



Financial Statements
December 31, 2024

City of Glyndon, Minnesota

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City of Glyndon, Minnesota
Listing of Elected and Appointed Officials
December 31, 2024

<u>Name</u>	<u>Position</u>	<u>Term Expires December 31,</u>
Council		
Joe Olson	Mayor	2028
Bryant DeVries	Council Member	2026
Shonna Severson	Council Member	2028
Patrick McCoy	Council Member	2028
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, 2024, 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glyndon, Minnesota as of December 31, 2024, 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 of Glyndon, Minnesota as of December 31, 2024, 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.

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 on the basis of accounting described in Note 1.

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 May 21, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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 May 21, 2025, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
May 21, 2025

City of Glyndon, Minnesota
Statement of Net Position
December 31, 2024

	Cash Basis Governmental Activities	Business-Type Activities
Assets		
Cash	\$ 2,004,901	\$ 1,504,787
Restricted cash - replacement reserve	-	84,320
Accounts receivable	-	77,339
Special assessments receivable	-	283,886
	<u>2,004,901</u>	<u>1,950,332</u>
Capital assets		
Buildings and equipment	-	4,354,246
Land improvements	-	2,447,718
Less accumulated depreciation	-	(1,677,204)
Total capital assets, net of depreciation	<u>-</u>	<u>5,124,760</u>
Total assets	<u>2,004,901</u>	<u>7,075,092</u>
Liabilities		
Accounts payable	-	3,207
Accrued interest	-	6,281
Noncurrent liabilities		
Due within one year	-	135,000
Due in more than one year	-	1,186,606
Total liabilities	<u>-</u>	<u>1,331,094</u>
Net Position		
Net investment in capital assets	-	3,836,760
Restricted	1,051,252	84,320
Unrestricted	953,649	1,822,918
Total net position	<u>\$ 2,004,901</u>	<u>\$ 5,743,998</u>

City of Glyndon, Minnesota
Statement of Activities
Year Ended December 31, 2024

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	\$ 469,793	\$ 325,799	\$ -	\$ -	\$ (143,994)	\$ -
Public safety	741,669	51,428	83,344	-	(606,897)	-
Sanitation	212,226	202,895	-	-	(9,331)	-
Streets and parks	45,626	-	-	-	(45,626)	-
Culture and recreation	21,924	-	-	-	(21,924)	-
Debt service	764,683	-	-	-	(764,683)	-
TIF repayments	56,676	63,624	-	-	6,948	-
Capital outlay	1,022,021	-	-	-	(1,022,021)	-
Total governmental activities - cash basis	3,334,618	643,746	83,344	-	(2,607,528)	-
Business-type activities						
Water	361,154	402,047	-	-	-	40,893
Sewer	348,870	319,690	-	-	-	(29,180)
Total business-type activities	710,024	721,737	-	-	-	11,713
Total Primary Government	\$ 4,044,642	\$ 1,365,483	\$ 83,344	\$ -	(2,607,528)	11,713
General revenues						
Property taxes					731,429	-
Licenses, permits, fines, and forfeitures					38,125	-
Intergovernmental					548,533	-
Interest earnings					13,569	1,956
Miscellaneous					117,725	16,885
Total general revenues					1,449,381	18,841
Change in net position					(1,158,147)	30,554
Net position - Beginning					3,163,048	5,713,444
Net position - Ending					\$ 2,004,901	\$ 5,743,998

The notes to the financial statements are an integral part of this statement

City of Glyndon, Minnesota

Governmental Funds

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

Year Ended December 31, 2024

	General	Parke Avenue	Street Improvements	Other Governmental Funds	Total Governmental Funds
Receipts					
Property taxes	\$ 449,642	\$ 136,088	\$ -	\$ 145,699	\$ 731,429
Special assessments	-	108,778	-	217,021	325,799
Licenses and permits	19,289	-	-	-	19,289
Intergovernmental	631,877	-	-	-	631,877
Charges for services	254,323	-	-	-	254,323
Fines and forfeits	18,836	-	-	-	18,836
TIF increments	-	-	-	63,624	63,624
Interest earnings	13,569	-	-	-	13,569
Miscellaneous	61,205	15	56,505	-	117,725
Total receipts	<u>1,448,741</u>	<u>244,881</u>	<u>56,505</u>	<u>426,344</u>	<u>2,176,471</u>
Disbursements					
Current					
General government	469,793	-	-	-	469,793
Public safety	741,669	-	-	-	741,669
Streets and parks	45,626	-	-	-	45,626
Sanitation	212,226	-	-	-	212,226
Culture and recreation	21,924	-	-	-	21,924
TIF repayments	-	-	-	56,676	56,676
Debt service					
Principal	-	125,000	-	330,000	455,000
Interest and other charges	-	119,725	-	189,958	309,683
Capital outlay	702	-	1,021,319	-	1,022,021
Total disbursements	<u>1,491,940</u>	<u>244,725</u>	<u>1,021,319</u>	<u>576,634</u>	<u>3,334,618</u>
Net Change in Cash Basis Fund Balances	<u>(43,199)</u>	<u>156</u>	<u>(964,814)</u>	<u>(150,290)</u>	<u>(1,158,147)</u>
Cash Basis Fund Balances - Beginning, as previously reported	996,848	-	1,212,047	954,153	3,163,048
Adjustments (Note 10)	-	14,953	-	(14,953)	-
Cash Basis Fund Balances - Beginning, as restated	<u>996,848</u>	<u>14,953</u>	<u>1,212,047</u>	<u>939,200</u>	<u>3,163,048</u>
Cash Basis Fund Balances, Ending	<u>\$ 953,649</u>	<u>\$ 15,109</u>	<u>\$ 247,233</u>	<u>\$ 788,910</u>	<u>\$ 2,004,901</u>

City of Glyndon, Minnesota
Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2024

	<u>General</u>	<u>Parke Avenue</u>	<u>Street Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Basis Assets - End of Year					
Cash	\$ 953,649	\$ 15,109	\$ 247,233	\$ 788,910	\$ 2,004,901
Cash Basis Fund Balances					
Restricted for TIF repayments	\$ -	\$ -	\$ -	\$ 32,309	\$ 32,309
Restricted for debt service	-	15,109	-	756,601	771,710
Restricted for capital projects	-	-	247,233	-	247,233
Unassigned	953,649	-	-	-	953,649
	<u>\$ 953,649</u>	<u>\$ 15,109</u>	<u>\$ 247,233</u>	<u>\$ 788,910</u>	<u>\$ 2,004,901</u>

City of Glyndon, Minnesota
 Budgetary Comparison Schedule, General Fund – Cash Basis
 Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Receipts			
Property taxes	\$ 446,200	\$ 449,642	\$ 3,442
Licenses and permits	19,200	19,289	89
Intergovernmental	595,789	631,877	36,088
Charges for services	227,970	254,323	26,353
Interest earnings	2,000	13,569	11,569
Fines and forfeits	25,000	18,836	(6,164)
Miscellaneous	77,565	61,205	(16,360)
Total receipts	<u>1,393,724</u>	<u>1,448,741</u>	<u>55,017</u>
Disbursements			
Current:			
General government	397,091	469,793	(72,702)
Public safety	673,860	741,669	(67,809)
Streets and parks	112,746	45,626	67,120
Sanitation	216,045	212,226	3,819
Culture and recreation	20,700	21,924	(1,224)
Capital outlay	700	702	(2)
Total disbursements	<u>1,421,142</u>	<u>1,491,940</u>	<u>(70,798)</u>
Net Change in Cash Basis Fund Balances	<u>\$ (27,418)</u>	(43,199)	<u>\$ (15,781)</u>
Cash Basis Fund Balance - Beginning		<u>996,848</u>	
Cash Basis Fund Balance - Ending		<u>\$ 953,649</u>	

City of Glyndon, Minnesota

Proprietary Funds

Statement of Net Position

December 31, 2024

	Water	Sewer	Total
Assets			
Current Assets			
Cash	\$ 215,682	\$ 1,289,105	\$ 1,504,787
Restricted cash - replacement reserve	84,320	-	84,320
Accounts receivable	43,655	33,684	77,339
Special assessments receivable, current portion	-	45,360	45,360
Total current assets	343,657	1,368,149	1,711,806
Noncurrent Assets			
Capital assets			
Buildings and equipment	4,342,585	11,661	4,354,246
Land improvements	-	2,447,718	2,447,718
Accumulated depreciation	(1,112,319)	(564,885)	(1,677,204)
Net capital assets	3,230,266	1,894,494	5,124,760
Other assets			
Special assessments receivable, net of current portion	-	238,526	238,526
Total assets	3,573,923	3,501,169	7,075,092
Liabilities			
Current Liabilities			
Accounts payable	-	3,207	3,207
Accrued interest	4,927	1,354	6,281
Current portion of long-term debt	80,000	55,000	135,000
Total current liabilities	84,927	59,561	144,488
Noncurrent Liabilities			
Compensated absences	16,803	16,803	33,606
Long-term debt, net of current portion	864,000	289,000	1,153,000
Total noncurrent liabilities	880,803	305,803	1,186,606
Total liabilities	965,730	365,364	1,331,094
Net Position			
Net investment in capital assets	2,286,266	1,550,494	3,836,760
Restricted	84,320	-	84,320
Unrestricted	237,607	1,585,311	1,822,918
Total net position	\$ 2,608,193	\$ 3,135,805	\$ 5,743,998

City of Glyndon, Minnesota
Proprietary Funds
Statement of Changes in Net Position
Year Ended December 31, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue			
Charges for services	\$ 402,047	\$ 309,396	\$ 711,443
Operating Expenses			
Cost of charges for services	49,388	89,052	138,440
Administration	182,258	182,354	364,612
Depreciation	117,765	73,548	191,313
Total operating expenses	349,411	344,954	694,365
Operating Income (Loss)	52,636	(35,558)	17,078
Nonoperating Revenue (Expense)			
Special assessments	-	10,294	10,294
Interest income	-	1,956	1,956
Miscellaneous revenue	16,885	-	16,885
Interest expense	(11,743)	(3,916)	(15,659)
Total nonoperating revenue (expense)	5,142	8,334	13,476
Change in Net Position	57,778	(27,224)	30,554
Net Position - Beginning	2,550,415	3,163,029	5,713,444
Net Position - Ending	<u>\$ 2,608,193</u>	<u>\$ 3,135,805</u>	<u>\$ 5,743,998</u>

City of Glyndon, Minnesota

Proprietary Funds

Statement of Cash Flows

Year Ended December 31, 2024

	Water	Sewer	Total
Operating Activities			
Receipts from customers	\$ 404,690	\$ 312,433	\$ 717,123
Payments to suppliers	(74,453)	(88,437)	(162,890)
Payments to employees	(171,666)	(171,762)	(343,428)
Net cash from operating activities	158,571	52,234	210,805
Investing Activity			
Purchase of capital assets	(20,672)	-	(20,672)
Capital and Related Financing Activities			
Principal payments on debt	(86,391)	(55,000)	(141,391)
Interest paid on debt	(12,570)	(4,345)	(16,915)
Special assessments received	-	54,137	54,137
Interest received	-	1,956	1,956
Miscellaneous revenue	16,885	-	16,885
Net cash used for capital and related financing activities	(82,076)	(3,252)	(85,328)
Change in Cash and Restricted Cash	55,823	48,982	104,805
Cash and Restricted Cash, Beginning of Year	244,179	1,240,123	1,484,302
Cash and Restricted Cash, End of Year	<u>\$ 300,002</u>	<u>\$ 1,289,105</u>	<u>\$ 1,589,107</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ 52,636	\$ (35,558)	\$ 17,078
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	117,765	73,548	191,313
Changes in assets and liabilities			
Accounts receivable	2,643	3,037	5,680
Accounts payable	(25,065)	615	(24,450)
Compensated absences	10,592	10,592	21,184
Net cash from operating activities	<u>\$ 158,571</u>	<u>\$ 52,234</u>	<u>\$ 210,805</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.
- *Parke Avenue Fund* – The City accounts for cash receipts and disbursements related to the Parke Avenue debt service.
- *Street Improvement Fund* – The City accounts for cash receipts and disbursements related to street improvement capital projects.

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.

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, 2024, 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, 2024.

Capital Assets

Capital assets of the proprietary funds are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Land improvements	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.

Sick leave 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.

Vacation and sick leave are accrued in the water and sewer funds and is considered long-term for reporting purposes. In all other funds, vacation and sick leave is recorded as a disbursement 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.

Adoption of New Standard

As of January 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the City's financial statements as a result of the implementation of this standard.

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, 2024, the City had approximately \$3.4 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, 2024, 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, 2024:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Not Applicable	< 1
Deposits	\$ 3,594,008	\$ 3,594,008	\$ -

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, 2024, the City did not have any investments.

Note 3 - Capital Assets

Proprietary funds:

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24
Capital assets being depreciated				
Buildings and equipment	\$ 4,333,574	\$ 20,672	\$ -	\$ 4,354,246
Land improvements	2,447,718	-	-	2,447,718
Total capital assets, being depreciated	6,781,292	20,672	-	6,801,964
Less: accumulated depreciation				
Buildings and equipment	994,554	117,765	-	1,112,319
Land improvements	491,337	73,548	-	564,885
Total accumulated depreciation	1,485,891	191,313	-	1,677,204
Total capital assets, being depreciated, net	5,295,401	(170,641)	-	5,124,760
Total capital assets, net	\$ 5,295,401	\$ (170,641)	\$ -	\$ 5,124,760

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

Water	\$ 117,765
Sewer	73,548
	<u>\$ 191,313</u>

Note 4 - City Indebtedness

Changes in long-term debt were as follows:

	Balance 1/1/24	Additions	Retired	Balance 12/31/24	Balance Due Within One Year
Governmental Activities					
General obligation bonds	<u>\$ 10,570,000</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 10,115,000</u>	<u>\$ 490,000</u>
Business-Type Activities					
General obligation revenue bonds	\$ 937,000	\$ -	\$ 74,000	\$ 863,000	\$ 73,000
Financed purchase - direct borrowing	6,391	-	6,391	-	-
Notes payable	486,000	-	61,000	425,000	62,000
Compensated absences*	<u>12,422</u>	<u>21,184</u>	<u>-</u>	<u>33,606</u>	<u>-</u>
Business-type activities long-term debt	<u>\$ 1,441,813</u>	<u>\$ 21,184</u>	<u>\$ 141,391</u>	<u>\$ 1,321,606</u>	<u>\$ 135,000</u>

*The roll-forward schedule only reports the net change in the compensated absences liability.

The following is a summary of long-term debt as of December 31, 2024:

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%	\$ 190,000
2017A improvement bond	3,305,000	2039	2.00% - 3.75%	2,610,000
2019A general obligation bond	4,660,000	2040	2.00% - 3.125%	4,310,000
2023A improvement bond	3,005,000	2045	4.00% - 4.25%	3,005,000
Total governmental activities				<u>\$ 10,115,000</u>
Business-Type Activities				
General obligation revenue bonds				
2021A water revenue refunding bonds	\$ 1,009,000	2035	1.30%	\$ 863,000
Notes payable				
Clean water revolving fund	1,170,000	2030	1.09%	344,000
Drinking water revolving fund 2018A	115,035	2037	1.00%	81,000
				<u>425,000</u>
Total business-type activities				<u>\$ 1,288,000</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.

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.

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
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	640,000	257,444	142,000	8,656
2030 - 2034	3,470,000	971,545	490,000	21,216
2035 - 2039	2,490,000	462,068	105,000	966
2040 - 2044	1,005,000	144,835	-	-
2045	210,000	4,463	-	-
	<u>\$ 10,115,000</u>	<u>\$ 3,030,453</u>	<u>\$ 1,288,000</u>	<u>\$ 82,122</u>

Compensated Absences

Additional information regarding compensated absences payable are included in Note 1.

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, 2024, are as follows:

	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2024		Total Principal and Interest Remaining
						Principal and Interest Paid	Net Revenues	
Business-Type Activities								
Revenue Bonds and Notes								
Water Fund	System Construction	Water Revenues	3.67%	2037	\$ 115,035	\$ 6,870	\$ 187,286	\$ 86,820
Sewer Fund	System Construction	Sewer Revenues	118.12%	2030	1,170,000	59,345	50,240	357,231

Note 5 - Defined Benefit Pension Plans - Statewide

Plan Description

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

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.

Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

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

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.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989, or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Police and Fire Plan Benefits

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

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

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.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$21,521. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$64,185. The City's contributions were equal to the required contributions as set by state statute.

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 6 - Public Employees Defined Contribution Plan (Defined Contribution Plan)

Five council members of the City are covered by the Defined Contribution Plan, 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 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 five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,000	\$ 1,000	5.0%	5.0%	5.0%

Note 7 - 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 \$70,798 for the year ended December 31, 2024. This over expenditure was covered by revenues in excess of appropriations and available fund balance.

Note 8 - Commitments

Lease

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>
2025	\$ 6,322
2026	6,322
2027	6,322
2028	6,322
2029	1,054
	<u>\$ 26,342</u>

The City made copier lease payments of \$6,322 in the year ended December 31, 2024.

Note 9 - 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.

Note 10 - Restatement

During fiscal year 2024, there was a change within the financial reporting entity which resulted in the Parke Avenue Fund being reported as a major fund instead of as a nonmajor fund. As a result, fund balance of the Parke Avenue Fund of \$14,953 which was previously reported in the nonmajor funds is now reported as a major fund with a beginning fund balance of \$14,953. This resulted in adjustments to and restatements of beginning fund balance as follows:

	January 1, 2024, As Previously Reported	Change to or Within the Financial Reporting Entity	January 1, 2024, As Restated
Governmental Funds			
Parke Avenue	\$ -	\$ 14,953	\$ 14,953
Nonmajor Funds	954,153	(14,953)	939,200



Other Supplementary Information
December 31, 2024

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, 2024

	Special Revenue Fund	Debt Service Funds				Total Other Governmental Funds
	TIF District	G.O. Refunding Bonds 2014A	G.O. Improvement Bonds 2017A	G.O. Improvement Bond 2023A	Parke Avenue	
Receipts						
Property taxes	\$ -	\$ 145,699	\$ -	\$ -		\$ 145,699
Special assessments	-	27,894	189,127	-		217,021
TIF increments	63,624	-	-	-		63,624
Total receipts	63,624	173,593	189,127	-		426,344
Disbursements						
TIF repayments	56,676	-	-	-		56,676
Debt service						
Principal	-	185,000	145,000	-		330,000
Interest and other charges	-	8,475	78,719	102,764		189,958
Total disbursements	56,676	193,475	223,719	102,764		576,634
Net Change in Cash Basis Fund Balance	6,948	(19,882)	(34,592)	(102,764)		(150,290)
Cash Basis Fund Balance - Beginning, as previously reported	25,361	364,302	389,855	159,682	14,953	954,153
Adjustments (Note 10)	-	-	-	-	(14,953)	(14,953)
Cash Basis Fund Balance - Beginning, as restated	25,361	364,302	389,855	159,682	-	939,200
Cash Basis Fund Balance, Ending	\$ 32,309	\$ 344,420	\$ 355,263	\$ 56,918	\$ -	\$ 788,910

City of Glyndon, Minnesota
Nonmajor Governmental Funds
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2024

	Special Revenue Fund	Debt Service Funds			Total Other Governmental Funds
	TIF District	G.O. Refunding Bonds 2014A	G.O. Improvement Bonds 2017A	G.O. Improvement Bonds 2023A	
Cash Basis Assets - End of Year					
Cash	\$ 32,309	\$ 344,420	\$ 355,263	\$ 56,918	\$ 788,910
Cash Basis Fund Balance					
Restricted for TIF repayments	\$ 32,309	\$ -	\$ -	\$ -	\$ 32,309
Restricted for debt service	-	344,420	355,263	56,918	756,601
	<u>\$ 32,309</u>	<u>\$ 344,420</u>	<u>\$ 355,263</u>	<u>\$ 56,918</u>	<u>\$ 788,910</u>

City of Glyndon, Minnesota

General Fund

Detailed Budgetary Comparison Schedule – Cash Basis

Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Receipts			
Taxes - general property	\$ 446,200	\$ 449,642	\$ 3,442
Licenses and permits			
Liquor license	4,600	3,905	(695)
Building permits	13,600	13,744	144
Non-business - other	1,000	1,640	640
	19,200	19,289	89
Intergovernmental receipts			
Local government aid	464,449	477,125	12,676
County highway aid	7,000	9,513	2,513
Township aid	28,840	35,914	7,074
Police relief aid	48,000	54,400	6,400
Fire relief aid	25,500	28,944	3,444
Clay County - recycling money	22,000	25,981	3,981
	595,789	631,877	36,088
Charges for services			
Garbage collections	207,320	202,895	(4,425)
Public safety	12,100	42,981	30,881
Other	8,550	8,447	(103)
	227,970	254,323	26,353
Fines and forfeits	25,000	18,836	(6,164)
Miscellaneous			
Interest earnings	2,000	13,569	11,569
Community hall rental	2,500	4,994	2,494
Donations	500	10,276	9,776
Other	74,565	45,935	(28,630)
	79,565	74,774	(4,791)
Total receipts	1,393,724	1,448,741	55,017

City of Glyndon, Minnesota

General Fund

Detailed Budgetary Comparison Schedule – Cash Basis

Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Disbursements			
General government			
Salary and benefits	\$ 75,375	\$ 70,819	\$ 4,556
Supplies and telephone	10,400	8,867	1,533
Professional services	82,495	78,079	4,416
Utilities	51,000	42,635	8,365
Insurance	97,600	85,049	12,551
Capital outlay	700	702	(2)
Special assessment charges	4,500	4,352	148
Other current charges	75,721	179,992	(104,271)
Total general government	397,791	470,495	(72,704)
Public safety			
Police protection			
Salary and benefits	459,105	504,723	(45,618)
Supplies and telephone	22,280	17,880	4,400
Other current charges	99,300	101,555	(2,255)
Total police protection	580,685	624,158	(43,473)
Fire and rescue protection			
Salary and benefits	13,550	16,673	(3,123)
Supplies and telephone	28,425	29,678	(1,253)
Other current charges	51,200	71,160	(19,960)
Total fire and rescue protection	93,175	117,511	(24,336)
Total public safety	673,860	741,669	(67,809)

City of Glyndon, Minnesota

General Fund

Detailed Budgetary Comparison Schedule – Cash Basis

Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Streets and parks			
Supplies and telephone	\$ 30,920	\$ 25,885	\$ 5,035
Other current charges	81,826	19,741	62,085
	<u>112,746</u>	<u>45,626</u>	<u>67,120</u>
Sanitation			
Salary and benefits	3,276	2,987	289
Supplies and telephone	400	868	(468)
Disposal charges	204,720	193,150	11,570
Repairs and Maintenance	7,649	15,221	(7,572)
	<u>216,045</u>	<u>212,226</u>	<u>3,819</u>
Culture and recreation			
Electricity and fuel	17,000	17,638	(638)
Supplies and telephone	3,700	4,286	(586)
	<u>20,700</u>	<u>21,924</u>	<u>(1,224)</u>
Total disbursements	<u>1,421,142</u>	<u>1,491,940</u>	<u>(70,798)</u>
Net Change in Fund Balance	<u>\$ (27,418)</u>	<u>(43,199)</u>	<u>\$ (15,781)</u>
Fund Balance, Beginning		<u>996,848</u>	
Fund Balance, Ending		<u>\$ 953,649</u>	

City of Glyndon, Minnesota
General Fund by Department

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2024

	General Operations Department	Rescue Squad Department	Fire Department	Total General Fund
Receipts				
Property taxes	\$ 424,427	\$ 10,086	\$ 15,129	\$ 449,642
Licenses and permits	19,289	-	-	19,289
Intergovernmental	567,019	-	64,858	631,877
Interest earnings	13,569	-	-	13,569
Charges for services	211,795	-	42,528	254,323
Fine and forfeits	18,836	-	-	18,836
Miscellaneous	54,280	5,500	1,425	61,205
	<u>1,309,215</u>	<u>15,586</u>	<u>123,940</u>	<u>1,448,741</u>
Total receipts				
Disbursements				
Current				
General government	469,793	-	-	469,793
Public safety	624,158	3,471	114,040	741,669
Streets and parks	45,626	-	-	45,626
Sanitation	212,226	-	-	212,226
Culture and recreation	21,924	-	-	21,924
Capital outlay	702	-	-	702
	<u>1,374,429</u>	<u>3,471</u>	<u>114,040</u>	<u>1,491,940</u>
Total disbursements				
Net Change in Cash				
Basis Fund Balances	(65,214)	12,115	9,900	(43,199)
Cash Basis Fund Balances, Beginning	<u>815,284</u>	<u>124,356</u>	<u>57,208</u>	<u>996,848</u>
Cash Basis Fund Balances, Ending	<u>\$ 750,070</u>	<u>\$ 136,471</u>	<u>\$ 67,108</u>	<u>\$ 953,649</u>

City of Glyndon, Minnesota
Schedule of Accounts Receivable
December 31, 2024

<u>Fund and Source</u>	<u>Purpose</u>	<u>Amount</u>
Debt Service Fund		
Clay County	Special Assessments	\$ 409,292
Clay County	Property Taxes	<u> 46,386</u>
		<u><u>\$ 455,678</u></u>

City of Glyndon, Minnesota
Schedule of Accounts Payable
December 31, 2024

<u>Fund and Vendor</u>	<u>Purpose</u>	<u>Amount</u>
General Fund Fuchs Sanitation Inc.	Refuse/Garbage Disposal	<u>\$ 14,461</u>



Additional Reports
December 31, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 21, 2025.

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 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 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 2024-001, 2024-002, and 2024-003 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 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
May 21, 2025



Independent Auditor's Report on *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 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, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 21, 2025.

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

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
May 21, 2025

Section I – Financial Statement Findings

**2024-001 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 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 – The accounting 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. There is no disagreement with the audit finding.

2024-002 **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 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. There is no disagreement with the audit finding.

2024-003 **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. There is no disagreement with the audit finding.

Section II – Minnesota Legal Compliance Findings

None reported.