



Financial Statements
December 31, 2023

City of Glyndon, Minnesota

Elected and Appointed Officials.....	1
Independent Auditor’s Report.....	2
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	6
Statement of Activities.....	7
Fund Financial Statements	
Governmental Funds	
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis	8
Budgetary Comparison Schedule, General Fund – Cash Basis.....	10
Proprietary Funds	
Statement of Net Position.....	11
Statement of Changes in Net Position	12
Statement of Cash Flows.....	13
Notes to Financial Statements	14
Other Supplementary Information	
Nonmajor Governmental Funds	
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis.....	27
General Fund	
Detailed Budgetary Comparison Schedule - Cash Basis.....	29
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis (General Fund by Department)	32
Schedule of Accounts Receivable.....	33
Schedule of Accounts Payable	34
Additional Reports	
Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	35
Minnesota Legal Compliance	37
Schedule of Findings and Responses	38

City of Glyndon, Minnesota
Listing of Elected and Appointed Officials
December 31, 2023

<u>Name</u>	<u>Position</u>	<u>Term Expires December 31,</u>
Council		
Tracy Tollefson	Mayor	2024
Bryant DeVries	Council Member	2026
Justin Schreiber	Council Member	2024
Patrick McCoy	Council Member	2024
Steven Ring	Council Member	2026
Officials		
Wendy Affield	Clerk-Treasurer	
Justin Vogel	Chief of Police	
Ken Norman	City Attorney	



Independent Auditor's Report

To the Honorable Mayor,
City Council, and Clerk Treasurer
City of Glyndon, Minnesota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glyndon, Minnesota ("the City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly, the financial position of each fund of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Regulatory Basis of Accounting

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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse and Unmodified 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 of America (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of financial reporting provisions permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 1 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.

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.

Auditor's 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 auditor's 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.

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 statement of receipts, disbursements, and changes in fund balances – cash basis (nonmajor governmental funds); detailed budgetary comparison schedule – cash basis (general fund); statement of receipts, disbursements, changes in fund balance – cash basis (general fund by department); schedule of accounts receivable; and schedule of accounts payable 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 statement of receipts, disbursements, and changes in fund balances – cash basis (nonmajor governmental funds); detailed budgetary comparison schedule– cash basis (general fund); statement of receipts, disbursements, changes in fund balance – cash basis (general fund by department); schedule of accounts receivable; and schedule of accounts payable are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of elected and appointed officials but does not include the basic financial statements and our auditor's 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024, 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated June 11, 2024, on our consideration of the City's compliance with aspects of the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's *Minnesota Legal Compliance Audit Guide for Cities* in considering the City's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.



Fargo, North Dakota
June 11, 2024

City of Glyndon, Minnesota
Statement of Net Position
December 31, 2023

	Cash Basis <u>Governmental Activities</u>	Business-Type <u>Activities</u>
Assets		
Cash	\$ 3,163,048	\$ 1,416,072
Restricted cash - replacement reserve	-	68,230
Accounts receivable	-	83,019
Special assessments receivable	-	327,729
	<u>3,163,048</u>	<u>1,895,050</u>
Capital assets		
Buildings and equipment	-	4,333,574
Land improvements	-	2,447,718
Less accumulated depreciation	-	(1,485,891)
Total capital assets, net of depreciation	<u>-</u>	<u>5,295,401</u>
Total assets	<u>3,163,048</u>	<u>7,190,451</u>
Liabilities		
Accounts payable	-	27,657
Accrued interest	-	7,537
Noncurrent liabilities		
Due within one year	-	153,813
Due in more than one year	-	1,288,000
Total liabilities	<u>-</u>	<u>1,477,007</u>
Net Position		
Net investment in capital assets	-	3,866,010
Restricted	2,166,200	68,230
Unrestricted	996,848	1,779,204
Total net position	<u>\$ 3,163,048</u>	<u>\$ 5,713,444</u>

City of Glyndon, Minnesota
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Cash Basis	
					Governmental Activities	Business-Type Activities
Primary Government						
Governmental activities - cash basis:						
General government	\$ 2,174,879	\$ 470,338	\$ -	\$ -	\$ (1,704,541)	\$ -
Public safety	623,667	38,410	76,837	-	(508,420)	-
Sanitation	194,292	174,242	-	-	(20,050)	-
Streets and highways	93,016	-	-	-	(93,016)	-
Culture and recreation	19,363	-	-	-	(19,363)	-
Debt service	720,788	-	-	-	(720,788)	-
TIF repayments	62,015	67,044	-	-	5,029	-
Total governmental activities - cash basis	<u>3,888,020</u>	<u>750,034</u>	<u>76,837</u>	<u>-</u>	<u>(3,061,149)</u>	<u>-</u>
Business-type activities						
Water	379,992	399,880	-	-	-	19,888
Sewer	299,229	344,607	-	-	-	45,378
Total business-type activities	<u>679,221</u>	<u>744,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,266</u>
Total Primary Government	<u>\$ 4,567,241</u>	<u>\$ 1,494,521</u>	<u>\$ 76,837</u>	<u>\$ -</u>	<u>(3,061,149)</u>	<u>65,266</u>
General revenues						
Property taxes					716,615	-
Licenses, permits, fines, and forfeitures					41,348	-
Intergovernmental					528,261	-
Interest earnings					12,633	-
Insurance reimbursement					10,336	-
Bond proceeds					3,005,000	-
Net bond premium					41,420	-
Miscellaneous					87,949	19,623
Total general revenues					<u>4,443,562</u>	<u>19,623</u>
Change in net position					1,382,413	84,889
Net position - Beginning					<u>1,780,635</u>	<u>5,628,555</u>
Net position - Ending					<u>\$ 3,163,048</u>	<u>\$ 5,713,444</u>

City of Glyndon, Minnesota

Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2023

	General	Street Improvements	Other Governmental Funds	Total Governmental Funds
Receipts				
Property taxes	\$ 468,875	\$ -	\$ 247,740	\$ 716,615
Special assessments	-	-	470,338	470,338
Licenses and permits	19,493	-	-	19,493
Intergovernmental	605,098	-	-	605,098
Charges for services	212,652	-	-	212,652
Fines and forfeits	21,855	-	-	21,855
TIF increments	-	-	67,044	67,044
Interest earnings	12,633	-	-	12,633
Miscellaneous	56,632	31,277	40	87,949
Total receipts	1,397,238	31,277	785,162	2,213,677
Disbursements				
Current				
General government	503,400	-	-	503,400
Public safety	623,667	-	-	623,667
Streets and parks	93,016	-	-	93,016
Sanitation	194,292	-	-	194,292
Culture and recreation	19,363	-	-	19,363
TIF repayments	-	-	62,015	62,015
Debt service				
Principal	41,750	-	409,250	451,000
Interest and other charges	574	51,920	217,294	269,788
Capital outlay	26,681	1,644,798	-	1,671,479
Total disbursements	1,502,743	1,696,718	688,559	3,888,020
(Deficiency) Excess of Receipts (under) over Disbursements	(105,505)	(1,665,441)	96,603	(1,674,343)
Other Financing Sources				
Bond proceeds	-	2,836,068	168,932	3,005,000
Premium on bonds issued	-	41,420	-	41,420
Insurance reimbursement	10,336	-	-	10,336
Total other financing sources	10,336	2,877,488	168,932	3,056,756
Net Change in Cash Basis Fund Balances	(95,169)	1,212,047	265,535	1,382,413
Cash Basis Fund Balances, Beginning	1,092,017	-	688,618	1,780,635
Cash Basis Fund Balances, Ending	<u>\$ 996,848</u>	<u>\$ 1,212,047</u>	<u>\$ 954,153</u>	<u>\$ 3,163,048</u>

City of Glyndon, Minnesota

Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2023

	<u>General</u>	<u>Street Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Basis Assets - End of Year				
Cash	\$ 996,848	\$ 1,212,047	\$ 954,153	\$ 3,163,048
Cash Basis Fund Balances				
Restricted for TIF repayments	\$ -	\$ -	\$ 25,361	\$ 25,361
Restricted for debt service	-	-	913,839	913,839
Restricted for capital projects	-	1,212,047	14,953	1,227,000
Unassigned	996,848	-	-	996,848
	<u>\$ 996,848</u>	<u>\$ 1,212,047</u>	<u>\$ 954,153</u>	<u>\$ 3,163,048</u>

City of Glyndon, Minnesota
 Budgetary Comparison Schedule, General Fund – Cash Basis
 Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Receipts			
Property taxes	\$ 472,785	\$ 468,875	\$ (3,910)
Licenses and permits	19,300	19,493	193
Intergovernmental	544,718	605,098	60,380
Charges for services	193,060	212,652	19,592
Interest earnings	300	12,633	12,333
Fines and forfeits	25,000	21,855	(3,145)
Miscellaneous	62,690	56,632	(6,058)
	<u>1,317,853</u>	<u>1,397,238</u>	<u>79,385</u>
Total receipts			
Disbursements			
Current:			
General government	390,602	503,400	(112,798)
Public safety	691,797	623,667	68,130
Streets and parks	107,120	93,016	14,104
Sanitation	179,515	194,292	(14,777)
Community center	17,000	19,363	(2,363)
Debt service:			
Principal	-	41,750	(41,750)
Interest and fees	-	574	(574)
Capital outlay	27,285	26,681	604
	<u>1,413,319</u>	<u>1,502,743</u>	<u>(89,424)</u>
Total disbursements			
Excess (Deficiency) of Receipts Over (Under) Disbursements	(95,466)	(105,505)	(10,039)
Other Financing Source			
Insurance reimbursement	-	10,336	10,336
	<u> </u>	<u>10,336</u>	<u>10,336</u>
Net Change in Cash Basis Fund Balances	<u>\$ (95,466)</u>	<u>(95,169)</u>	<u>\$ 297</u>
Cash Basis Fund Balance - Beginning		<u>1,092,017</u>	
Cash Basis Fund Balance - Ending		<u>\$ 996,848</u>	

City of Glyndon, Minnesota

Proprietary Funds
Statement of Net Position
December 31, 2023

	Water	Sewer	Total
Assets			
Current Assets			
Cash	\$ 175,949	\$ 1,240,123	\$ 1,416,072
Restricted cash - replacement reserve	68,230	-	68,230
Accounts receivable	46,298	36,721	83,019
Special assessments receivable, current portion	-	43,843	43,843
Total current assets	<u>290,477</u>	<u>1,320,687</u>	<u>1,611,164</u>
Noncurrent Assets			
Capital assets			
Buildings and equipment	4,321,913	11,661	4,333,574
Land improvements	-	2,447,718	2,447,718
Accumulated depreciation	(994,554)	(491,337)	(1,485,891)
Net capital assets	<u>3,327,359</u>	<u>1,968,042</u>	<u>5,295,401</u>
Other assets			
Special assessments receivable, net of current portion	-	283,886	283,886
Total assets	<u>3,617,836</u>	<u>3,572,615</u>	<u>7,190,451</u>
Liabilities			
Current Liabilities			
Accounts payable	25,065	2,592	27,657
Accrued interest	5,754	1,783	7,537
Current portion of long-term debt	86,391	55,000	141,391
Accrued compensated absences	6,211	6,211	12,422
Total current liabilities	<u>123,421</u>	<u>65,586</u>	<u>189,007</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	944,000	344,000	1,288,000
Total liabilities	<u>1,067,421</u>	<u>409,586</u>	<u>1,477,007</u>
Net Position			
Net investment in capital assets	2,296,968	1,569,042	3,866,010
Restricted	68,230	-	68,230
Unrestricted	185,217	1,593,987	1,779,204
Total net position	<u>\$ 2,550,415</u>	<u>\$ 3,163,029</u>	<u>\$ 5,713,444</u>

City of Glyndon, Minnesota
Proprietary Funds
Statement of Changes in Net Position
Year Ended December 31, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue			
Sales	\$ 399,880	\$ 318,831	\$ 718,711
Operating Expenses			
Cost of sales and services	109,851	81,483	191,334
Administration	139,236	139,322	278,558
Depreciation	117,326	73,490	190,816
Total operating expenses	<u>366,413</u>	<u>294,295</u>	<u>660,708</u>
Operating Income	33,467	24,536	58,003
Nonoperating Revenue (Expense)			
Special assessments	-	25,776	25,776
Interest income	-	1,518	1,518
Miscellaneous revenue	18,105	-	18,105
Interest expense	(13,579)	(4,934)	(18,513)
Total nonoperating revenue (expense)	<u>4,526</u>	<u>22,360</u>	<u>26,886</u>
Change in Net Position	37,993	46,896	84,889
Net Position - Beginning	<u>2,512,422</u>	<u>3,116,133</u>	<u>5,628,555</u>
Net Position - Ending	<u>\$ 2,550,415</u>	<u>\$ 3,163,029</u>	<u>\$ 5,713,444</u>

City of Glyndon, Minnesota

Proprietary Funds

Statement of Cash Flows

Year Ended December 31, 2023

	Water	Sewer	Total
Operating Activities			
Receipts from customers	\$ 394,773	\$ 317,623	\$ 712,396
Payments to suppliers	(84,786)	(80,867)	(165,653)
Payments to employees	(139,236)	(139,322)	(278,558)
Net cash from operating activities	<u>170,751</u>	<u>97,434</u>	<u>268,185</u>
Investing Activity			
Purchase of property and equipment	(25,401)	-	(25,401)
Capital and Related Financing Activities			
Principal payments on debt	(84,162)	(54,000)	(138,162)
Interest paid on debt	(13,579)	(4,934)	(18,513)
Special assessments received	-	37,962	37,962
Interest received	-	1,518	1,518
Miscellaneous revenue	18,105	-	18,105
Net cash used for capital and related financing activities	<u>(79,636)</u>	<u>(19,454)</u>	<u>(99,090)</u>
Change in Cash	65,714	77,980	143,694
Cash Balance, Beginning	<u>178,465</u>	<u>1,162,143</u>	<u>1,340,608</u>
Cash Balance, Ending	<u>\$ 244,179</u>	<u>\$ 1,240,123</u>	<u>\$ 1,484,302</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 33,467	\$ 24,536	\$ 58,003
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	117,326	73,490	190,816
Changes in assets and liabilities			
Accounts receivable	(5,107)	(1,208)	(6,315)
Construction payable	25,065	616	25,681
Net cash from operating activities	<u>\$ 170,751</u>	<u>\$ 97,434</u>	<u>\$ 268,185</u>

Note 1 - Summary of Significant Accounting Policies

The City of Glyndon, Minnesota's (the "City") financial statements are prepared using accounting practices prescribed or permitted by the State of Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. Governmental fund financial statements are reported using the cash basis and proprietary fund financial statements are reported on the full accrual basis. The more significant accounting policies used by the City are discussed below.

Reporting Entity

The City's financial statements include all funds and account groups for which the City is financially accountable.

The City is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Additionally, the City is not included in any other governmental reporting entity.

Component units are legally separate organizations for which elected officials of the primary government are financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. able to impose its will on that organization or
2. there is potential for the organization to provide specific financial benefits to, or impose financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City.

There are no component units reported within these financial statements.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Tax and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental funds financial statements are reported using the cash basis. Under this method, revenues are recognized only when the City receives cash, and expenditures are recognized only when the City disburses cash. For the cash basis funds, schedules of accounts receivable and accounts payable are displayed separately for informational purposes.

Proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The City reports the following major governmental funds:

- *General Fund* – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Street Improvement Fund* – The City accounts for cash receipts and disbursements related to street improvement capital project.

The City reports the following major proprietary funds:

- *Water Fund* – The City accounts for revenues and expenses relating to the furnishing of water service to residents of the City in this fund.
- *Sewer Fund* – The City accounts for revenues and expenses relating to the furnishing of sewer service to residents of the City in this fund. The special assessments levied to retire the bonded indebtedness relating to the construction of the sewer system are also accounted for in this fund.

Amounts reported as program revenues include the following: amounts received from those who purchase, use or directly benefit from a program; amounts received from parties outside the City that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of 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.

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

Other Significant Accounting Policies

Cash

The City maintains cash pools that are used by substantially all of the City funds. The City considers cash equivalents to include cash, savings accounts, and money market accounts. These are separately held for each fund and are stated at fair value. Investments consist of asset backed securities, mutual funds, preferred securities, and certificates of deposits with original maturities of over three months. These are separately held for each fund and are stated at fair value as of the balance sheet date.

Restricted Cash

The City is required to maintain a replacement reserve in the Water Fund in accordance with the Drinking Water Revolving Fund 2018A note payable. The amount at December 31, 2023, exceeds the minimum deposit requirement.

Receivables

All receivables are shown net of any allowance for uncollectibles, if applicable. There were no allowances recorded in the proprietary funds as of December 31, 2023.

Capital Assets

Capital assets of the proprietary funds are stated at cost if purchased or at fair market value on the date received if donated, less accumulated depreciation. Major renewals and improvements are charged to the capital asset accounts and depreciated accordingly. Replacements, maintenance, and repairs are expensed currently. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is recognized at that time.

Depreciation is provided for the capital assets of the proprietary funds using the straight-line method over the following estimated useful lives:

Improvements other than buildings	20 – 50 years
Machinery and equipment	5 – 50 years
Buildings	50 years

The City's threshold amount for determining which purchases to include in the capital assets is items greater than \$5,000.

Compensated Absences

Vacation is earned at the following rates for full time employees: 1) during the first year of employment: 56 hours of vacation are earned; 2) beginning the second year of employment: 96 hours are earned; 3) beginning the third year, and each year thereafter, 8 additional hours are added to the vacation earned rate until a maximum of 225 hours per year is reached. The maximum vacation earned is reached in the 12th year of employment. Vacation is accrued in the proprietary funds and is considered long-term for reporting purposes. In all other funds, vacation is recorded as an expenditure when used.

Sick pay is earned and may be accumulated by City employees up to 130 days. Employees can use 33 percent of unused sick leave for severance pay upon retirement. Severance pay of 33 percent of sick pay is accrued in the water and sewer funds and is considered long-term for reporting purposes. In all other funds, sick pay is recorded as an expenditure when used.

Fund Balance

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- *Assigned Fund Balance* – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred by outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Property Taxes

Property tax levies are set by the City Council in October each year and are certified to Clay County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The county spreads all levies over assessable property. Such taxes become a lien on January 1 and receivable by the City at that date. Property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The county provides tax settlements to the City in April, June, and November.

Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties. Special assessments are generally collected by county and remitted to the City at the same time property tax settlements are made.

Budgets

Annual budgets are adopted for the General Fund on the cash basis. Budgetary comparisons presented in this report are on this budgetary basis.

Appropriations are authorized by the City Council at the fund level, which are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. All unexpended appropriations lapse at year-end.

Any changes in the total budget of each fund must be approved by a majority vote of the City Council.

Note 2 - Deposits and Investments

Deposits

In accordance with Minnesota statutes, the City maintains deposits at those depositories authorized by the City Council. All such depositories are members of the Federal Reserve System.

The following is considered the most significant risk associated with deposits:

- *Custodial Credit Risk* – This is the risk that in the event of a bank failure, the City’s deposits may be lost.
- *Interest Rate Risk* – The City does not have a formal policy that limits investment maturities. However, the City does limit the maturities of certificates of deposit to less than one year as a means of managing its exposure to fair value losses arising from increasing interest rates.
- *Concentration of Credit Risk* – The City maintains its cash in bank deposit accounts which may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank deposit, per insured bank, for each account ownership category. At December 31, 2023, the City had approximately \$4.8 million of deposits in excess of FDIC insurance.

Minnesota statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an 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.

At December 31, 2023, all deposits were insured or collateralized by securities held by the City’s agent in the City’s name.

The following table presents the City’s deposit and investment balances at December 31, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Not Applicable	< 1
Deposits	\$ 4,647,350	\$ 4,647,350	\$ -

Investments

Minnesota statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record. As of and during the year ended December 31, 2023, the City did not have any investments.

Note 3 - Capital Assets

Proprietary funds:

	Balance 12/31/22	Additions	Retirements	Balance 12/31/23
Capital assets being depreciated				
Buildings and equipment	\$ 4,308,173	\$ 25,401	\$ -	\$ 4,333,574
Land improvements	2,447,718	-	-	2,447,718
Total capital assets, being depreciated	6,755,891	25,401	-	6,781,292
Less: accumulated depreciation				
Buildings and equipment	877,228	117,326	-	994,554
Land improvements	417,847	73,490	-	491,337
Total accumulated depreciation	1,295,075	190,816	-	1,485,891
Total capital assets, being depreciated, net	5,460,816	(165,415)	-	5,295,401
Total capital assets, net	\$ 5,460,816	\$ (165,415)	\$ -	\$ 5,295,401

Depreciation expense was charged to functions/programs of the government as follows:

Water	\$ 117,326
Sewer	73,490
	\$ 190,816

Note 4 - City Indebtedness

Changes in long-term debt were as follows:

	Balance 12/31/22	Additions	Retired	Balance 12/31/23	Balance Due Within One Year
Governmental Activities					
General obligation bonds	\$ 8,016,000	\$ 3,005,000	\$ 451,000	\$ 10,570,000	\$ 455,000
Business-Type Activities					
General obligation revenue bonds	\$ 1,009,000	\$ -	\$ 72,000	\$ 937,000	\$ 74,000
Financed purchase - direct borrowing	12,553	-	6,162	6,391	6,391
Notes payable	546,000	-	60,000	486,000	61,000
Compensated absences	12,422	12,098	12,098	12,422	12,422
Business-type activities long-term debt	<u>\$ 1,579,975</u>	<u>\$ 12,098</u>	<u>\$ 150,260</u>	<u>\$ 1,441,813</u>	<u>\$ 153,813</u>

The following is a summary of long-term debt as of December 31, 2023:

Type	Authorized and Issued	Final Year of Maturity	Interest Rate	Outstanding
Governmental activities				
General obligation bonds				
2014A refunding bond	\$ 1,995,000	2025	2.00% - 3.00%	\$ 375,000
2017A improvement bond	3,305,000	2039	2.00% - 3.75%	2,755,000
2019A general obligation bond	4,660,000	2040	2.00% - 3.125%	4,435,000
2023A improvement bond	3,005,000	2045	4.00% - 4.25%	3,005,000
Total governmental activities				<u>\$ 10,570,000</u>
Business-Type Activities				
General obligation revenue bonds				
2021A water revenue refunding bonds	\$ 1,009,000	2035	1.30%	\$ 937,000
Financed purchase				
Butler Machinery - Generator	29,969	2024	3.00%	6,391
Notes payable				
Clean water revolving fund	1,170,000	2030	1.09%	399,000
Drinking water revolving fund 2018A	115,035	2037	1.00%	87,000
Total business-type activities				<u>\$ 1,429,391</u>

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The general obligations issued for general government are payable from the debt service funds primarily through special assessments and property taxes levied and collected. The general credit of the City is obligated only to the extent that liens foreclosed against properties involved in the special assessment districts are insufficient to retire outstanding bonds.

During the year ending December 31, 2023, the City issued \$3,005,000 of General Obligation Improvement Bonds, Series 2023A to finance improvements to the Charleswood subdivision. The bonds bear an interest rate of 4.00% to 4.25% and call for semiannual interest payments commencing August 2024. Annual principal payments will commence February 2026 through February 2035 followed by biannual payments commencing February 2037 through February 2045.

General Obligation Revenue Bonds

General obligation revenue bonds are payable from the water and sewer fund’s utility revenues and, if required, by ad valorem tax levies.

Financed Purchase – Direct Borrowing

The City has entered into in a financed purchase agreement to finance the purchase of a generator. Payments are made from the water fund. The original cost of the capital leased generator is \$36,513 with total accumulated depreciation of \$4,488 as of December 31, 2023.

Notes Payable

Notes payable are payable from the water and sewer fund’s utility revenues and, if required, by ad valorem tax levies.

Estimated principal and interest requirements to maturity will be as follows:

Years Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 455,000	\$ 311,133	\$ 141,391	\$ 17,121
2025	490,000	318,738	135,000	15,301
2026	590,000	305,779	139,000	13,656
2027	600,000	290,906	139,000	11,991
2028	620,000	274,675	138,000	10,336
2029 - 2033	3,375,000	1,079,420	545,000	27,983
2034 - 2038	2,775,000	550,683	192,000	2,855
2039 - 2043	1,255,000	192,614	-	-
2044 - 2045	410,000	17,638	-	-
	<u>\$ 10,570,000</u>	<u>\$ 3,341,586</u>	<u>\$ 1,429,391</u>	<u>\$ 99,243</u>

Pledged Revenue

The City has pledged future revenues, net of specified operating expenses, to repay various debt issues of the City. The debt and information relating to the pledged revenues at December 31, 2023, are as follows:

	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2023		Total Principal and Interest Remaining
						Principal and Interest Paid	Net Revenues	
Business-Type Activities								
Revenue Bonds and Notes								
Water Fund	System Construction	Water Revenues	4.10%	2037	\$ 115,035	\$ 6,930	\$ 168,898	\$ 93,690
Sewer Fund	System Construction	Sewer Revenues	47.03%	2030	1,170,000	58,933	125,320	416,576

Note 5 - Operating Leases

The City has an agreement in place for leasing copier equipment. Future lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>
2024	\$ 6,322
2025	6,322
2026	6,322
2027	6,322
2028	6,322
2029	1,054
	<u>\$ 32,664</u>

The City made copier lease payments of \$5,580 in the year ended December 31, 2023.

Note 6 - Defined Benefit Pension Plans - Statewide

Plan Description

All full-time and certain part-time employees of the City of Glyndon, Minnesota, are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (accounted for in the General Employees Fund) and the Public Employees Police and Fire Retirement Plan (accounted for in the Police and Fire Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the Police and Fire Plan.

PERA provides retirement benefits as well as disability benefits to members and survivor benefits upon death of eligible members. Benefits are established by state statute. Benefits for members of the General Employees Plan vest after five years of credited service. Benefits for the Police and Fire Plan vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years. The defined benefit retirement plan benefits are based on a member's highest average salary for any five years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

For all General Employee Plan members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989, or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about six percent per year) for members retiring prior to full retirement age.

Normal retirement age is 55 for Police and Fire plan members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement with an actuarial reduction in the member's benefit.

A full unreduced pension is earned when Police and Fire plan members meet the following conditions: age 55 and vested or age plus years of service total at least 90 if first hired prior to July 1, 1989.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees and Police and Fire. That report may be obtained on the PERA's website at www.mnpera.org/financial/.

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state Legislature. In 2023, Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary and Police and Fire Plan members were required to contribute 11.8 percent of their annual covered salary.

The City makes annual contributions to the pension plans equal to the amount required by state statutes. In 2023, the City was required to contribute the following percentages of annual covered payroll: 7.5 percent for Coordinated Plan members and 17.70 percent for Police and Fire Plan members.

The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022, and 2021, were \$18,496, \$15,418, and \$16,878, respectively. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022, and 2021 were \$50,345, \$47,204, and \$42,652, respectively.

Note 7 - Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees 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 six accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,020	\$ 1,020	5.0%	5.0%	5.0%

Note 8 - Stewardship, Compliance, and Accountability

Excess of Disbursements Over Appropriations

Budget control for the General Fund is established by the fund's total appropriations. The General Fund had disbursements exceeding appropriations in the amount of \$89,424 for the year ended December 31, 2023. This over expenditure was covered by revenues in excess of appropriations and available fund balance.

Note 9 - Commitments

Construction

At December 31, 2023, no work has yet been completed relating to Charleswood Subdivision project. Total costs for the project are estimated to be \$2,781,000 with completion occurring during the year ended December 31, 2024.

Note 10 - Statement of Orders Issued

The City posts its City Council meetings monthly so Schedule 5, Statement of Orders Issued, is not required for the Minnesota State Auditor's Office.



Other Supplementary Information
December 31, 2023

City of Glyndon, Minnesota

City of Glyndon, Minnesota

Nonmajor Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis

Year Ended December 31, 2023

	Special	Debt Service Funds			Capital	Total Other
	Revenue Fund	G.O.	G.O.	G.O.	Project Fund	
	TIF District	Refunding Bonds 2014A	Improvement Bonds 2017A	Improvement Bond 2023A	Parke Avenue	Governmental Funds
Receipts						
Property taxes	\$ -	\$ 240,591	\$ -	\$ -	\$ 7,149	\$ 247,740
Special assessments	-	37,949	319,008	-	113,381	470,338
TIF increments	67,044	-	-	-	-	67,044
Miscellaneous	-	-	-	-	40	40
Total receipts	67,044	278,540	319,008	-	120,570	785,162
Disbursements						
TIF repayments	62,015	-	-	-	-	62,015
Debt service						
Principal	-	180,000	140,000	9,250	80,000	409,250
Interest and other charges	-	13,950	81,569	-	121,775	217,294
Total disbursements	62,015	193,950	221,569	9,250	201,775	688,559
Excess (Deficiency) of Receipts over (under) Disbursements	5,029	84,590	97,439	(9,250)	(81,205)	96,603
Other Financing Sources						
Bond proceeds	-	-	-	168,932	-	168,932
Net Change in Cash Basis Fund Balance	5,029	84,590	97,439	159,682	(81,205)	265,535
Cash Basis Fund Balance, Beginning	20,332	279,712	292,416	-	96,158	688,618
Cash Basis Fund Balance, Ending	\$ 25,361	\$ 364,302	\$ 389,855	\$ 159,682	\$ 14,953	\$ 954,153

City of Glyndon, Minnesota

Nonmajor Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis

Year Ended December 31, 2023

	Special Revenue Fund	Debt Service Funds			Capital Project Fund	Total Other Governmental Funds
	TIF District	G.O. Refunding Bonds 2014A	G.O. Improvement Bonds 2017A	G.O. Improvement Bonds 2023A	Parke Avenue	
Cash Basis Assets - End of Year						
Cash	\$ 25,361	\$ 364,302	\$ 389,855	\$ 159,682	\$ 14,953	\$ 954,153
Cash Basis Fund Balance						
Restricted for TIF repayments	\$ 25,361	\$ -	\$ -	\$ -	\$ -	\$ 25,361
Restricted for debt service	-	364,302	389,855	159,682	-	913,839
Restricted for capital projects	-	-	-	-	14,953	14,953
	\$ 25,361	\$ 364,302	\$ 389,855	\$ 159,682	\$ 14,953	\$ 954,153

City of Glyndon, Minnesota

General Fund

Detailed Budgetary Comparison Schedule – Cash Basis

Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
Receipts			
Taxes - general property	\$ 472,785	\$ 468,875	\$ (3,910)
Licenses and permits			
Liquor license	4,600	5,210	610
Building permits	13,600	12,976	(624)
Non-business - other	1,100	1,307	207
	<u>19,300</u>	<u>19,493</u>	<u>193</u>
Intergovernmental receipts			
Local government aid	426,738	474,403	47,665
County highway aid	5,000	7,888	2,888
Township aid	28,280	21,210	(7,070)
Police relief aid	39,000	47,599	8,599
Fire relief aid	23,700	29,238	5,538
Clay County - recycling money	22,000	24,760	2,760
	<u>544,718</u>	<u>605,098</u>	<u>60,380</u>
Charges for services			
Garbage collections	174,300	174,242	(58)
Public safety	9,160	28,493	19,333
Other	9,600	9,917	317
	<u>193,060</u>	<u>212,652</u>	<u>19,592</u>
Fines and forfeits	<u>25,000</u>	<u>21,855</u>	<u>(3,145)</u>
Miscellaneous			
Interest	300	12,633	12,333
Community hall rental	2,000	3,968	1,968
Donations	500	15,495	14,995
Other	60,190	37,169	(23,021)
	<u>62,990</u>	<u>69,265</u>	<u>6,275</u>
Total receipts	<u>1,317,853</u>	<u>1,397,238</u>	<u>79,385</u>

City of Glyndon, Minnesota

General Fund

Detailed Budgetary Comparison Schedule – Cash Basis

Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Disbursements			
General government			
Salary and benefits	\$ 72,087	\$ 75,891	\$ (3,804)
Supplies and telephone	10,200	8,681	1,519
Professional services	84,295	73,158	11,137
Utilities	46,000	49,498	(3,498)
Insurance	100,600	94,116	6,484
Capital outlay	700	681	19
Special assessment charges	4,500	4,352	148
Other current charges	<u>72,920</u>	<u>197,704</u>	<u>(124,784)</u>
Total general government	<u>391,302</u>	<u>504,081</u>	<u>(112,779)</u>
Public safety			
Police protection			
Salary and benefits	452,812	404,940	47,872
Supplies and telephone	22,750	19,719	3,031
Other current charges	<u>129,300</u>	<u>98,522</u>	<u>30,778</u>
	<u>604,862</u>	<u>523,181</u>	<u>81,681</u>
Fire and rescue protection			
Salary and benefits	13,550	14,110	(560)
Supplies and telephone	23,600	25,080	(1,480)
Other current charges	<u>49,785</u>	<u>61,296</u>	<u>(11,511)</u>
	<u>86,935</u>	<u>100,486</u>	<u>(13,551)</u>
Total public safety	<u>691,797</u>	<u>623,667</u>	<u>68,130</u>

City of Glyndon, Minnesota

General Fund

Detailed Budgetary Comparison Schedule – Cash Basis

Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
Streets and parks			
Supplies and telephone	\$ 30,220	\$ 21,651	\$ 8,569
Capital outlay	26,585	26,000	585
Other current charges	76,900	71,365	5,535
	<u>133,705</u>	<u>119,016</u>	<u>14,689</u>
Community center			
Electricity and fuel	13,000	15,852	(2,852)
Supplies and telephone	4,000	3,511	489
	<u>17,000</u>	<u>19,363</u>	<u>(2,363)</u>
Sanitation			
Salary and benefits	5,015	3,156	1,859
Supplies and telephone	300	306	(6)
Disposal charges	174,200	169,729	4,471
Repairs and Maintenance	-	21,101	(21,101)
	<u>179,515</u>	<u>194,292</u>	<u>(14,777)</u>
Debt service			
Principal	-	41,750	(41,750)
Interest and other charges	-	574	(574)
	<u>-</u>	<u>42,324</u>	<u>(42,324)</u>
Total disbursements	<u>1,413,319</u>	<u>1,502,743</u>	<u>(89,424)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(95,466)	(105,505)	(10,039)
Other Financing Source			
Insurance reimbursement	-	10,336	10,336
Net Change in Fund Balance	<u>\$ (95,466)</u>	<u>(95,169)</u>	<u>\$ 297</u>
Fund Balance, Beginning		<u>1,092,017</u>	
Fund Balance, Ending		<u>\$ 996,848</u>	

City of Glyndon, Minnesota
General Fund by Department

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2023

	General Operations Department	Rescue Squad Department	Fire Department	Total General Fund
Receipts				
Property taxes	\$ 443,801	\$ 10,030	\$ 15,044	\$ 468,875
Licenses and permits	19,493	-	-	19,493
Intergovernmental	554,650	-	50,448	605,098
Interest earnings	12,633	-	-	12,633
Charges for services	187,290	-	25,362	212,652
Fine and forfeits	21,855	-	-	21,855
Miscellaneous	40,627	6,005	10,000	56,632
Total receipts	1,280,349	16,035	100,854	1,397,238
Disbursements				
Current				
General government	503,400	-	-	503,400
Public safety	523,181	5,542	94,944	623,667
Streets and parks	93,016	-	-	93,016
Sanitation	194,292	-	-	194,292
Culture and recreation	19,363	-	-	19,363
Debt service				
Principal	41,750	-	-	41,750
Interest and other charges	574	-	-	574
Capital outlay	26,681	-	-	26,681
Total disbursements	1,402,257	5,542	94,944	1,502,743
Excess (Deficiency) of Receipts Over (Under) Disbursements	(121,908)	10,493	5,910	(105,505)
Other Financing Source				
Insurance reimbursement	10,336	-	-	10,336
Net Change in Cash Basis Fund Balances	(111,572)	10,493	5,910	(95,169)
Cash Basis Fund Balances, Beginning	926,856	113,863	51,298	1,092,017
Cash Basis Fund Balances, Ending	\$ 815,284	\$ 124,356	\$ 57,208	\$ 996,848

City of Glyndon, Minnesota
 Schedule of Accounts Receivable
 December 31, 2023

<u>Fund and Source</u>	<u>Purpose</u>	<u>Amount</u>
Debt Service Fund		
Clay County	Special Assessments	\$ 300,936
Clay County	Property Taxes	18,887
Parke Ave Fund		
Clay County	Special Assessments	<u>21,499</u>
		<u><u>\$ 341,322</u></u>

City of Glyndon, Minnesota
Schedule of Accounts Payable
December 31, 2023

<u>Fund and Vendor</u>	<u>Purpose</u>	<u>Amount</u>
General Fund Fuchs Sanitation Inc.	Refuse/Garbage Disposal	<u>\$ 12,706</u>



Additional Reports
December 31, 2023

City of Glyndon, Minnesota



Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor,
City Council and Clerk Treasurer
City of Glyndon, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of the City of Glyndon, Minnesota (“the City”) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 11, 2024.

In our report, we issued an adverse opinion on the financial statements of the City as the financial statements are prepared by the City on the basis of financial reporting provisions permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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 entity’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, and 2023-003, as items that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fargo, North Dakota
June 11, 2024



Minnesota Legal Compliance

To the Honorable Mayor,
City Council and Clerk Treasurer
City of Glyndon, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining funds of the City of Glyndon, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2024.

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.

This report is solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fargo, North Dakota
June 11, 2024

Section I – Financial Statement Findings

**2023-001 Segregation of Duties
Material Weakness**

Criteria – A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping, and reconciliation functions.

Condition – The City has a lack of segregation of duties due to a limited staff.

Cause – There is a limited number of office employees involved in the internal control process.

Effect – Inadequate segregation of duties could adversely affect the City’s ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation – While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the City. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials – Due to cost constraints, there will be no further administrative employees added.

2023-002 **Material Journal Entries**
Material Weakness

Criteria – A good system of internal accounting control involves sufficient training of personnel to foster an adequate system for recording and processing entries material to the financial statements. In addition, a good system also involves adequate oversight by the Council.

Condition – During the course of our engagement, we proposed numerous material audit adjustments that would not have been identified as a result of the City’s existing internal controls, and therefore could have resulted in a material misstatement of the City’s financial statements.

Cause – The City does not have an internal control system designed to identify all necessary adjustments.

Effect – This control deficiency could result in a material misstatement to the financial statements that would not be prevented or detected.

Recommendation – The accounting staff and Council or council member should attend training and/or consult with a professional to identify and correct the inadequacies.

Views of Responsible Officials – The City will make an effort to review and reconcile all accounts in future years.

2023-003 **Preparation of Financial Statements**
Material Weakness

Criteria – A good system of internal accounting control contemplates the ability to internally prepare their financial statements.

Condition – The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the City’s financial statements and accompanying notes to the financial statements.

Cause – The City does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Effect – The financial disclosures in the financial statements could be incomplete.

Recommendation – This circumstance is not unusual in a City of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials – Due to cost constraints, the City will continue to have the auditors draft the financial statements and accompanying notes to the financial statements.

Section II – Minnesota Legal Compliance Findings

None reported.