<u>\$ 539,684</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>
Commission's Covered Payroll	\$ 1,473,432	\$ 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
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	35.62%	40.04%	70.56%	105.26%	59.15%	80.63%	75.32%	82.57%	99.21%	130.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.78%	89.08%	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.91%

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
LAST TEN YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PERA										
Contractually Required Contribution	\$ 114,773	\$ 103,670	\$ 90,755	\$ 82,192	\$ 82,853	\$ 83,899	\$ 81,583	\$ 81,158	\$ 76,083	\$ 76,316
Contributions in Relation to the Contractually Required Contribution	<u>(114,773)</u>	<u>(103,670)</u>	<u>(90,755)</u>	<u>(82,192)</u>	<u>(82,853)</u>	<u>(83,899)</u>	<u>(81,583)</u>	<u>(81,158)</u>	<u>(76,083)</u>	<u>(76,316)</u>
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	\$ 1,530,310	\$ 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
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
LAST SEVEN YEARS**

Measurement Date - December 31,	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 14,025	\$ 10,047	\$ 14,523	\$ 17,383	\$ 14,481	\$ 13,106	\$ 13,062	\$ 11,159
Interest	6,649	6,952	4,209	7,268	10,155	13,296	11,818	12,599
Assumption Changes	(3,530)	9,200	(19,900)	(1,762)	9,241	12,306	(7,273)	7,651
Difference Between Expected and Actual Experience	3,730	395	(17,404)	(117,520)	(7,715)	(3,685)	-	-
Benefit Payments	(17,949)	(33,757)	(34,341)	(40,016)	(29,854)	(21,131)	(11,473)	(2,431)
Net Change in Total OPEB Liability	2,925	(7,163)	(52,913)	(134,647)	(3,692)	13,892	6,134	28,978
Total OPEB Liability - Beginning	171,319	178,482	231,395	366,042	369,734	355,842	349,708	320,730
Net OPEB Liability - Ending	<u>\$ 174,244</u>	<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	\$ 1,429,217	\$ 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	12%	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, 2025**

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>\$ 5,372,762</u>	<u>\$ 5,825,954</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

2025

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for nonvested, terminated members.
- The assumed postretirement benefit increase changed from 1.25% to 1.5%.

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.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

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

A. General Employees Fund (Continued)

2024 (Continued)

- 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.

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 decreased from 2.5% to 2.25%.
- The payroll growth assumption 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.

**CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

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

A. General Employees Fund (Continued)

2020 (Continued)

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

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

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

A. General Employees Fund (Continued)

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement 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.

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 postretirement 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.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

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

B. Police and Fire Fund

2025

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for nonvested, terminated members.

2024

- The state contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% 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% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and 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).

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.

CITY OF GLENCOE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

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

B. Police and Fire Fund (Continued)

2023 (Continued)

- A one-time, noncompounding 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, 2025**

**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 postretirement 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 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 postretirement 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, 2025**

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

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:

2025

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.77% to 4.08%

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, 2025**

**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, 2025**

	Other Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 144,282	\$ 769,077	\$ 499,358	\$ 1,412,717
Accounts Receivable	7,249	-	-	7,249
Due from Other Governments	-	-	227,024	227,024
Taxes Receivable:				
Current	-	4,469	10,054	14,523
Delinquent	-	3,245	-	3,245
Special Assessments Receivable:				
Current	-	2,063	-	2,063
Noncurrent	-	1,294,947	-	1,294,947
Total Assets	<u>\$ 151,531</u>	<u>\$ 2,073,801</u>	<u>\$ 736,436</u>	<u>\$ 2,961,768</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 55,480	\$ -	\$ 11,128	\$ 66,608
Due to Other Funds	-	1,408	6,175	7,583
Total Liabilities	<u>55,480</u>	<u>1,408</u>	<u>17,303</u>	<u>74,191</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	1,298,192	227,024	1,525,216
FUND BALANCES				
Restricted for:				
Public Safety	94,935	-	-	94,935
Debt Service	-	804,414	-	804,414
Capital Projects	-	-	497,992	497,992
Committed for:				
Aquatic Center	715	-	-	715
Cable TV	401	-	-	401
Unassigned	-	(30,213)	(5,883)	(36,096)
Total Fund Balances	<u>96,051</u>	<u>774,201</u>	<u>492,109</u>	<u>1,362,361</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 151,531</u>	<u>\$ 2,073,801</u>	<u>\$ 736,436</u>	<u>\$ 2,961,768</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	Other Governmental Funds			Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
REVENUES				
Taxes	\$ 132,244	\$ 797,581	\$ -	\$ 929,825
Tax Increments	-	-	156,560	156,560
Intergovernmental	-	-	156,867	156,867
Charges for Services	110,820	-	-	110,820
Assessments	-	807,008	-	807,008
Investment Income (Loss)	139	(15,451)	3,609	(11,703)
Franchise Taxes	26,035	-	-	26,035
Miscellaneous	12,046	-	-	12,046
Total Revenues	281,284	1,589,138	317,036	2,187,458
EXPENDITURES				
Current:				
General Government	215,410	-	-	215,410
Highways and Streets	-	-	13,723	13,723
Culture-Recreation	260,771	-	-	260,771
Economic Development	-	-	14,867	14,867
Debt Service:				
Principal	-	2,674,000	100,000	2,774,000
Interest	-	561,118	-	561,118
Fiscal Charges	-	1,485	-	1,485
Total Expenditures	476,181	3,236,603	128,590	3,841,374
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(194,897)	(1,647,465)	188,446	(1,653,916)
OTHER FINANCING SOURCES (USES)				
Transfers In	102,000	1,819,675	-	1,921,675
Transfers Out	-	(1,656)	(231,019)	(232,675)
Total Other Financing Sources (Uses)	102,000	1,818,019	(231,019)	1,689,000
NET CHANGE IN FUND BALANCES	(92,897)	170,554	(42,573)	35,084
Fund Balances - Beginning of Year, as Originally Reported	188,948	603,647	534,217	1,326,812
Change Within the Reporting Entity	-	-	465	465
Fund Balances - Beginning of Year, as Adjusted	188,948	603,647	534,682	1,327,277
FUND BALANCES - END OF YEAR	<u>\$ 96,051</u>	<u>\$ 774,201</u>	<u>\$ 492,109</u>	<u>\$ 1,362,361</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS
DECEMBER 31, 2025**

	Special Revenue Funds				Total Special Revenue
	Aquatic Center	Cable TV	Public Safety Aid	EDA	
ASSETS					
Cash and Cash Equivalents	\$ 1,457	\$ 35,140	\$ 48,797	\$ 58,888	\$ 144,282
Accounts Receivable	490	6,114	-	645	7,249
Total Assets	<u>\$ 1,947</u>	<u>\$ 41,254</u>	<u>\$ 48,797</u>	<u>\$ 59,533</u>	<u>\$ 151,531</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 1,232	\$ 40,853	\$ -	\$ 13,395	\$ 55,480
FUND BALANCES					
Restricted	-	-	48,797	46,138	94,935
Committed	715	401	-	-	1,116
Total Fund Balances	<u>715</u>	<u>401</u>	<u>48,797</u>	<u>46,138</u>	<u>96,051</u>
Total Liabilities and Fund Balances	<u>\$ 1,947</u>	<u>\$ 41,254</u>	<u>\$ 48,797</u>	<u>\$ 59,533</u>	<u>\$ 151,531</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, 2025**

	Special Revenue Funds				
	Aquatic Center	Cable TV	Public Safety Aid	EDA	Total Special Revenue
REVENUES					
Taxes	\$ 7,869	\$ -	\$ -	\$ 124,375	\$ 132,244
Charges for Services	110,820	-	-	-	110,820
Investment Income (Loss)	(444)	208	-	375	139
Franchise Fees	-	26,035	-	-	26,035
Miscellaneous	7,046	-	-	5,000	12,046
Total Revenues	125,291	26,243	-	129,750	281,284
EXPENDITURES					
Current:					
Culture-Recreation	222,615	38,156	-	-	260,771
General Government	-	-	131,798	83,612	215,410
Total Expenditures	222,615	38,156	131,798	83,612	476,181
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(97,324)	(11,913)	(131,798)	46,138	(194,897)
OTHER FINANCING SOURCES (USES)					
Transfers In	97,000	5,000	-	-	102,000
NET CHANGE IN FUND BALANCES	(324)	(6,913)	(131,798)	46,138	(92,897)
Fund Balances - Beginning of Year	1,039	7,314	180,595	-	188,948
FUND BALANCES - END OF YEAR	<u>\$ 715</u>	<u>\$ 401</u>	<u>\$ 48,797</u>	<u>\$ 46,138</u>	<u>\$ 96,051</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS
DECEMBER 31, 2025**

	Debt Service Funds				
	City Sinking	2007 Tax Increment Bond	2008 11th Street Morningside	2023 Street Improvement Bond	2014 Street Improvement Bond
ASSETS					
Cash and Cash Equivalents	\$ 1,745	\$ 854	\$ -	\$ 3,803	\$ 17,667
Taxes Receivable:					
Current	52	-	-	-	1,219
Delinquent	-	-	-	-	898
Special Assessments Receivable:					
Current	-	-	-	490	-
Noncurrent	-	-	-	181,029	54,563
Total Assets	<u>\$ 1,797</u>	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 185,322</u>	<u>\$ 74,347</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	181,029	55,462
FUND BALANCES					
Restricted	1,797	854	-	4,293	18,885
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,797</u>	<u>854</u>	<u>-</u>	<u>4,293</u>	<u>18,885</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,797</u>	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 185,322</u>	<u>\$ 74,347</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2025**

	Debt Service Funds			
	2016 Street Improvement	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement Bond
ASSETS				
Cash and Cash Equivalents	\$ 78,830	\$ 220	\$ 114,902	\$ -
Taxes Receivable:				
Current	205	-	910	142
Delinquent	150	-	666	103
Special Assessments Receivable:				
Current	-	-	-	1,573
Noncurrent	341,526	-	145,072	-
Total Assets	<u>\$ 420,711</u>	<u>\$ 220</u>	<u>\$ 261,550</u>	<u>\$ 1,818</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ -	\$ 773
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	341,676	-	145,738	103
FUND BALANCES				
Restricted	79,035	164	115,812	31,211
Unassigned	-	56	-	(30,269)
Total Fund Balances	<u>79,035</u>	<u>220</u>	<u>115,812</u>	<u>942</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 420,711</u>	<u>\$ 220</u>	<u>\$ 261,550</u>	<u>\$ 1,818</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – DEBT SERVICE FUNDS (CONTINUED)
DECEMBER 31, 2025**

	Debt Service Funds			
	2015 Street Improvement Bond	2017 Street Improvement Bond	2025 Street Improvement Bond	Total Debt Service
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ -	\$ 44,031	\$ 507,025	\$ 769,077
Taxes Receivable:				
Current	997	944	-	4,469
Delinquent	732	696	-	3,245
Special Assessments Receivable:				
Current	-	-	-	2,063
Noncurrent	246,041	326,716	-	1,294,947
	<u>246,041</u>	<u>326,716</u>	<u>-</u>	<u>1,294,947</u>
Total Assets	<u>\$ 247,770</u>	<u>\$ 372,387</u>	<u>\$ 507,025</u>	<u>\$ 2,073,801</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	\$ 635	\$ -	\$ -	\$ 1,408
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	246,772	327,412	-	1,298,192
FUND BALANCES				
Restricted	363	44,975	507,025	804,414
Unassigned	-	-	-	(30,213)
Total Fund Balances	<u>363</u>	<u>44,975</u>	<u>507,025</u>	<u>774,201</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 247,770</u>	<u>\$ 372,387</u>	<u>\$ 507,025</u>	<u>\$ 2,073,801</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, 2025**

	Debt Service Funds				
	City Sinking	2007 Tax Increment Bond	2008 11th Street Morningside	2023 Street Improvement Bond	2014 Street Improvement Bond
REVENUES					
Taxes	\$ (283)	\$ -	\$ 751	\$ -	\$ 220,661
Assessments	-	-	-	85,015	13,838
Interest Income (Loss)	9	(840)	3	(9,664)	(1,947)
Total Revenues	(274)	(840)	754	75,351	232,552
EXPENDITURES					
Debt Service:					
Principal	-	61,000	-	922,000	213,000
Interest	-	1,598	-	127,949	820
Fiscal Charges	-	-	-	-	-
Total Expenditures	-	62,598	-	1,049,949	213,820
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(274)	(63,438)	754	(974,598)	18,732
OTHER FINANCING SOURCES (USES)					
Transfers In	1,656	64,000	-	720,470	-
Transfers Out	-	-	(1,656)	-	-
Total Other Financing Sources (Uses)	1,656	64,000	(1,656)	720,470	-
NET CHANGE IN FUND BALANCES	1,382	562	(902)	(254,128)	18,732
Fund Balances - Beginning of Year	415	292	902	258,421	153
FUND BALANCES - END OF YEAR	<u>\$ 1,797</u>	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 4,293</u>	<u>\$ 18,885</u>

**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, 2025**

	Debt Service Funds			
	2016 Street Improvement	2018 Tax Increment Bond	2018 Storm Water Improvement	2021 Street Improvement Bond
REVENUES				
Taxes	\$ 36,946	\$ -	\$ 163,759	\$ 25,323
Assessments	62,128	-	26,297	20,727
Interest Income (Loss)	(238)	(300)	(857)	521
Total Revenues	98,836	(300)	189,199	46,571
EXPENDITURES				
Debt Service:				
Principal	275,000	27,000	305,000	81,000
Interest	51,075	11,644	189,744	1,840
Fiscal Charges	495	-	495	-
Total Expenditures	326,570	38,644	495,239	82,840
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(227,734)	(38,944)	(306,040)	(36,269)
OTHER FINANCING SOURCES (USES)				
Transfers In	207,549	39,000	286,000	6,000
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	207,549	39,000	286,000	6,000
NET CHANGE IN FUND BALANCES	(20,185)	56	(20,040)	(30,269)
Fund Balances - Beginning of Year	99,220	164	135,852	31,211
FUND BALANCES - END OF YEAR	<u>\$ 79,035</u>	<u>\$ 220</u>	<u>\$ 115,812</u>	<u>\$ 942</u>

**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, 2025**

	Debt Service Funds			
	2015 Street Improvement Bond	2017 Street Improvement Bond	2025 Street Improvement Bond	Total Debt Service
REVENUES				
Taxes	\$ 179,724	\$ 170,700	\$ -	\$ 797,581
Assessments	47,721	45,480	505,802	807,008
Interest Income (Loss)	(2,650)	(711)	1,223	(15,451)
Total Revenues	224,795	215,469	507,025	1,589,138
EXPENDITURES				
Debt Service:				
Principal	465,000	325,000	-	2,674,000
Interest	88,998	87,450	-	561,118
Fiscal Charges	495	-	-	1,485
Total Expenditures	554,493	412,450	-	3,236,603
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(329,698)	(196,981)	507,025	(1,647,465)
OTHER FINANCING SOURCES (USES)				
Transfers In	330,000	165,000	-	1,819,675
Transfers Out	-	-	-	(1,656)
Total Other Financing Sources (Uses)	330,000	165,000	-	1,818,019
NET CHANGE IN FUND BALANCES	302	(31,981)	507,025	170,554
Fund Balances - Beginning of Year	61	76,956	-	603,647
FUND BALANCES - END OF YEAR	<u>\$ 363</u>	<u>\$ 44,975</u>	<u>\$ 507,025</u>	<u>\$ 774,201</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS
DECEMBER 31, 2025**

	Capital Project Funds		
	Tax Increment #4- Industrial Park	Tax Increment #20- Bus Garage	Tax Increment #17- Miller Mfg.
ASSETS			
Cash and Cash Equivalents	\$ 313,038	\$ -	\$ -
Taxes Receivable:			
Current	-	292	9,762
Due from Other Governments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 313,038</u>	<u>\$ 292</u>	<u>\$ 9,762</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 9,762
Due to Other Funds	-	6,175	-
Total Liabilities	<u>-</u>	<u>6,175</u>	<u>9,762</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	-
FUND BALANCES			
Restricted	313,038	-	-
Unassigned	-	(5,883)	-
Total Fund Balances	<u>313,038</u>	<u>(5,883)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 313,038</u>	<u>\$ 292</u>	<u>\$ 9,762</u>

**CITY OF GLENCOE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET – CAPITAL PROJECT FUNDS (CONTINUED)
DECEMBER 31, 2025**

	Capital Project Funds		
	Tax Increment #19- Panther Heights	Municipal State Aid	Total Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 45,352	\$ 140,968	\$ 499,358
Taxes Receivable:			
Current	-	-	10,054
Due from Other Governments	-	227,024	227,024
Total Assets	<u>\$ 45,352</u>	<u>\$ 367,992</u>	<u>\$ 736,436</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 1,366	\$ 11,128
Due to Other Funds	-	-	6,175
Total Liabilities	-	1,366	17,303
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	227,024	227,024
FUND BALANCES			
Restricted	45,352	139,602	497,992
Unassigned	-	-	(5,883)
Total Fund Balances	<u>45,352</u>	<u>139,602</u>	<u>492,109</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 45,352</u>	<u>\$ 367,992</u>	<u>\$ 736,436</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, 2025**

	Capital Project Funds		
	Tax Increment #4- Industrial Park	Tax Increment #20- Bus Garage	Tax Increment #17- Miller Mfg.
REVENUES			
Tax Increments	\$ -	\$ 4,046	\$ -
Intergovernmental	-	-	-
Investment Income (Loss)	-	(138)	372
Total Revenues	-	3,908	372
EXPENDITURES			
Current:			
Highways and Streets	-	-	-
Economic Development	-	-	14,867
Debt Service:			
Principal	-	-	-
Total Expenditures	-	-	14,867
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	3,908	(14,495)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(64,000)	-	-
Total Other Financing Sources (Uses)	(64,000)	-	-
NET CHANGE IN FUND BALANCES	(64,000)	3,908	(14,495)
Fund Balances - Beginning of Year, as Originally Reported	377,038	(9,791)	14,495
Change Within the Reporting Entity	-	-	-
Fund Balances - Beginning of Year, as Adjusted	377,038	(9,791)	14,495
FUND BALANCES - END OF YEAR	<u>\$ 313,038</u>	<u>\$ (5,883)</u>	<u>\$ -</u>

**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, 2025**

	Capital Project Funds			
	Tax Increment #19- Panther Heights	Municipal State Aid	2023 Street Improvement	Total Capital Projects
REVENUES				
Tax Increments	\$ 152,514	\$ -	\$ -	\$ 156,560
Intergovernmental	-	156,867	-	156,867
Investment Income (Loss)	746	2,624	5	3,609
Total Revenues	153,260	159,491	5	317,036
EXPENDITURES				
Current:				
Highways and Streets	-	13,723	-	13,723
Economic Development	-	-	-	14,867
Debt Service:				
Principal	100,000	-	-	100,000
Total Expenditures	100,000	13,723		128,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	53,260	145,768	5	188,446
OTHER FINANCING SOURCES (USES)				
Transfers Out	(39,000)	(127,549)	(470)	(231,019)
Total Other Financing Sources (Uses)	(39,000)	(127,549)	(470)	(231,019)
NET CHANGE IN FUND BALANCES	14,260	18,219	(465)	(42,573)
Fund Balances - Beginning of Year, as Originally Reported	31,092	121,383		534,217
Change Within the Reporting Entity	-	-	465	465
Fund Balances - Beginning of Year, as Adjusted	31,092	121,383	465	534,682
FUND BALANCES - END OF YEAR	<u>\$ 45,352</u>	<u>\$ 139,602</u>	<u>\$ -</u>	<u>\$ 492,109</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
YEAR ENDED DECEMBER 31, 2025

	\$6,735,000 G.O. Improvement Bonds - Series 2015A		\$4,025,000 G.O. Bonds - Series 2016A	
	Principal	Interest	Principal	Interest
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	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
Total	<u>\$ 2,455,000</u>	<u>\$ 249,195</u>	<u>\$ 1,780,000</u>	<u>\$ 175,025</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	\$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
2026	\$ 335,000	\$ 77,700	\$ 315,000	\$ 177,544	\$ 28,000	\$ 10,612
2027	350,000	67,650	330,000	168,094	29,000	9,544
2028	360,000	57,150	335,000	158,193	31,000	8,680
2029	365,000	46,350	345,000	148,143	32,000	7,720
2030	380,000	35,400	355,000	137,794	33,000	6,420
2031	395,000	24,000	380,000	126,700	34,000	5,080
2032	405,000	12,150	385,000	114,825	35,000	3,700
2033	-	-	395,000	99,425	37,000	2,260
2034	-	-	410,000	83,625	38,000	761
2035	-	-	425,000	67,225	-	-
2036	-	-	445,000	50,225	-	-
2037	-	-	460,000	34,650	-	-
2038	-	-	480,000	18,550	-	-
2039	-	-	50,000	1,750	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
Total	<u>\$ 2,590,000</u>	<u>\$ 320,400</u>	<u>\$ 5,110,000</u>	<u>\$ 1,386,743</u>	<u>\$ 297,000</u>	<u>\$ 54,777</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Finance Purchase Agreement 2023 Pierce Enforcer		DEED Loan		2018 Marsh Creek Project Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
Total	<u>\$ 468,293</u>	<u>\$ 40,339</u>	<u>\$ 31,895</u>	<u>\$ 1,595</u>	<u>\$ 38,970</u>	<u>\$ 1,173</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	\$4,360,000 G.O. Capital Improvement Plan Bonds - Series 2023A		\$626,000 Gross Revenue Event Facility Refunding Bonds - Series 2014A	
	Principal	Interest	Principal	Interest
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	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
Total	<u>\$ 3,123,000</u>	<u>\$ 160,811</u>	<u>\$ 155,000</u>	<u>\$ 11,281</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	\$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
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	84,980	-	-
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	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
Total	<u>\$ 169,000</u>	<u>\$ 18,317</u>	<u>\$ 770,000</u>	<u>\$ 61,854</u>	<u>\$ 9,945,000</u>	<u>\$ 710,060</u>	<u>\$ 79,000</u>	<u>\$ 909</u>

CITY OF GLENCOE, MINNESOTA
SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	\$1,905,000 G.O. Refunding Bonds - Series 2021A \$415,000 Portion		\$1,905,000 G.O. Refunding Bonds - Series 2021A \$659,000 Portion		\$4,236,000 G.O. Improvement Bonds - Series 2025A \$XXX,XXX Portion		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 60,000	\$ 1,132	\$ 90,000	\$ 1,848	\$ -	\$ 180,807	\$ 3,817,321	\$ 819,846
2027	54,000	693	93,000	1,143	197,000	163,017	4,132,065	698,256
2028	63,000	243	102,000	393	301,000	153,207	3,971,014	589,116
2029	-	-	-	-	312,000	141,131	2,773,379	494,566
2030	-	-	-	-	325,000	128,582	2,802,379	420,829
2031	-	-	-	-	339,000	115,501	2,372,000	345,597
2032	-	-	-	-	351,000	101,908	1,940,000	287,733
2033	-	-	-	-	366,000	87,783	1,570,000	236,978
2034	-	-	-	-	380,000	73,087	1,608,000	197,263
2035	-	-	-	-	390,000	57,918	1,603,000	157,133
2036	-	-	-	-	193,000	46,433	1,434,000	120,768
2037	-	-	-	-	201,000	38,671	1,464,000	89,471
2038	-	-	-	-	208,000	30,614	1,500,000	57,284
2039	-	-	-	-	216,000	22,261	266,000	24,011
2040	-	-	-	-	224,000	13,593	224,000	13,593
2041	-	-	-	-	233,000	4,590	233,000	4,590
Total	<u>\$ 177,000</u>	<u>\$ 2,068</u>	<u>\$ 285,000</u>	<u>\$ 3,384</u>	<u>\$ 4,236,000</u>	<u>\$ 1,359,103</u>	<u>\$ 31,710,158</u>	<u>\$ 4,557,034</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, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 14, 2026.

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 2025-001, 2025-002 and 2025-003 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-003.

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
September 14, 2026



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, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements and, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 14, 2026.

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
September 14, 2026

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025**

FINDING: 2025-001 – 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 (GASB) 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 2024-001.

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, 2025**

FINDING: 2025-002 – 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 2024-002.

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.

**CITY OF GLENCOE
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

FINDING: 2025-003 – CIVIC CENTER RENTAL BILLING

Type of Finding: Material weakness in internal control over financial reporting and material noncompliance under *Government Auditing Standards*

Condition: An employee of the City completed rental agreements for the City's Civic Center, prepared invoices, and processed transactions involving organizations for which the employee served in leadership roles. Certain transactions were not invoiced in accordance with City policy and fee schedules, and some rental agreements and supporting documentation could not be located.

Criteria: The City is responsible for establishing and maintaining a system of internal controls in which rental activities of the City's Civic Center are billed at approved rates.

Context: An independent investigation identified certain rental transactions occurring in 2023, 2024 and 2025 where the City collected less revenue than would have been charged under the City Council-approved fee schedules. The investigation report calculated lost or potentially uncollected revenue associated with these transactions totaling approximately \$7,600.

Effect: The City experienced reduced charges for services revenues in the Civic Center due to inconsistent application of City Council-approved fee schedules.

Cause: Responsibilities for booking events, approving rental agreements, and establishing billings were concentrated with one employee without independent review.

Repeat Finding: No.

Recommendation: The City should implement a control to have rental transactions of the Civic Center independently reviewed by someone other than the person responsible for booking events, approving rental agreements, and establishing billings.

Views of Responsible Officials: Management agrees with this finding. The City will implement an independent review of Civic Center rental transactions to verify that transactions are billed in accordance with the rates approved by the City Council.



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