ANNUAL FINANCIAL REPORT

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Corcoran, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2023

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INTRODUCTORY SECTION

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Corcoran, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2023

ELECTED

Name	Term Expires	Title
Tom McKee	12/31/24	Mayor
Jonathan Bottema	12/31/24	Council Member
Jeremy Nichols	12/31/26	Council Member
Dean Vehrenkamp	11/01/24	Council Member
Alan Schutlz	12/31/26	Council Member

APPOINTED

Jay Tobin		City Administrator
Jodie Peterson		Accountant
Michelle Friedrich		Deputy Clerk

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FINANCIAL SECTION

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Corcoran, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Corcoran, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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 accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audit opinions.

Management's Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 generally accepted 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis Page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, and the related note disclosures, starting on page 76 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 related 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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 in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 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, 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.

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Minneapolis, Minnesota
July 9, 2024

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Management's Discussion and Analysis

As management of the City of Corcoran, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

Financial Highlights page

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased as shown in the summary of changes in net position table on the following pages. The main reason for the increase was an excess of revenues over expenses.

- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in park dedication fees over current year expenditures, as well as revenues over expenditures in the General fund. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.

- The total fund balance in the General fund, as shown in the financial analysis of the city's funds section, increased from the prior year. The increase can mainly be attributed to increase in tax and intergovernmental revenue.

- The City's total bonded debt increased during the current fiscal year. This was mainly due to the issuance of the 2023A bonds during the year offset by regularly scheduled principal payments as shown on the outstanding debt table.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements. Internal service funds statements are also included, reflecting balances prior to their elimination from the government-wide financial statements, to avoid "doubling-up" effect within the governmental and business-type activities columns of said statements.

Figure 1
Required Components of the
City's Annual Financial Report

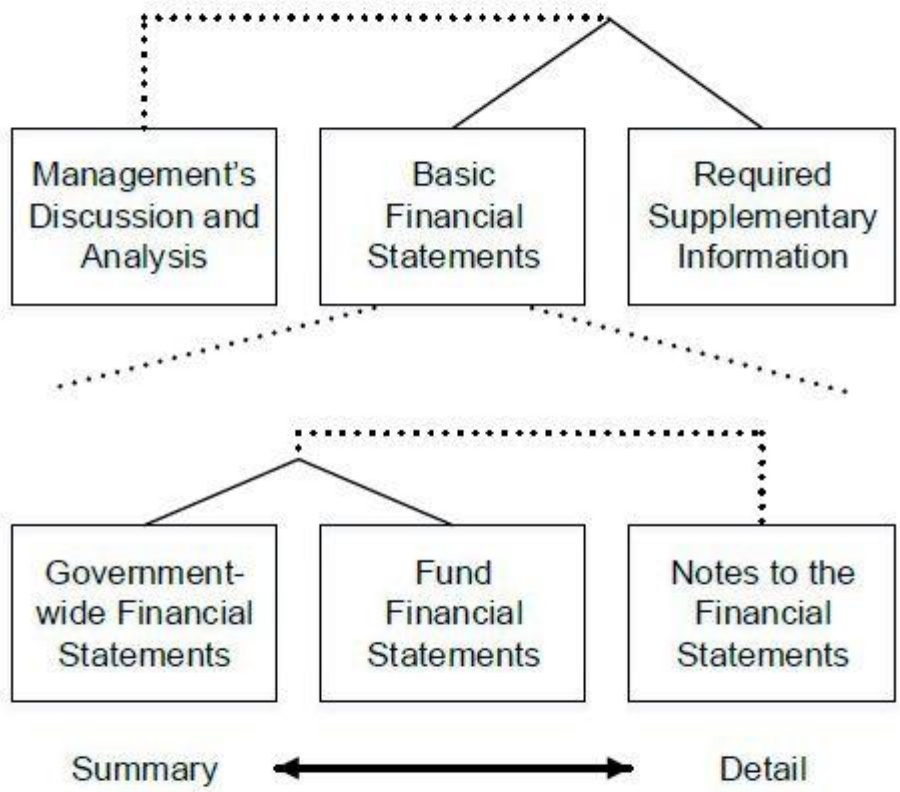


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included.	All deferred outflows/inflows of resources, regardless of when cash is received or paid.
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the City include water, sewer, and storm utilities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority for which the City is financially accountable. The Economic Development Authority, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as part of the primary government.

The government-wide financial statements start on page 31 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Debt Service fund, Pavement Management fund, and Park Capital fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation identified as other nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 36 of this report.

Proprietary Funds. The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and storm funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary funds financial statements start on page 44 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 47 of this report.

Required Supplementary Information. supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on page 76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 84 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Corcoran's Summary of Net Position

	Governmental Activities			Business-type Activities			
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023 Total
Assets							
Current and other assets	$ 21,065,177	$ 17,673,800	$ 3,391,377	$ 25,589,908	$ 7,270,198	$ 18,319,710	$ 46,655,085
Capital assets	25,378,535	18,760,078	6,618,457	16,859,760	10,170,265	6,689,495	42,238,295
Total Assets	46,443,712	36,433,878	10,009,834	42,449,668	17,440,463	25,009,205	88,893,380
Deferred Outflows of Resources	2,974,078	2,938,941	35,137	-	-	-	2,974,078
Liabilities							
Noncurrent liabilities outstanding	16,909,649	14,488,234	2,421,415	25,969,442	3,561,091	22,408,351	42,879,091
Other liabilities	3,627,721	4,616,875	(989,154)	2,468,271	1,412,421	1,055,850	6,095,992
Total Liabilities	20,537,370	19,105,109	1,432,261	28,437,713	4,973,512	23,464,201	48,975,083
Deferred Inflows of Resources	2,664,808	120,001	2,544,807	-	-	-	2,664,808
Net Position							
Net investment in capital assets	13,242,057	10,778,090	2,463,967	6,118,831	7,122,284	(1,003,453)	19,360,888
Restricted	7,384,027	7,402,575	(18,548)	-	-	-	7,384,027
Unrestricted	5,589,528	1,967,044	3,622,484	7,893,124	5,344,667	2,548,457	13,482,652
Total Net Position	$ 26,215,612	$ 20,147,709	$ 6,067,903	$ 14,011,955	$ 12,466,951	$ 1,545,004	$ 40,227,567
Net Position as a Percentage of Total							
Net investment in Capital assets	50.5%	53.5%		43.7%	57.1%		
Restricted	28.2%	36.7%		0.0%	0.0%		
Unrestricted	21.3%	9.8%		56.3%	42.9%		
	100%	100%		100.0%	100.0%		

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the City as a whole.

Governmental Activities. Governmental activities increased the City's net position. Key elements of the changes are as follows:

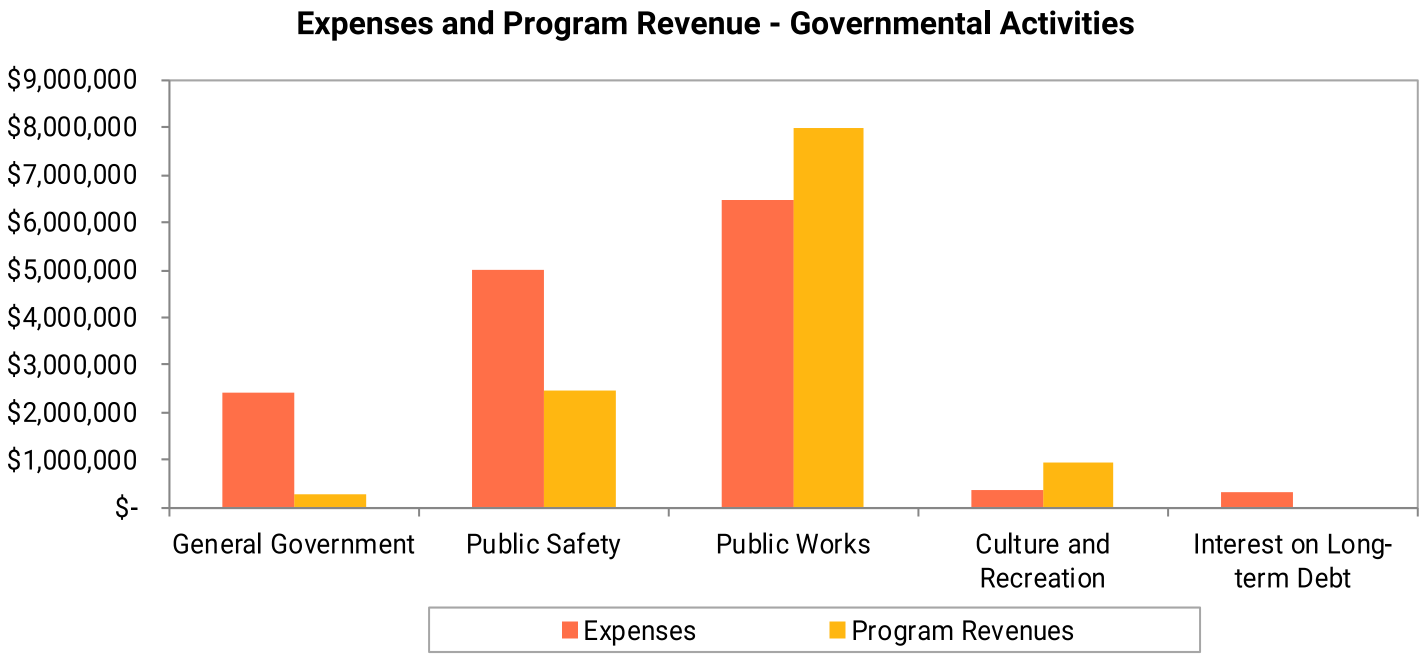
City of Corcoran's Changes in Net Position

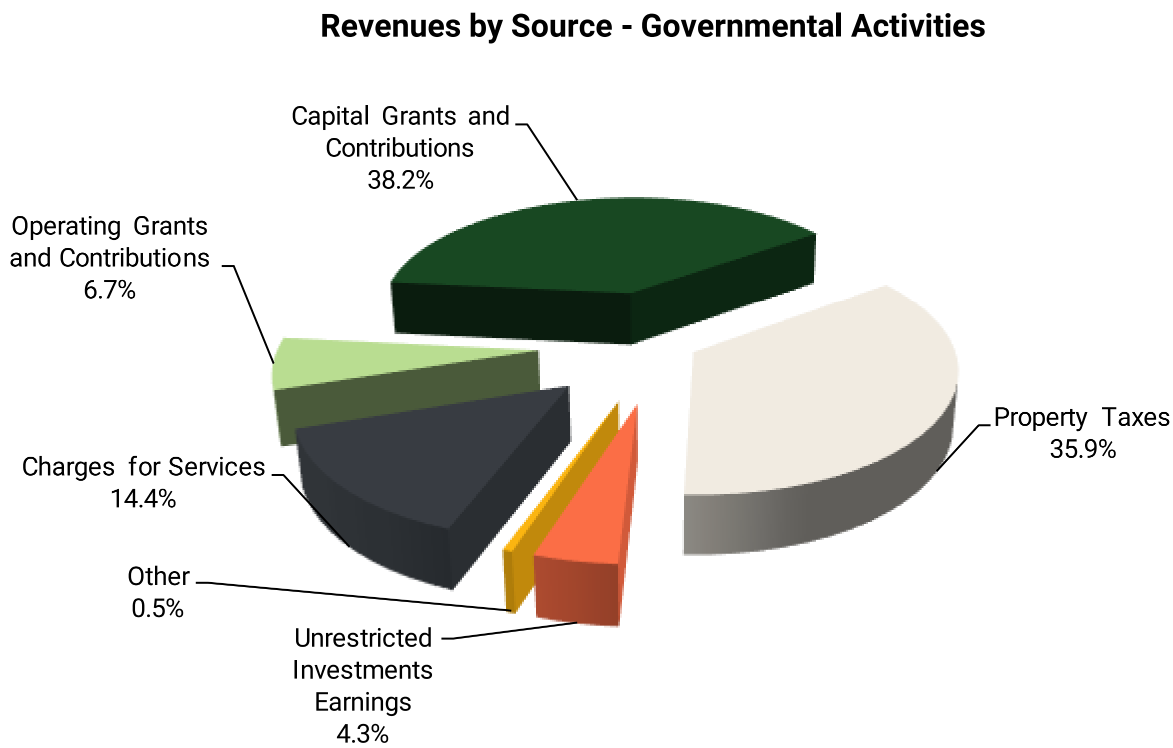
	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 2,839,529	$ 3,414,438	$ (574,909)	$ 1,325,601	$ 943,910	$ 381,691
Operating grants and contributions	1,318,122	959,135	358,987	54,723	7,262	47,461
Capital grants and contributions	7,514,690	4,345,421	3,169,269	2,338,013	1,914,866	423,147
General Revenues						
Property taxes	7,068,208	5,696,404	1,371,804	-	-	-
Other taxes	66,865	62,153	4,712	-	-	-
Grants and contributions not restricted to specific programs	6,165	40,354	(34,189)	-	-	-
Unrestricted investment earnings	847,268	98,669	748,599	824,239	46,524	777,715
Gain on sale of capital assets	22,546	716,523	(693,977)	-	-	-
Total Revenues	19,683,393	15,333,097	4,350,296	4,542,576	2,912,562	1,630,014
Expenses						
General government	2,419,176	1,926,582	492,594	-	-	-
Public safety	4,986,809	3,532,589	1,454,220	-	-	-
Public works	6,468,559	6,820,075	(351,516)	-	-	-
Culture and recreation	354,663	524,594	(169,931)	-	-	-
Interest on long-term debt	309,959	226,930	83,029	-	-	-
Water	-	-	-	1,768,661	593,290	1,175,371
Sewer	-	-	-	636,311	488,860	147,451
Total Expenses	14,539,166	13,030,770	1,508,396	2,404,972	1,082,150	1,322,822
Change in Net Position Before Transfers	5,144,227	2,302,327	2,841,900	2,137,604	1,830,412	307,192
Transfers	592,600	447,172	145,428	(592,600)	(447,172)	(145,428)
Change in Net Position	5,736,827	2,749,499	2,987,328	1,545,004	1,383,240	161,764
Net Position, January 1 as restated	20,809,861	17,398,210	3,411,651	12,466,951	11,083,711	1,383,240
Net Position, December 31	$ 26,546,688	$ 20,147,709	$ 6,398,979	$ 14,011,955	$ 12,466,951	$ 1,545,004

- Total revenues increased $4,350,296 from the prior year. The main reason for the increase was increased investment earnings, property taxes, and capital grants and contributions for active construction projects.

- Expenses increased $1,508,396 from the prior year. The main reason for the increase was related public safety expenditures incurred in comparison to the prior year.

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

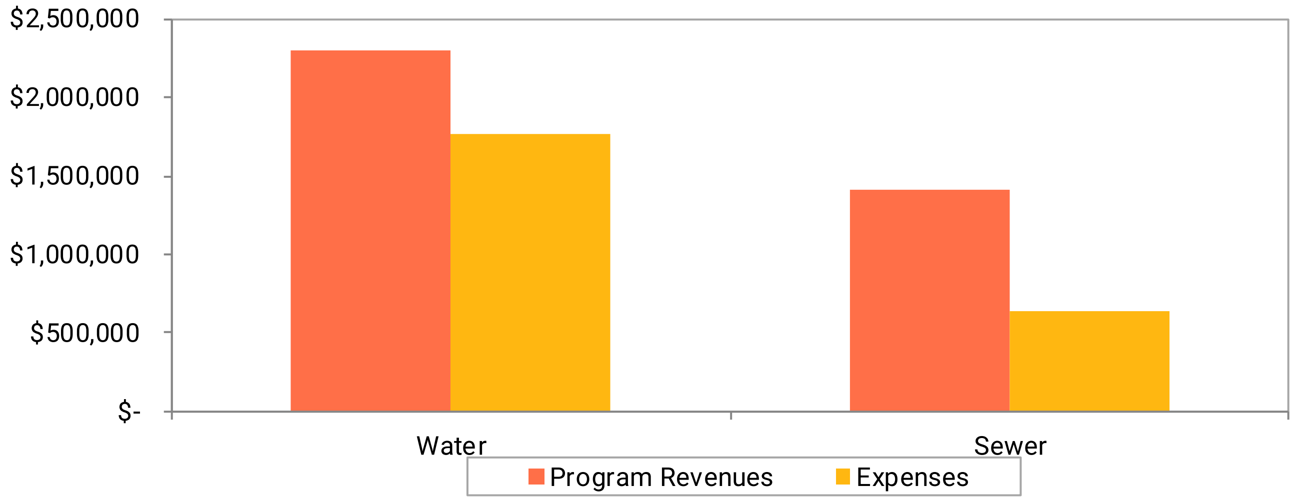




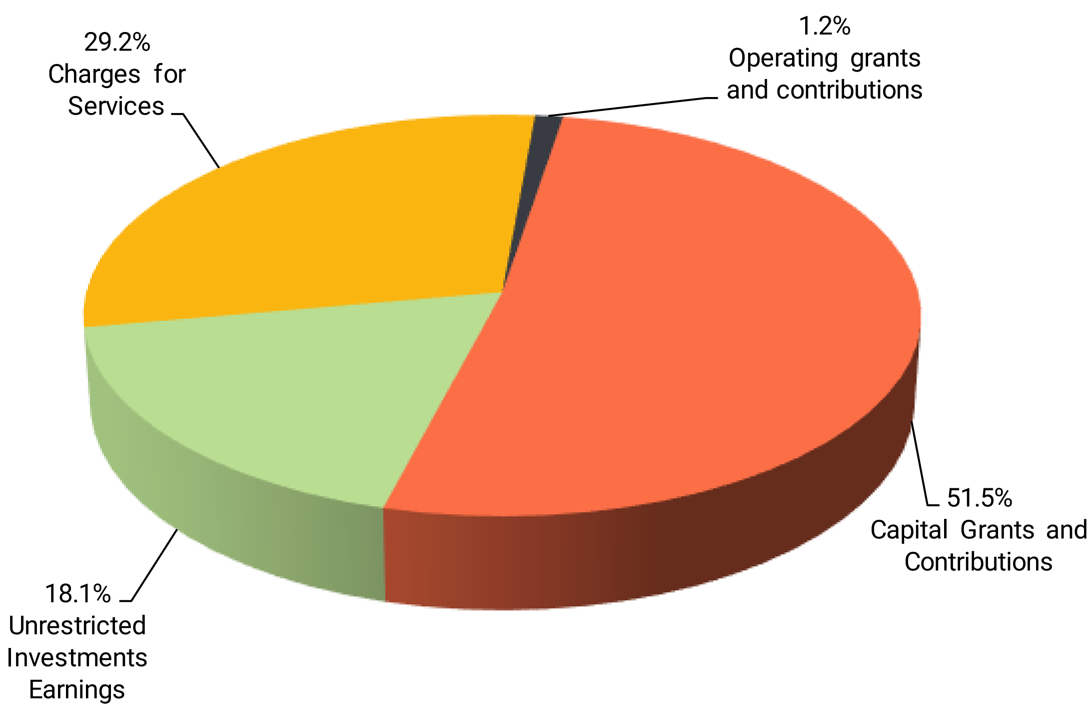
Business-type Activities. Business-type activities decreased the City's net position. Key elements of the changes are listed below:

- Overall revenues in the business-type activities increased mainly due to an increase in investment earnings and capital grants and contributions from connections fees during the year.
- Overall expenses increased mainly due to increased expenses for the water enterprise fund for operations and debt service.

Expenses and Program Revenue - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2023.

	General Fund	Debt service	Pavement Management	Park Capital	Major Road Imrovement Funds	Other Governmental Funds	Total	Prior Year Total	Increase / (Decrease)
Fund Balances									
Nonspendable	$ 89,961	$ -	$ -	$ -	$ -	$ -	$ 89,961	$ 4,012	$ 85,949
Restricted	292,669	180,638	-	4,021,879	2,263,764	973,619	7,732,569	5,716,673	2,015,896
Committed	-	-	-	-	-	118,867	118,867	70,916	47,951
Assigned	-	-	-	358,350	-	2,214,388	2,572,738	1,037,346	1,535,392
Unassigned	4,201,198	-	(89,451)	-	-	(7,954)	4,103,793	3,081,228	1,022,565
Totals	$ 4,583,828	$ 180,638	$ (89,451)	$ 4,380,229	$ 2,263,764	$ 3,298,920	$ 14,617,928	$ 9,910,175	$ 4,707,753

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 54 of this report.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase / (Decrease)
General Fund Balances			
Nonspendable	$ 89,961	$ 4,012	$ 85,949
Restricted	292,669	-	292,669
Unassigned	4,201,198	3,083,695	1,117,503
Total General Fund Balances	$ 4,583,828	$ 3,087,707	$ 1,496,121
General Fund expenditures	$ 8,123,084	$ 7,117,249	
Unassigned as a percent of expenditures	51.7%	43.3%	
Total Fund Balance as a percent of expenditures	56.4%	43.4%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance can mainly be attributed to increase in property taxes and investment earnings.

Other Major Fund Analysis

Major Funds	Fund Balance December 31, 2023	2022	Increase (Decrease)
Debt Service	$ 180,638	$ 47,296	$ 133,342

The Debt Service fund has a total fund balance as note above, all of which is restricted for payment of future debt service. The fund balance increased from the prior year mainly due to issued bonds during the year.

Pavement Management	$ (89,451)	$ 357,362	$ (446,813)

The Pavement Management fund balance decreased during the year. The decrease is mainly attributable to a public works expenditures in excess of revenues in the current year.

Park Capital	$ 4,380,229	$ 3,345,654	$ 1,034,575

The Park Capital fund balance increased uring the year mainly due to charges for services, such as park dedication fees in excess of current year expenditures.

Hackmore Upgrade	$ 1,051,759	$ 854,499	$ 197,260

The Hackmore Upgrade fund balance decreased during the year mainly due to capital expenditures for improvements exceeding current year bond proceeds and reimbursements.

City Center Drive	$ 1,212,005	$ -	$ 1,212,005

The City Center Drive fund balance increased uring the year mainly due to resources from debt proceeds and contributions from developers exceeding current year project costs. The fund balance is restricted for future project expenses.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase / (Decrease)
Net Position			
Water	$ 6,714,937	$ 5,801,684	$ 913,253
Sewer	7,218,694	6,599,987	618,707
Storm	78,324	65,280	13,044
Total Net Position	$ 14,011,955	$ 12,466,951	$ 1,545,004

General Fund Budgetary Highlights

The City's General fund was not amended during the year.

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 8,397,180	$ 10,041,071	$ 1,643,891
Expenditures	8,592,680	8,123,084	469,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,500)	1,917,987	2,113,487
Other Financing Sources (Uses)			
Transfers in	535,500	602,600	67,100
Transfers out	(360,000)	(1,025,981)	(665,981)
Sale of capital assets	-	1,515	1,515
Total Other Financing Sources (Uses)	175,500	(421,866)	(597,366)
Net Change in Fund Balances	(20,000)	1,496,121	1,516,121
Fund Balances, January 1	3,087,707	3,087,707	-
Fund Balances, December 31	$ 3,067,707	$ 4,583,828	$ 1,516,121

The City's General fund budget was not amended during the year and was balanced with revenues and transfers in equal to expenses and transfers out. Revenues were over budget mainly due to intergovernmental and interest revenues over expectation and expenditures were under budget during the year mainly due to less than expected public works expenditures and less than expected.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, is shown below in the capital assets table (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, Infrastructure and Construction in progress. The City's total investment in capital assets increased during the year as shown below.

Major capital events during the current fiscal year included the following:

- Corcoran Water Tower and Water Treatment Facility
- Water Tower Site Purchase
- Public Works Vehicles and Equipment
- Public Safety Vehicles and Equipment
- 66th Avenue and Gleason Parkway Improvements
- City Center Drive Improvements
- Hackamore Road Improvements
- Key Management Systems

Additional information on the City's capital assets can be found in Note 3B starting on page 58 of this report.

City of Corcoran’s Capital Assets
(Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	$ 3,292,827	$ 3,292,827	$ -	$ 647,509	$ 492,784	$ 154,725
Construction in Progress	7,356,840	3,378,929	3,977,911	7,700,072	813,423	6,886,649
Buildings	3,289,116	3,474,149	(185,033)	-	-	-
Equipment	2,619,515	2,373,482	246,033	42,314	46,161	(3,847)
Infrastructure	8,820,237	6,240,691	2,579,546	8,469,865	8,817,897	(348,032)
Total	$ 25,378,535	$ 18,760,078	$ 6,618,457	$ 16,859,760	$ 10,170,265	$ 6,689,495
Percent Increase/(Decrease)			35%			66%

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of revenue bonds and improvement bonds as noted in the table below. While all of the City’s bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Corcoran’s Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
G.O. Bonds	$ 11,940,000	$ 8,835,000	$ 3,105,000	$ -	$ -	$ -
Revenue Bonds	-	-	-	24,790,000	3,255,000	21,535,000
Unamortized Premium on Bonds	586,779	231,068	355,711	992,241	76,658	915,583
Notes Payable	-	-	-	187,201	229,433	(42,232)
Total	$ 12,526,779	$ 9,066,068	$ 3,460,711	$ 25,969,442	$ 3,561,091	$ 22,408,351
Percent Increase/(Decrease)			38%			629%

The City’s total debt increased during the current fiscal year primarily because of the bonds issued during the current year. Additional information on the City’s long-term debt can be found in Note 3D starting on page 61 of this report.

Economic Factors and Next Year’s Budgets and Rates

The City continues to work towards increasing its unrestricted fund balance and remove unfunded liabilities. Property values continue to increase, and new residential development is at a pace of over 300 new homes per year.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Corcoran, 8200 County Road 116, Corcoran, MN 55340.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Corcoran, Minnesota

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	$ 15,339,667	$ 25,026,403	$ 40,366,070
Cash with fiscal agents	2,316,777	308,721	2,625,498
Receivables			
Accounts	66,925	91,373	158,298
Interest	187,634	-	187,634
Taxes	87,974	-	87,974
Special assessments	499,063	142,594	641,657
Due from other governments	2,477,176	1,115	2,478,291
Prepaid items	89,961	19,702	109,663
Capital assets			
Land and construction in progress	10,649,667	8,347,581	18,997,248
Depreciable, net of accumulated depreciation	14,728,868	8,512,179	23,241,047
Total Assets	46,443,712	42,449,668	88,893,380
Deferred Outflows of Resources			
Deferred pension resources	2,974,078	-	2,974,078
Liabilities			
Accounts payable	2,258,686	1,543,337	3,802,023
Escrow payable			
Due to other governments	15,696	334,254	349,950
Deposits payable	1,072,112	-	1,072,112
Accrued salaries payable	95,054	-	95,054
Accrued interest payable	186,173	590,680	776,853
Noncurrent liabilities			
Due within one year			
Long-term liabilities	1,002,202	903,931	1,906,133
Due in more than one year			
Long-term liabilities	11,904,583	25,065,511	36,970,094
Net pension liability	2,882,256	-	2,882,256
Other postemployment benefits liability	1,120,608	-	1,120,608
Total Liabilities	20,537,370	28,437,713	48,975,083
Deferred Inflows of Resources			
Deferred pension resources	2,664,808	-	2,664,808
Net Position			
Net investment in capital assets	13,242,057	6,118,831	19,360,888
Restricted for			
Debt service	222,397	-	222,397
Park dedication	4,021,879	-	4,021,879
Public safety	267,741	-	267,741
Capital outlay	2,872,010	-	2,872,010
Unrestricted	5,589,528	7,893,124	13,482,652
Total Net Position	$ 26,215,612	$ 14,011,955	$ 40,227,567

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

City of Corcoran, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 2,419,176	$ 207,006	$ 66,154	$ 1,020
Public safety	4,986,809	1,298,113	1,160,945	-
Public works	6,468,559	454,549	38,448	7,513,670
Culture and recreation	354,663	879,861	52,575	-
Interest on long term debt	309,959	-	-	-
Total Governmental Activities	14,539,166	2,839,529	1,318,122	7,514,690
Business-type Activities				
Water	1,768,661	726,202	2,109	1,577,688
Sewer	636,311	599,399	52,614	760,325
Storm	-	-	-	-
Total Business-type Activities	2,404,972	1,325,601	54,723	2,338,013
Total	$ 16,944,138	$ 4,165,130	$ 1,372,845	$ 9,852,703

General Revenues
- Taxes
  - Property taxes, levied for general purposes
  - Property taxes, levied for debt service
  - Franchise taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Gain on sale of capital assets
- Transfers
  - Total General Revenues

Change in Net Position

Net Position, January 1 as restated in Note 7

Net Position, December 31

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

Net Revenues (Expenses) and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (2,144,996)	$ -	$ (2,144,996)
(2,527,751)	-	(2,527,751)
1,538,108	-	1,538,108
577,773	-	577,773
(309,959)	-	(309,959)
(2,866,825)	-	(2,866,825)
-	537,338	537,338
-	776,027	776,027
-	-	-
-	1,313,365	1,313,365
(2,866,825)	1,313,365	(1,553,460)
6,263,905	-	6,263,905
804,303	-	804,303
66,865	-	66,865
6,165	-	6,165
847,268	824,239	1,671,507
22,546	-	22,546
592,600	(592,600)	-
8,603,652	231,639	8,835,291
5,736,827	1,545,004	7,281,831
20,478,785	12,466,951	32,945,736
$ 26,215,612	$ 14,011,955	$ 40,227,567

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

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FUND FINANCIAL STATEMENTS

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Corcoran, Minnesota
Balance Sheet
Governmental Funds
December 31, 2023

	100 General	300's Debt Service	408 Pavement Management	415 Park Capital
Assets				
Cash and temporary investments	$ 6,162,145	$ (1,933,015)	$ 1,183,307	$ 4,380,229
Cash with fiscal agents	990	2,111,918	-	-
Receivables				
Accounts	66,865	-	-	-
Interest	187,634	-	-	-
Taxes	87,974	-	-	-
Special assessments	38,082	227,932	233,049	-
Due from other governments	56,777	1,735	-	-
Prepaid items	89,961	-	-	-
Total Assets	$ 6,690,428	$ 408,570	$ 1,416,356	$ 4,380,229
Liabilities				
Accounts payable	$ 803,724	$ -	$ 1,266,716	$ -
Due to other governments	15,696	-	-	-
Deposits payable	1,066,070	-	6,042	-
Accrued salaries payable	95,054	-	-	-
Total Liabilities	1,980,544	-	1,272,758	-
Total Deferred Inflows of Resources				
Unavailable revenues - taxes	87,974	-	-	-
Unavailable revenues - special assessments	38,082	227,932	233,049	-
Unavailable revenues - intergovernmental	-	-	-	-
Total Deferred Inflows of Resources	126,056	227,932	233,049	-
Fund Balances				
Nonspendable	89,961	-	-	-
Restricted	292,669	180,638	-	4,021,879
Committed	-	-	-	-
Assigned	-	-	-	358,350
Unassigned	4,201,198	-	(89,451)	-
Total Fund Balances	4,583,828	180,638	(89,451)	4,380,229
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,690,428	$ 408,570	$ 1,416,356	$ 4,380,229

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

419 Hackamore Upgrade	434 City Center Drive	Other Governmental Funds	Total Governmental Funds
$ 1,052,020	$ 1,353,786	$ 3,141,195	$ 15,339,667
-	-	203,869	2,316,777
-	-	60	66,925
-	-	-	187,634
-	-	-	87,974
-	-	-	499,063
-	2,418,664	-	2,477,176
-	-	-	89,961
$ 1,052,020	$ 3,772,450	$ 3,345,124	$ 21,065,177
$ 261	$ 141,781	$ 46,204	$ 2,258,686
-	-	-	15,696
-	-	-	1,072,112
-	-	-	95,054
261	141,781	46,204	3,441,548
-	-	-	87,974
-	-	-	499,063
-	2,418,664	-	2,418,664
-	2,418,664	-	3,005,701
-	-	-	89,961
1,051,759	1,212,005	973,619	7,732,569
-	-	118,867	118,867
-	-	2,214,388	2,572,738
-	-	(7,954)	4,103,793
1,051,759	1,212,005	3,298,920	14,617,928
$ 1,052,020	$ 3,772,450	$ 3,345,124	$ 21,065,177

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

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City of Corcoran, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2023

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	$ 14,617,928
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	34,347,615
Less: accumulated depreciation	(8,969,080)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund statements.	
Long-term liabilities at year-end consist of	
Bonds payable	(11,940,000)
Unamortized premium on bonds	(586,779)
Compensated absences payable	(380,006)
Other postemployment benefits payable	(1,120,608)
Net pension liability	(2,882,256)
Some receivables are not available soon enough to pay for current period expenditures, and, therefore, are unavailable in the funds.	
Taxes receivable	87,974
Special assessments receivable	499,063
Intergovernmental	2,418,664
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	2,974,078
Deferred inflows of pension resources	(2,664,808)
Governmental funds do not report a liability for accrued interest until due and payable.	(186,173)
Total Net Position - Governmental Activities	$ 26,215,612

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

City of Corcoran, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	100 General	300's Debt Service	408 Pavement Management	415 Park Capital
Revenues				
Taxes	$ 6,300,810	$ 804,303	$ -	$ -
Licenses and permits	1,733,964	-	-	-
Intergovernmental	1,350,857	-	312,970	-
Charges for services	170,851	-	-	836,393
Fines and forfeitures	29,748	-	-	-
Special assessments	633	78,067	32,451	-
Interest on investments	385,049	35	35,496	193,300
Miscellaneous	69,159	-	3,578,577	5,622
Total Revenues	10,041,071	882,405	3,959,494	1,035,315
Expenditures				
Current				
General government	1,983,266	-	-	-
Public safety	3,909,690	-	-	-
Public works	1,928,963	-	-	-
Culture and recreation	244,460	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	9,752	-	4,077,482	-
Culture and recreation	46,953	-	-	740
Debt service				
Principal	-	655,000	-	-
Interest and other charges	-	217,419	-	-
Total Expenditures	8,123,084	872,419	4,077,482	740
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,917,987	9,986	(117,988)	1,034,575
Other Financing Sources (Uses)				
Transfers in	602,600	-	327,313	-
Sale of capital assets	1,515	-	-	-
Bond issued	-	123,356	-	-
Premium on bonds issued	-	-	-	-
Transfers out	(1,025,981)	-	(987,214)	-
Total Other Financing Sources (Uses)	(421,866)	123,356	(659,901)	-
Net Change in Fund Balances	1,496,121	133,342	(777,889)	1,034,575
Fund Balances, January 1	3,087,707	47,296	357,362	3,345,654
Prior Period Adjustment (See Note 7)	-	-	331,076	-
Fund Balances, December 31	$ 4,583,828	$ 180,638	$ (89,451)	$ 4,380,229

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

419 Hackamore Upgrade	434 City Center Drive	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 7,105,113
-	-	-	1,733,964
-	-	-	1,663,827
-	-	27,531	1,034,775
-	-	-	29,748
-	-	-	111,151
53,511	79,820	100,057	847,268
2,939,707	701,284	59,947	7,354,296
2,993,218	781,104	187,535	19,880,142
-	-	44,633	2,027,899
-	-	29,081	3,938,771
-	-	-	1,928,963
-	-	-	244,460
-	-	79,429	79,429
-	-	115,354	115,354
3,715,958	2,640,020	532,499	10,975,711
-	-	16,698	64,391
-	-	-	655,000
-	41,458	-	258,877
3,715,958	2,681,478	817,694	20,288,855
(722,740)	(1,900,374)	(630,159)	(408,713)
-	316,657	1,686,538	2,933,108
-	-	24,884	26,399
920,000	2,716,644	-	3,760,000
-	406,391	-	406,391
-	(327,313)	-	(2,340,508)
920,000	3,112,379	1,711,422	4,785,390
197,260	1,212,005	1,081,263	4,376,677
854,499	-	2,217,657	9,910,175
-	-	-	331,076
$ 1,051,759	$ 1,212,005	$ 3,298,920	$ 14,617,928

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

City of Corcoran, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	$ 4,376,677
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	7,743,329
Depreciation expense	(1,122,534)
Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.	
Disposals	(29,696)
Depreciation on disposals	27,358
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts amortized in the statement of activities.	
Bonds issued	(3,760,000)
Premium on bonds issued	(406,391)
Amortization of bond premium	50,680
Principal repayments	655,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(101,762)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, they cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	7,934
Special assessments	(97,568)
Intergovernmental	(135,826)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(27,290)
Other postemployment benefits	(770,234)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(677,500)
Pension revenue	4,650
Change in Net Position - Governmental Activities	$ 5,736,827

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

City of Corcoran, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 6,393,020	$ 6,393,020	$ 6,300,810	$ (92,210)
Licenses and permits	1,326,850	1,326,850	1,733,964	407,114
Intergovernmental	338,245	338,245	1,350,857	1,012,612
Charges for services	277,565	277,565	170,851	(106,714)
Fines and forfeitures	25,000	25,000	29,748	4,748
Special assessments	-	-	633	633
Interest on investments	11,500	11,500	385,049	373,549
Miscellaneous	25,000	25,000	69,159	44,159
Total Revenues	8,397,180	8,397,180	10,041,071	1,643,891
Expenditures				
Current				
General government	1,953,140	1,953,140	1,983,266	(30,126)
Public safety	3,814,330	3,814,330	3,909,690	(95,360)
Public works	2,450,700	2,450,700	1,928,963	521,737
Culture and recreation	309,510	309,510	244,460	65,050
Capital outlay				
Public safety	10,000	10,000	-	10,000
Public works	15,000	15,000	9,752	5,248
Culture and recreation	40,000	40,000	46,953	(6,953)
Total Expenditures	8,592,680	8,592,680	8,123,084	469,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,500)	(195,500)	1,917,987	2,113,487
Other Financing Sources (Uses)				
Transfers in	535,500	535,500	602,600	67,100
Transfers out	(360,000)	(360,000)	(1,025,981)	(665,981)
Sale of capital assets	-	-	1,515	1,515
Total Other Financing Sources (Uses)	175,500	175,500	(421,866)	(597,366)
Net Change in Fund Balances	(20,000)	(20,000)	1,496,121	1,516,121
Fund Balances, January 1	3,087,707	3,087,707	3,087,707	-
Fund Balances, December 31	$ 3,067,707	$ 3,067,707	$ 4,583,828	$ 1,516,121

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

City of Corcoran, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Storm	Totals
Assets				
Current Assets				
Cash and temporary investments	$ 21,723,260	$ 3,224,819	$ 78,324	$ 25,026,403
Cash with fiscal agents	204,032	104,689	-	308,721
Accounts receivable	37,333	54,040	-	91,373
Special assessments receivable	39,076	9,769	-	48,846
Due from other governments	892	223	-	1,115
Prepaids	19,702	-	-	19,702
Total Current Assets	22,024,295	3,393,540	78,324	25,496,160
Noncurrent Assets				
Special assessments	74,999	18,750	-	93,748
Capital assets				
Land	520,892	126,617	-	647,509
Infrastructure	4,464,146	6,268,541	-	10,732,687
Machinery and equipment	57,700	-	-	57,700
Construction in progress	7,700,072	-	-	7,700,072
Less: accumulated depreciation	(951,080)	(1,327,128)	-	(2,278,208)
Net Capital Assets	11,791,730	5,068,030	-	16,859,760
Total Noncurrent Assets	11,866,729	5,086,780	-	16,953,508
Total Assets	33,891,024	8,480,320	78,324	42,449,668
Liabilities				
Current Liabilities				
Accounts payable	1,541,263	2,074	-	1,543,337
Due to other governments	247,627	86,627	-	334,254
Accrued interest payable	574,979	15,701	-	590,680
Notes payable - current	43,931	-	-	43,931
Bonds payable - current	774,400	85,600	-	860,000
Total Current Liabilities	3,182,200	190,002	-	3,372,202
Noncurrent Liabilities				
Notes payable	143,270	-	-	143,270
Bonds payable	23,850,617	1,071,624	-	24,922,241
Total Noncurrent Liabilities	23,993,887	1,071,624	-	25,065,511
Total Liabilities	27,176,087	1,261,626	-	28,437,713
Net Position				
Net investment in capital assets	2,208,025	3,910,806	-	6,118,831
Unrestricted	4,506,912	3,307,888	78,324	7,893,124
Total Net Position	$ 6,714,937	$ 7,218,694	$ 78,324	$ 14,011,955

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

City of Corcoran, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water	Sewer	Storm	Totals
Operating Revenues				
Charges for services	$ 726,202	$ 599,399	$ -	$ 1,325,601
Operating Expenses				
Supplies	135,123	11,333	-	146,456
Repairs and maintenance	293,507	378,728	-	672,235
Depreciation	142,928	208,951	-	351,879
Total Operating Expenses	571,558	599,012	-	1,170,570
Operating Income (Loss)	154,644	387	-	155,031
Nonoperating Revenues (Expenses)				
Interest on investments	668,115	153,080	3,044	824,239
Other income	2,109	52,614	-	54,723
Interest expense	(1,197,103)	(37,299)	-	(1,234,402)
Total Nonoperating Revenuies (Expenses)	(526,879)	168,395	3,044	(355,440)
Income (Loss) Before Contributions and Transfers	(372,235)	168,782	3,044	(200,409)
Capital Contributions	1,577,688	760,325	-	2,338,013
Transfers In	-	-	10,000	10,000
Transfers Out	(292,200)	(310,400)	-	(602,600)
Change in Net Position	913,253	618,707	13,044	1,545,004
Net Position, January 1	5,801,684	6,599,987	65,280	12,466,951
Net Position, December 31	$ 6,714,937	$ 7,218,694	$ 78,324	$ 14,011,955

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

City of Corcoran, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Storm	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	$ 719,626	$ 641,555	$ -	$ 1,361,181
Payments to suppliers	(360,769)	(578,459)	-	(939,228)
Net Cash Provided (Used) by Operating Activities	358,857	63,096	-	421,953
Cash Flows from Noncapital Financing Activities				
Transfers in	-	-	10,000	10,000
Transfers out	(292,200)	(310,400)	-	(602,600)
Net Cash Used by Noncapital Financing Activities	(292,200)	(310,400)	10,000	(592,600)
Cash Flows from Capital and Related Financing Activities				
Connection fees received	936,416	759,322	-	1,695,738
Principal paid on notes payable	(42,232)	-	-	(42,232)
Special assessments received	43,049	10,762	-	53,811
Acquisition of capital assets	(5,782,758)	-	-	(5,782,758)
Proceeds from issuances of long-term debt	22,741,384	-	-	22,741,384
Principal paid on bonds	(169,700)	(80,300)	-	(250,000)
Interest and other paid on bonds and notes	(683,907)	(38,887)	-	(722,794)
Net Cash Provided by Capital and Related Financing Activities	17,042,252	650,897	-	17,693,149
Cash Flows from Investing Activities				
Interest received on investments	668,115	153,080	3,044	824,239
Net Increase (Decrease) in Cash and Cash Equivalents	17,777,024	556,673	13,044	18,346,741
Cash and Cash Equivalents, January 1	4,150,268	2,772,835	65,280	6,988,383
Cash and Cash Equivalents, December 31	$ 21,927,292	$ 3,329,508	$ 78,324	$ 25,335,124
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	$ 154,644	$ 387	$ -	$ 155,031
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Other income related to operations	2,109	52,614	-	54,723
Depreciation	142,928	208,951	-	351,879
(Increase) decrease in assets				
Accounts receivable	(5,872)	(9,755)	-	(15,627)
Special assessments receivable	(3,019)	(755)	-	(3,774)
Due from other governments	206	52	-	258
Prepaid items	(19,702)	17,081	-	(2,621)
Increase (decrease) in liabilities				
Accounts payable	(58,059)	950	-	(57,109)
Due to other governments	145,622	(206,429)	-	(60,807)
Net Cash Provided (Used) By Operating Activities	$ 358,857	$ 63,096	$ -	$ 421,953
Noncash Capital and Related Financing Activities				
Acquisition of capital assets on account	$ 1,542,293	$ -	$ -	$ 1,542,293
Amortization of bond premium	$ 40,217	$ 584	$ -	$ 40,801

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Corcoran, Minnesota (the City), operates under a Home Rule Charter form of government. The charter provides for citizen input for initiative, referendum, and recall. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide the specific benefits to or impose specific financial burdens on the primary government.

Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data of the primary government. The City has the following component unit:

Blended Component Unit

The Economic Development Authority (the EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the Board of Commissioners. The activity of the EDA is blended and reported as a Debt Service fund due to the financial benefit/burden relationship. The EDA has no activity during the year. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The G*eneral fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Pavement Management fund* accounts for the accumulation of resources and payments made for future street improvement and pavement management capital outlay.

The *Park Capital fund* accounts for resources to be used in ongoing park improvement related projects.

The *Hackmore Upgrade fund* accounts for the accumulation of resources and payments made for the upgrade of Hackmore road and related improvements.

The *City Center Drive fund* accounts for the accumulation of resources and payments made for the City Center Drive road improvement project.

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water system and ensures that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and ensures that user charges are sufficient to pay for those costs.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

Note 1: Summary of Significant Accounting Policies (Continued)

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.

4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed Investment Contracts (GIC’s) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The City’s investment policy limits the term of investments to less than five years. All other policy provisions are limited to Minnesota statutes.

The broker money market investment pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool share.

The City has the following recurring fair value measurements as of December 31, 2023:

- Government Securities of $2,625,498 are valued at amortized cost (Level 1 inputs)

- Negotiable Certificates of Deposit of $7,387,520 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City’s investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240..

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit, and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.

- *Custodial Credit Risk*. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than $2,000,000 or 30 percent of the total portfolio. The City has no concentrations greater than their own requirements in any one issuer.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July, and December each year.

Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the governmental financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. The City annually certifies delinquent utilities to the County and therefore, there has been no allowance for doubtful accounts established. Amounts outstanding at year end are considered fully collectible.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable is offset by a deferred inflow of resources in the fund financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plants, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the governmental activity's column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of five years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition on infrastructure assets are capitalized and reported in government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings and Improvements	7 - 40
Infrastructure	15 - 50
Equipment and Machinery	5 - 60
Vehicles	3 - 50
Roads and Highways	20 - 40
Land Improvements	5 - 30

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. A portion of unused sick leave may also be paid upon separation from City service. In governmental fund types of the cost of these benefits are recognized when payments are made to the employees. The General fund is typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, on December 31, 2022. The General fund is typically used to liquidate governmental another postemployment benefits payable.

Pensions

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

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP) is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Total All
	GERP	PEPFP	Plans
City's proportionate share	$ 374,894	$ 677,397	$ 1,052,291
Proportionate share of State's contribution	158	(3,913)	(3,755)
Total Pension Expense	$ 375,052	$ 673,484	$ 1,048,536

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, intergovernmental, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as due from other funds.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 35 percent of budgeted operating expenditures for cash-flow timing needs.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position- Consist of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position- All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In July of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30th, the proposed budget is presented to the City Council for review. The City Council holds public hearings, and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function, and department. The City’s department heads, with the approval of the City Council, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The budget was not amended during the year.

B. Deficit Fund Balance

For the year ended December 31, 2023, the following funds were in deficit:

Fund	Amount
Nonmajor	
Police Donation	$ 7,954

The deficit fund equity noted above is expected to be eliminated with future charges for services and reimbursements.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds.
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity.
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service.
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity.
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was deficit $118,054 and the bank balance was $4,097,481. Of the bank balance $514,383 was covered by federal depository insurance and the remaining bank balance was covered by collateral held by the pledging financial institution in the City's name.

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2023, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Money Market Mutual funds	N/A	Less than 1 year	$ 104,940			
4M Money Market Accounts	N/A	Less than 1 year	32,991,314			
Non-pooled Investments at Fair Value						
Brokered Certificates of Deposit	N/A	Less than 1 year	7,387,520	$ -	$ 7,387,520	$ -
Government Securities	AAA	Less than 1 year	2,625,498	2,625,498	-	-
				-	-	-
Total Investments			$ 43,109,272	$ 2,625,498	$ 7,387,520	$ -

1. Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
2. Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicated not applicable or unavailable.

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	$ (118,054)
Cash on hand	350
Investments	43,109,272
Total	$ 42,991,568
As Presented on the Statement of Net Position	
Cash and temporary investments	$ 40,366,070
Cash held with fiscal agent	2,625,498
Total	$ 42,991,568

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 3,292,827	$ -	$ -	$ 3,292,827
Construction in progress	3,378,929	6,856,636	(2,878,725)	7,356,840
Total Capital Assets not Being Depreciated	6,671,756	6,856,636	(2,878,725)	10,649,667
Capital Assets Being Depreciated				
Buildings	6,016,562	24,115	-	6,040,677
Equipment	6,253,922	807,264	(29,696)	7,031,490
Infrastructure	7,691,742	2,934,039	-	10,625,781
Total Capital Assets Being Depreciated	19,962,226	3,765,418	(29,696)	23,697,948
Less Accumulated Depreciation				
Buildings	(2,542,413)	(209,148)	-	(2,751,561)
Equipment	(3,880,440)	(558,893)	27,358	(4,411,975)
Infrastructure	(1,451,051)	(354,493)	-	(1,805,544)
Total Accumulated Depreciation	(7,873,904)	(1,122,534)	27,358	(8,969,080)
Total Capital Assets Being Depreciated, Net	12,088,322	2,642,884	-	14,728,868
Governmental Activities Capital Assets, Net	$ 18,760,078	$ 9,499,520	$ (2,878,725)	$ 25,378,535

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

Governmental Activities	
General government	$ 59,309
Public safety	135,766
Public works	902,101
Culture and recreation	25,358
Total Depreciation Expense - Governmental Activities	$ 1,122,534

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	$ 492,784	$ 154,725	$ -	$ 647,509
Construction in progress	813,423	6,886,649	-	7,700,072
Total Capital Assets not Being Depreciated	1,306,207	7,041,374	-	8,347,581
Capital Assets Being Depreciated				
Infrastructure	10,732,686	-	-	10,732,686
Machinery and Equipment	57,700	-	-	57,700
Total capital assets being depreciated	10,790,386	-	-	10,790,386
Less Accumulated Depreciation				
Infrastructure	(1,914,789)	(348,032)	-	(2,262,821)
Machinery and Equipment	(11,539)	(3,847)		(15,386)
Total accumulated depreciation	(1,926,328)	(351,879)	-	(2,278,207)
Total Capital Assets Being Depreciated, Net	8,864,058	(351,879)	-	8,512,179
Business-type Activities Capital Assets, Net	$ 10,170,265	$ 6,689,495	$ -	$ 16,859,760

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water	$ 142,928
Sewer	208,951
Total Depreciation Expense - Business-type Activities	$ 351,879

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has three active construction projects as of December 31, 2023. At year end, the City's commitments with the contractors are as follows:

Project	Spent to Date	Remaining Commitment
City Center Drive and 79th Place	$ 3,871,454	$ 3,267,521
Water Treatment Plant	4,508,353	12,219,847
Corcoran Water Tower	1,939,285	2,764,101
Total	$ 10,319,092	$ 18,251,469

C. Interfund Balances and Transfers

Interfund Transfers

The composition of interfund transfers as of December 31, 2023 is as follows:

	Transfers In					
Fund	General	Pavement Management	City Center Drive	Stormwater	Nonmajor Governmental	Total
Transfers Out						
General	$ -	$ -	$ -	$ 10,000	$ 1,015,981	$ 1,025,981
City Center Drive	-	327,313	-	-	-	327,313
Pavement Management	-	-	316,657	-	670,557	987,214
Water	292,200	-	-	-	-	292,200
Sewer	310,400	-	-	-	-	310,400
Total	$ 602,600	$ 327,313	$ 316,657	$ 10,000	$ 1,686,538	$ 2,943,108

The City annually budgets transfers for specific purposes. Annual transfers include transfers designated as a percentage of annual revenues, transfers made to cover funds annual operations, transfers made as part of capital improvement plans and to fund future capital projects.

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Bonds (G.O. Bonds)

The City issued G.O. bonds in governmental activities for equipment purchases and the construction of the new public works facility. Both will be repaid with tax levy. Each year the tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax payments.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. Bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificate of 2016A	$ 290,000	2.00 - 3.00 %	05/01/16	05/01/26	$ 105,000
G.O. Improvement Bonds Series 2016A	2,625,000	2.00 - 2.40	05/01/16	05/01/32	1,270,000
G.O. Equipment Certification of 2018A	600,000	3.00 - 3.125	05/31/18	02/01/34	350,000
G.O. Bonds Series 2018A	1,235,000	3.00 - 3.125	05/31/18	02/01/34	955,000
G.O. Equipment Certification of 2020A	805,000	1.60 - 2.35	07/01/20	02/01/30	640,000
G.O. Capital Improvement Bonds Series 2020B	3,365,000	1.20 - 2.00	11/05/20	02/01/38	3,060,000
G.O. Equipment Certificate of 2022A	1,800,000	3.12 - 4.00	06/02/22	02/01/32	1,800,000
G.O. Improvement Bonds Series 2023A	3,760,000	4.00 - 5.00	05/11/23	02/01/39	3,760,000
Total General Obligation Bonds					$ 11,940,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Governmental Activities Principal	Interest	Total
2024	$ 835,000	$ 398,088	$ 1,233,088
2025	1,045,000	333,568	1,378,568
2026	1,075,000	301,435	1,376,435
2027	1,070,000	268,633	1,338,633
2028	915,000	236,856	1,151,856
2029-2033	4,035,000	757,170	4,792,170
2034-2038	2,655,000	252,368	2,907,368
2039	310,000	6,200	316,200
Total	$ 11,940,000	$ 2,554,318	$ 14,494,318

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements, and finance acquisition and construction of capital facilities. They will be repaid from future net revenues pledged from the Water and Sewer funds and are backed by the taxing power of the City.

G.O. revenue bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Bonds, Series 2014B	$ 3,130,000	2.00 - 3.625 %	08/01/14	02/01/35	$ 2,070,000
G.O. Utility Revenue Bonds, Series 2020A	1,145,000	1.60 - 2.35	07/01/20	02/01/31	935,000
G.O. Utility Revenue Bonds, Series 2023A	21,785,000	4.00 - 5.00	05/11/23	02/01/53	21,785,000
Total General Obligation Revenue Bonds					$ 24,790,000

Annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-Type Activities Principal	Interest	Total
2024	$ 860,000	$ 1,195,239	$ 2,055,239
2025	640,000	959,973	1,599,973
2026	670,000	933,578	1,603,578
2027	690,000	905,919	1,595,919
2028	720,000	876,943	1,596,943
2029-2033	3,730,000	3,903,290	7,633,290
2034-2038	3,485,000	3,133,084	6,618,084
2039-2043	3,785,000	2,432,500	6,217,500
2044-2048	4,605,000	1,595,900	6,200,900
2049-2053	5,605,000	578,100	6,183,100
Total	$ 24,790,000	$ 16,514,526	$ 41,304,526

Annual revenue from operations, principal and interest payments on bonds, and the percentage of revenues required to cover principal and interest are as follows:

	Water	Sewer
Net Operating Revenues	$ 726,202	$ 599,399
Principal and Interest	844,656	119,187
Percentage of Revenues	86.0%	502.9%

Note 3: Detailed Notes on All Funds (Continued)

Notes Payable

The City has the following notes payable outstanding for water connection charges.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Maple Grove - WAC	$ 300,000	5.50 %	01/01/14	12/20/27	$ 140,085
Maple Grove - WAC	117,790	0.0	02/16/16	01/01/27	47,116
Total Notes Payable					$ 187,201

Annual debt service requirements to maturity for notes outstanding are as follows:

Year Ending December 31,	Business-Type Activities Principal	Interest	Total
2024	$ 43,931	$ 7,252	$ 51,183
2025	45,723	5,460	51,183
2026	47,617	3,566	51,183
2027	49,930	1,253	51,183
Total	$ 187,201	$ 17,531	$ 204,732

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds payable	$ 8,835,000	$ 3,760,000	$ (655,000)	$ 11,940,000	$ 835,000
Unamortized premium on bonds	231,068	406,391	(50,680)	586,779	-
Total Bonds Payable	9,066,068	4,166,391	(705,680)	12,526,779	835,000
Compensated Absences Payable	352,716	313,229	(285,939)	380,006	167,202
Governmental Activity Long-term Liabilities	$ 9,418,784	$ 4,479,620	$ (991,619)	$ 12,906,785	$ 1,002,202
Business-type Activities					
Bonds Payable					
Revenue bonds payable	$ 3,255,000	$ 21,785,000	$ (250,000)	$ 24,790,000	$ 860,000
Unamortized premium on bonds	76,658	956,384	(40,801)	992,241	-
Total Bonds Payable	3,331,658	22,741,384	(290,801)	25,782,241	860,000
Notes Payable	229,433	-	(42,232)	187,201	43,931
Business-type Activity Long-term Liabilities	$ 3,561,091	$ 22,741,384	$ (333,033)	$ 25,969,442	$ 903,931

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

At December 31, 2023, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned), or Unassigned. The following is a summary of the components of fund balance:

	General	Debt Service	Pavement Management	Park Capital	Hackamore Upgrade	City Center Drive	Nonmajor Governmental Funds	Total
Nonspendable								
Prepaid items	$ 89,961	$ -	$ -	$ -	$ -	$ -	$ -	$ 89,961
Restricted for								
Debt service	$ -	$ 180,638	$ -	$ -	$ -	$ -	$ -	$ 180,638
Capital outlay	292,669	-	-	-	-	-	705,878	998,547
Park dedication fees	-	-	-	4,021,879	1,051,759	1,212,005	-	6,285,643
Lawful gambling	-	-	-	-	-	-	255,788	255,788
Police expenditures	-	-	-	-	-	-	11,953	11,953
Total Restricted	$ 292,669	$ 180,638	$ -	$ 4,021,879	$ 1,051,759	$ 1,212,005	$ 973,619	$ 7,732,569
Committed to								
Emergency sirens	$ -	$ -	$ -	$ -	$ -	$ -	$ 64,954	$ 64,954
Police expenditures	-	-	-	-	-	-	49,923	49,923
Truck safety	-	-	-	-	-	-	3,990	3,990
Total Committed	$ -	$ -	$ -	$ -	$ -	$ -	$ 118,867	$ 118,867
Assigned to								
Long range capital planning	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,137,537	$ 2,137,537
Capital outlay	-	-	-	358,350	-	-	76,851	435,201
Total Assigned	$ -	$ -	$ -	$ 358,350	$ -	$ -	$ 2,214,388	$ 2,572,738
Unassigned	$ 4,201,198	$ -	$ (89,451)	$ -	$ -	$ -	$ (7,954)	$ 4,103,793

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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 reduced prorated increase.

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were $143,345, $110,142 and $97,494, respectively. The City’s contributions were equal to the required contributions for each year 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 2023 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 years ending December 31, 2023, 2022 and 2021 were $227,691, $175,464 and $137,660, respectively. The City’s contributions were equal to the required contributions for each year as set by state statute.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of $1,269,359 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $35,103. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0227 percent at the end of the measurement period and 0.0192 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	$ 1,269,359
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	35,103
Total	$ 1,304,462

For the year ended December 31, 2023, the City recognized pension expense of $374,894 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized $158 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 40,143	$ 6,125
Changes in Actuarial Assumptions	145,126	347,920
Net Difference Between Projected and Actual Investment Earnings	2,925	-
Changes in Proportion	173,832	-
Contributions Paid to PERA Subsequent to the Measurement Date	70,955	-
Total	$ 432,981	$ 354,045

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The $70,955 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 109,772
2025	(78,822)
2026	4,568
2027	(27,537)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of $1,612,897 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0934 percent at the end of the measurement period and 0.0735 percent for the beginning of the period.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of $9 million in direct state aid that does meet the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $64,994.

City Proportionate Share of the Net Pension Liability	$ 1,612,897
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the	64,994
Total	$ 1,677,891

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of $677,397 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional negative $3,914 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of $9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid. The City recognized $8,406 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 394,524	$ -
Changes in Actuarial Assumptions	1,372,799	2,264,942
Net Difference Between Projected and Actual Investment Earnings	15,705	-
Changes in Proportion	644,514	45,821
Contributions Paid to PERA Subsequent to the Measurement Date	113,555	-
Total	$ 2,541,097	$ 2,310,763

The $113,555 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 130,816
2025	81,532
2026	340,075
2027	(35,474)
2028	(400,170)

E. Long-term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

<u>General Employees Fund</u>

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 2,245,597	$ 1,269,359	$ 466,365
Police and Fire Fund	3,200,179	1,612,897	307,938

I. Pension Plan Fiduciary Net Position

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

Note 5: Postemployment Benefits Other Than Pensions

A. Plan Description

The City's defined benefit healthcare plan ("the Retiree Health Plan") provides healthcare insurance for eligible retirees and their spouses. The Retiree Health Plan is affiliated with the healthcare plan administered through LOGIS, an agent multiple-employer postemployment healthcare plan. LOGIS is a consortium of Minnesota local government units controlled by its members. LOGIS' Board of Directors is composed of one representative from each agency. LOGIS issues a publicly available financial report that includes financial statements and required supplementary information for the health plan. That report may be obtained by writing to LOGIS, 5750 Duluth Street, Golden Valley, MN 55422, or by calling (763) 543-2600.

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	1
Active Plan Members	23
Total Plan Members	24

B. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by LOGIS' Board of Directors. For the year ended December 31, 2023, the City's average contribution rate was 0.90 percent of covered-employee payroll. For the year 2023, the City's implicit contributions to the plan totaled $44,826.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of $1,120,608 was measured as of December 31, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2022. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.77%
20-Year Municipal Bond Yield	2.90%
Inflation Rate	2.60%
Salary Increases	N/A
Medical Trend Rate	6.20% in 2022 decreasing 0.30% per year to an ultimate rate of 3.9%

The discount rate used to measure the total OPEB liability was 3.77 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate.

Rates from the most recent July 1, 2014 through June 30, 2018 PERA and TRA Experience Studies.

The actuarial assumptions used in the December 31, 2023 valuation was based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

Note 5: Postemployment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at January 1, 2023	$ 350,374
Changes for the Year:	
Service cost	19,424
Interest	14,069
Differences between expected and actual experience	677,909
Changes in assumptions or other inputs	103,658
Benefit payments	(44,826)
Net Changes	770,234
Balances at December 31, 2023	$ 1,120,608

E. Sensitivity of the Total OPEB Liability

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

1 Percent Increase	Current Discount Rate (3.77%)	1 Percent Decrease
$ 988,597	$ 1,120,608	$ 1,280,696

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trent Rates that is 1-percentage point lower or 1-percentage-point higher than the current healthcare trend rate:

1 Percent Increase	Healthcare Cost Trend Rates	1 Percent Decrease
$ 1,287,408	$ 1,120,608	$ 981,128

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of $815,060. At December 31, 2023, there are no deferred outflows of resources or deferred inflows of resources related to OPEB.

Note 6: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City is well below the legal debt margin as of December 31, 2023.

Note 7: Prior Period Adjustment

At December 31, 2023, the City's balances were adjusted and due to the following:

Fund	Net Position December 31, 2022 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2023 as Restated
Governmental Activities	$ 20,147,709	$ (331,076)	$ 20,478,785

(1) To adjust ending governmnetal net position for the correction of revenue originally coded as a balance sheet escrow payable.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Corcoran, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0227 %	$ 1,269,359	$ 35,103	$ 1,304,462	$ 1,732,391	73.3 %	83.1 %
06/30/22	0.0192	1,520,646	44,439	1,565,085	1,405,282	108.2	76.7
06/30/21	0.0159	679,001	20,754	699,755	1,136,701	59.7	87.0
06/30/20	0.0147	881,332	27,082	908,414	1,032,335	85.4	79.0
06/30/19	0.0133	735,327	22,832	758,159	941,564	78.1	80.2
06/30/18	0.0130	721,187	23,786	744,973	876,976	82.2	79.5
06/30/17	0.0111	708,617	8,921	717,538	715,840	99.0	75.9
06/30/16	0.0106	860,667	11,305	871,972	658,533	130.7	68.9
06/30/15	0.0102	528,617	-	528,617	1,025,437	51.6	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	$ 143,345	$ 143,345	$ -	$ 1,911,267	7.5 %
12/31/22	110,142	110,142	-	1,468,559	7.5
12/31/21	97,494	97,494	-	1,299,921	7.5
12/31/20	79,572	79,572	-	1,060,960	7.5
12/31/19	74,497	74,497	-	993,289	7.5
12/31/18	68,497	68,497	-	913,292	7.5
12/31/17	59,070	59,070	-	787,600	7.5
12/31/16	52,496	52,496	-	699,947	7.5
12/31/15	46,319	46,319	-	617,587	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information - General Employee Fund (Continued)

Changes in Plan Provisions

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

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

2016 – There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0934 %	$ 1,612,897	$ 64,994	$ 1,677,891	$ 1,184,003	136.2 %	86.5 %
06/30/22	0.0735	3,198,430	139,705	3,338,135	900,268	355.3	70.5
06/30/21	0.0588	453,874	20,390	474,264	701,855	64.7	93.7
06/30/20	0.0691	910,812	21,449	932,261	780,391	116.7	87.2
06/30/19	0.0692	736,704	-	736,704	729,156	101.0	89.3
06/30/18	0.0655	698,163	-	698,163	689,830	101.2	88.8
06/30/17	0.0620	837,074	-	837,074	703,095	119.1	85.4
06/30/16	0.0510	2,046,719	-	2,046,719	576,654	354.9	63.9
06/30/15	0.0560	636,291	-	636,291	475,475	133.8	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	$ 227,691	$ 227,691	$ -	$ 1,286,390	17.70 %
12/31/22	175,464	175,464	-	991,320	17.70
12/31/21	137,660	137,660	-	777,738	17.70
12/31/20	133,277	133,277	-	752,977	17.70
12/31/19	131,228	131,228	-	774,204	16.95
12/31/18	113,901	113,901	-	703,095	16.20
12/31/17	106,295	106,295	-	656,142	16.20
12/31/16	93,418	93,418	-	576,654	16.20
12/31/15	77,027	77,027	-	475,475	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund (Continued)

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

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

2022 - There were no changes in plan provisions since the previous valuation.

2021 – There were no changes in plan provisions since the previous valuation.

2020 – There were no changes in plan provisions since the previous valuation.

2019 – There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048, was added to the existing $9.0 million state contribution. New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 – There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 19,424	$ 25,166	$ 25,258	$ 21,963	$ 16,254	$ 16,488
Interest	14,069	8,344	8,966	10,359	12,423	10,632
Differences between expected and actual experience	677,909	-	(20,208)	-	(29,562)	-
Changes in assumptions	103,658	(51,370)	(12,838)	21,220	81,749	(17,796)
Benefit payments	(44,826)	(23,375)	(14,507)	(9,362)	(15,182)	(13,650)
Net Change in Total OPEB Liability	770,234	(41,235)	(13,329)	44,180	65,682	(4,326)
Total OPEB Liability - Beginning	350,374	391,609	404,938	360,758	295,076	299,402
Total OPEB Liability - Ending	$ 1,120,608	$ 350,374	$ 391,609	$ 404,938	$ 360,758	$ 295,076
Covered - Employee Payroll	$ 3,200,000	$ 2,600,000	$ 2,300,000	$ 1,700,000	$ 1,700,000	$ 1,300,000
City's total OPEB liability as a percentage of covered employee payroll	35.0 %	13.5 %	17.0 %	23.8 %	21.2 %	22.7 %

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Corcoran, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue	Capital Projects	Total
Assets			
Cash and temporary investments	$ 408,136	$ 2,733,059	$ 3,141,195
Cash with fiscal agent	-	203,869	203,869
Accounts receivable	60	-	60
Total Assets	$ 408,196	$ 2,936,928	$ 3,345,124
Liabilities			
Accounts payable	$ 29,542	$ 16,662	$ 46,204
Fund Balances			
Restricted	267,741	705,878	973,619
Committed	118,867	-	118,867
Assigned	-	2,214,388	2,214,388
Unassigned	(7,954)	-	(7,954)
Total Fund Balance	378,654	2,920,266	3,298,920
Total Liabilities and Fund Balances	$ 408,196	$ 2,936,928	$ 3,345,124

City of Corcoran, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	Special Revenue	Capital Projects	Total
Revenues			
Charges for services	$ 27,531	$ -	$ 27,531
Interest on investments	46,374	53,683	100,057
Miscellaneous	59,947	-	59,947
Total Revenues	133,852	53,683	187,535
Expenditures			
Current			
General government	44,633	-	44,633
Public safety	29,081	-	29,081
Capital outlay			
General government	-	79,429	79,429
Public safety	-	115,354	115,354
Public works	-	532,499	532,499
Culture and recreation	-	16,698	16,698
Total Expenditures	73,714	743,980	817,694
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,138	(690,297)	(630,159)
Other Financing Sources (Uses)			
Transfers in	7,000	1,679,538	1,686,538
Sale of capital assets	-	24,884	24,884
Total Other Financing Sources (Uses)	7,000	1,704,422	1,711,422
Net Change in Fund Balances	67,138	1,014,125	1,081,263
Fund Balances, January 1	311,516	1,906,141	2,217,657
Fund Balances, December 31	$ 378,654	$ 2,920,266	$ 3,298,920

City of Corcoran, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	201 Reserve Donation	202 Police Donation	204 Firearms Safety	205 DWI Forfeiture
Assets				
Cash and temporary investments	$ 28,569	$ (7,954)	$ 21,294	$ 9,063
Accounts receivable	60	-	-	-
Total Assets	$ 28,629	$ (7,954)	$ 21,294	$ 9,063
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Fund Balances				
Restricted	-	-	-	9,063
Committed	28,629	-	21,294	-
Unassigned	-	(7,954)	-	-
Total Fund Balances	28,629	(7,954)	21,294	9,063
Total Liabilities and Fund Balances	$ 28,629	$ (7,954)	$ 21,294	$ 9,063

206 Drug Forfeiture	207 Truck Safety	208 Lawful Gambling	209 Emergency Sirens	210 ARPA	Total
$ 2,890	$ 3,990	$ 255,788	$ 64,954	$ 29,542	$ 408,136
-	-	-	-	-	60
$ 2,890	$ 3,990	$ 255,788	$ 64,954	$ 29,542	$ 408,196
$ -	$ -	$ -	$ -	$ 29,542	$ 29,542
2,890	-	255,788	-	-	267,741
-	3,990	-	64,954	-	118,867
-	-	-	-	-	(7,954)
2,890	3,990	255,788	64,954	-	378,654
$ 2,890	$ 3,990	$ 255,788	$ 64,954	$ 29,542	$ 408,196

City of Corcoran, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2023

	201 Reserve Donation	202 Police Donation	204 Firearms Safety	205 DWI Forfeiture
Revenues				
Charges for services	$ 3,826	$ -	$ 705	$ -
Interest on investments	1,225	64	937	405
Miscellaneous	9,606	4,350	11,834	310
Total Revenues	14,657	4,414	13,476	715
Expenditures				
Current				
General government	-	-	-	-
Public safety	426	16,901	4,249	1,565
Total Expenditures	426	16,901	4,249	1,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,231	(12,487)	9,227	(850)
Other Financing Sources (Uses)				
Transfers in	-	7,000	-	-
Net Change in Fund Balances	14,231	(5,487)	9,227	(850)
Fund Balances, January 1	14,398	(2,467)	12,067	9,913
Fund Balances, December 31	$ 28,629	$ (7,954)	$ 21,294	$ 9,063

206 Drug Forfeiture	207 Truck Safety	208 Lawful Gambling	209 Emergency Sirens	210 ARPA	Total
$ -	$ -	$ -	$ 23,000	$ -	$ 27,531
129	178	11,155	2,715	29,566	46,374
-	4,540	29,307	-	-	59,947
129	4,718	40,462	25,715	29,566	133,852
-	-	15,067	-	29,566	44,633
-	5,940	-	-	-	29,081
-	5,940	15,067	-	29,566	73,714
129	(1,222)	25,395	25,715	-	60,138
-	-	-	-	-	7,000
129	(1,222)	25,395	25,715	-	67,138
2,761	5,212	230,393	39,239	-	311,516
$ 2,890	$ 3,990	$ 255,788	$ 64,954	$ -	$ 378,654

City of Corcoran, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2023

	401 Long Range Capital Planning	411 Public Works Facility	416 Capital Equip-Cert	420 Wetland Restoration
Assets				
Cash and temporary investments	$ 2,137,537	$ 76,851	$ 203,094	$ 109,194
Cash with fiscal agent	-	-	203,869	-
Total Assets	$ 2,137,537	$ 76,851	$ 406,963	$ 109,194
Liabilities				
Accounts payable	$ -	$ -	$ 16,662	$ -
Fund Balances				
Restricted	-	-	390,301	109,194
Assigned	2,137,537	76,851	-	-
Total Fund Balance	2,137,537	76,851	390,301	109,194
Total Liabilities and Fund Balances	$ 2,137,537	$ 76,851	$ 406,963	$ 109,194

425

Pulte Encore	Total
$ 206,383	$ 2,733,059
-	203,869
$ 206,383	$ 2,936,928
$ -	$ 16,662
206,383	705,878
-	2,214,388
206,383	2,920,266
$ 206,383	$ 2,936,928

City of Corcoran, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
and Changes in Fund Balances
Changes in Fund Balances
For the Year Ended December 31, 2023

	401 Long Range Capital Planning	411 Public Works Facility	416 Capital Equip-Cert	420 Wetland Restoration
Revenues				
Interest on investments	$ 21,984	$ 2,310	$ 15,317	$ 4,867
Expenditures				
Capital outlay				
General government	-	-	79,429	-
Public safety	-	-	115,354	-
Public works	-	-	532,499	-
Culture and recreation	-	-	16,698	-
Total Expenditures	-	-	743,980	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,984	2,310	(728,663)	4,867
Other Financing Sources (Uses)				
Transfers in	1,644,538	25,000	10,000	-
Sale of capital assets	-	-	24,884	-
Total Other Financing Sources (Uses)	1,644,538	25,000	34,884	-
Net Change in Fund Balances	1,666,522	27,310	(693,779)	4,867
Fund Balances, January 1	471,015	49,541	1,084,080	104,327
Fund Balances, December 31	$ 2,137,537	$ 76,851	$ 390,301	$ 109,194

425	
Pulte Encore	Total
$ 9,205	$ 53,683
-	79,429
-	115,354
-	532,499
-	16,698
-	743,980
9,205	(690,297)
-	1,679,538
-	24,884
-	1,704,422
9,205	1,014,125
197,178	1,906,141
$ 206,383	$ 2,920,266

City of Corcoran, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Property taxes	$ 6,334,020	$ 6,334,020	$ 6,233,945	$ (100,075)	$ 5,149,054
Cable franchise fees	59,000	59,000	66,865	7,865	62,153
Total taxes	6,393,020	6,393,020	6,300,810	(92,210)	5,211,207
Licenses and permits					
Business	25,850	25,850	61,575	35,725	16,251
Nonbusiness	1,301,000	1,301,000	1,672,389	371,389	1,185,888
Total licenses and permits	1,326,850	1,326,850	1,733,964	407,114	1,202,139
Intergovernmental					
Federal					
Other	-	-	648,981	648,981	-
State					
Property tax credits	20,000	20,000	22,026	2,026	28,649
Police state aid	102,500	102,500	158,634	56,134	86,037
State aid for streets	150,000	150,000	157,444	7,444	157,694
Other	41,845	41,845	339,622	297,777	40,499
County					
Recycling	13,900	13,900	13,830	(70)	13,846
Other	10,000	10,000	10,320	320	42,203
Total intergovernmental	338,245	338,245	1,350,857	1,012,612	368,928
Charges for services					
General government	57,330	57,330	59,001	1,671	77,194
Public safety	9,300	9,300	19,165	9,865	14,131
Streets and highways	154,700	154,700	35,009	(119,691)	37,694
Recycling	9,500	9,500	9,052	(448)	4,462
Parks	46,735	46,735	48,624	1,889	54,556
Total charges for services	277,565	277,565	170,851	(106,714)	188,037
Fines and forfeitures	25,000	25,000	29,748	4,748	21,979
Special assessments	-	-	633	633	-
Interest on investments	11,500	11,500	385,049	373,549	45,356
Miscellaneous					
Contributions and donations	1,000	1,000	1,020	20	1,250
Other	24,000	24,000	68,139	44,139	260,194
Total miscellaneous	25,000	25,000	69,159	44,159	261,444
Total Revenues	8,397,180	8,397,180	10,041,071	1,643,891	7,299,090

City of Corcoran, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures					
Current					
General government					
City council					
Personal services	$ 20,740	$ 20,740	$ 20,733	$ 7	$ 20,733
Supplies	7,000	7,000	2,367	4,633	3,429
Other services and charges	150	150	101	49	102
Total city council	27,890	27,890	23,201	4,689	24,264
Communication					
Other services and charges	13,000	13,000	12,414	586	8,434
Administrator					
Personal services	197,500	197,500	191,751	5,749	167,625
Supplies	6,200	6,200	481	5,719	2,439
Other services and charges	2,600	2,600	6,002	(3,402)	23,106
Total administrator	206,300	206,300	198,234	8,066	193,170
Administration					
Personal services	381,900	381,900	367,660	14,240	193,630
Supplies	5,000	5,000	744	4,256	964
Other services and charges	5,500	5,500	471	5,029	10,910
Total administration	392,400	392,400	368,875	23,525	205,504
Elections					
Personal services	500	500	-	500	11,399
Supplies	3,000	3,000	1,568	1,432	-
Other services and charges	400	400	8,363	(7,963)	-
Total elections	3,900	3,900	9,931	(6,031)	11,399
Finance					
Personal services	322,600	322,600	284,249	38,351	211,991
Supplies	3,500	3,500	1,752	1,748	1,720
Other services and charges	48,750	48,750	63,863	(15,113)	49,659
Total finance	374,850	374,850	349,864	24,986	263,370
Assessor					
Supplies	300	300	-	300	13
Other services and charges	120,000	120,000	150,000	(30,000)	118,000
Total assessor	120,300	120,300	150,000	(29,700)	118,013
Legal services					
Other services and charges	45,000	45,000	79,656	(34,656)	51,931
Planning and zoning					
Personal services	159,200	159,200	157,553	1,647	125,536
Supplies	2,000	2,000	1,127	873	843
Other services and charges	71,500	71,500	93,926	(22,426)	102,053
Total planning and zoning	232,700	232,700	252,606	(19,906)	228,432
Information technology					
Supplies	85,000	85,000	89,971	(4,971)	99,205
Other services and charges	140,000	140,000	144,101	(4,101)	140,284
Total information technology	225,000	225,000	234,072	(9,072)	239,489

City of Corcoran, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Central services					
Supplies	$ 65,000	$ 65,000	$ 40,542	$ 24,458	$ 74,480
Other services and charges	246,800	246,800	263,871	(17,071)	225,477
Total central services	311,800	311,800	304,413	7,387	299,957
Total general government	1,953,140	1,953,140	1,983,266	(30,126)	1,643,963
Public safety					
Police					
Personal services	2,055,500	2,055,500	1,954,628	100,872	1,752,530
Supplies	120,350	120,350	136,291	(15,941)	140,809
Other services and charges	284,000	284,000	312,047	(28,047)	325,293
Total police	2,459,850	2,459,850	2,402,966	56,884	2,218,632
Fire					
Other services and charges	608,680	608,680	570,042	38,638	445,934
Code enforcement					
Personal services	37,300	37,300	30,211	7,089	354
Supplies	-	-	-	-	-
Other services and charges	15,100	15,100	10,847	4,253	23,451
Total code enforcement	52,400	52,400	41,058	11,342	23,805
Building inspection					
Personal services	260,900	260,900	230,218	30,682	157,677
Supplies	2,500	2,500	1,521	979	1,168
Other services and charges	430,000	430,000	663,885	(233,885)	256,374
Total police	693,400	693,400	895,624	(202,224)	415,219
Total public safety	3,814,330	3,814,330	3,909,690	(95,360)	3,103,590
Public works					
Streets and highways					
Personal services	1,274,600	1,274,600	967,539	307,061	962,695
Supplies	587,000	587,000	528,735	58,265	518,983
Other services and charges	430,600	430,600	255,644	174,956	482,633
Total streets and highways	2,292,200	2,292,200	1,751,918	540,282	1,964,311
Snow and ice removal					
Supplies	55,000	55,000	44,848	10,152	45,351
Engineering					
Other services and charges	90,000	90,000	116,981	(26,981)	87,926

City of Corcoran, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Recycling					
Supplies	$ 3,500	$ 3,500	$ 4,751	$ (1,251)	$ 3,987
Other services and charges	10,000	10,000	10,465	(465)	8,523
Total recycling	13,500	13,500	15,216	(1,716)	12,510
Total public works	2,450,700	2,450,700	1,928,963	521,737	2,110,098
Culture and recreation					
Parks					
Personal services	131,700	131,700	126,669	5,031	110,256
Supplies	119,300	119,300	90,443	28,857	65,902
Other services and charges	58,510	58,510	27,348	31,162	31,422
Total parks	309,510	309,510	244,460	65,050	207,580
Total current	8,527,680	8,527,680	8,066,379	461,301	7,065,231
Capital outlay					
General government	-	-	-	-	-
Public safety	10,000	10,000	-	10,000	-
Public works	15,000	15,000	9,752	5,248	11,519
Culture and recreation	40,000	40,000	46,953	(6,953)	40,499
Total capital outlay	65,000	65,000	56,705	8,295	52,018
Total Expenditures	8,592,680	8,592,680	8,123,084	469,596	7,117,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,500)	(195,500)	1,917,987	2,113,487	181,841
Other Financing Sources (Uses)					
Transfers in	535,500	535,500	602,600	67,100	449,092
Transfers out	(360,000)	(360,000)	(1,025,981)	(665,981)	(1,198,349)
Sale of capital assets	-	-	1,515	1,515	63,858
Total Other Financing Sources (Uses)	175,500	175,500	(421,866)	(597,366)	(685,399)
Net Change in Fund Balances	(20,000)	(20,000)	1,496,121	1,516,121	(503,558)
Fund Balances, January 1	3,087,707	3,087,707	3,087,707	-	3,591,265
Fund Balances, December 31	$ 3,067,707	$ 3,067,707	$ 4,583,828	$ 1,516,121	$ 3,087,707

City of Corcoran, Minnesota
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2023

	309 G.O. Equipment Certificates	311 2020B G.O. Bonds	312 2016A G.O. Bonds	313 2018A G.O. Bonds
Assets				
Cash and temporary investments	$ (301,808)	$ 155,552	$ (805,042)	$ 276,922
Cash with fiscal agent	387,045	-	253,290	89,588
Special assessments receivable	-	-	227,932	-
Due from other governments	-	-	1,735	-
Total Assets	$ 85,237	$ 155,552	$ (322,085)	$ 366,510
Deferred Inflows of Resources				
Unavailable revenues - special assessments	$ -	$ -	$ 227,932	$ -
Fund Balances				
Restricted for debt service	85,237	155,552	(550,017)	366,510
Total Deferred Inflows of Resources and Fund Balances	$ 85,237	$ 155,552	$ (322,085)	$ 366,510

314	
2023A G.O. Bonds	Total
$ (1,258,639)	$ (1,933,015)
1,381,995	2,111,918
-	227,932
-	1,735
$ 123,356	$ 408,570
$ -	$ 227,932
123,356	180,638
$ 123,356	$ 408,570

City of Corcoran, Minnesota
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2023

	309 G.O. Equipment Certificates	311 2020B G.O. Bonds	312 2016A G.O. Bonds	313 2018A G.O. Bonds
Revenues				
Taxes	$ 220,920	$ 224,375	$ -	$ 359,008
Special assessments	-	-	78,067	-
Interest on investments	-	-	-	35
Total Revenues	220,920	224,375	78,067	359,043
Expenditures				
Debt service				
Principal	185,000	160,000	235,000	75,000
Interest and other charges	107,404	50,290	28,930	30,795
Total Expenditures	292,404	210,290	263,930	105,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,484)	14,085	(185,863)	253,248
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Net Change in Fund Balances	(71,484)	14,085	(185,863)	253,248
Fund Balances, January 1	156,721	141,467	(364,154)	113,262
Fund Balances, December 31	$ 85,237	$ 155,552	$ (550,017)	$ 366,510

314

2023A G.O. Bonds	Total
$ -	$ 804,303
-	78,067
-	35
-	882,405
-	655,000
-	217,419
-	872,419
-	9,986
123,356	123,356
123,356	133,342
-	47,296
$ 123,356	$ 180,638

City of Corcoran, Minnesota

Summary Financial Report

Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2023 and 2022

	Total 2023	Total 2022	Percent Increase (Decrease)
Revenues			
Taxes	$ 7,105,113	$ 5,799,574	22.51 %
Licenses and permits	1,733,964	1,202,139	44.24
Intergovernmental	1,663,827	416,211	299.76
Charges for services	1,034,775	1,824,839	(43.29)
Fines and forfeitures	29,748	21,979	35.35
Special assessments	111,151	128,403	(13.44)
Interest on investments	847,268	98,669	758.70
Miscellaneous	7,354,296	4,715,826	55.95
Total Revenues	$ 19,880,142	$ 14,207,640	39.93 %
Per Capita	$ 2,676	$ 2,124	25.95 %
Expenditures			
Current			
General government	$ 2,027,899	$ 1,677,996	20.85 %
Public safety	3,938,771	3,147,675	25.13
Public works	1,928,963	2,110,098	(8.58)
Culture and recreation	244,460	207,580	17.77
Capital outlay			
General government	79,429	104,423	(23.94)
Public safety	115,354	311,892	(63.01)
Public works	10,975,711	5,963,828	84.04
Culture and recreation	64,391	292,520	(77.99)
Debt service			
Principal	655,000	620,000	5.65
Interest and other charges	258,877	216,935	19.33
Total Expenditures	$ 20,288,855	$ 14,652,947	38.46 %
Per Capita	$ 2,731	$ 2,191	24.64 %
Total Long-term Indebtedness	$ 12,526,779	$ 9,066,068	38.17 %
Per Capita	1,686	1,356	
General Fund Balance - December 31	$ 4,583,828	$ 3,087,707	48.45 %
Per Capita	617	462	

The purpose of this report is to provide a summary of financial information concerning the City of Corcoran to interested citizens. The complete financial statements may be examined at City Hall, 8200 County Road 116, Corcoran, MN 55340. Questions about this report should be directed to Jessica Beise, Interim City Administrator at (763) 400 7029.

OTHER REQUIRED REPORT

CITY OF CORCORAN
CORCORAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Corcoran, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Corcoran, 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 July 9, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Corcoran failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions 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 intended solely for the information and use 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.

Abdo

Abdo
Minneapolis, Minnesota
July 9, 2024