City of Corcoran, Minnesota

Audited Financial Statements

For The Year Ended December 31, 2024

SCHLENNER WENNER & CO.
CPAs

CITY OF CORCORAN, MINNESOTA
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CITY OF CORCORAN, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2024

CITY COUNCIL		Term Expires
Tom McKee	Mayor	December 31, 2024
Jonathan Bottema	Council Member	December 31, 2024
Mark Lanterman	Council Member	December 31, 2024
Jeremy Nichols	Council Member	December 31, 2026
Dean Vehrenkamp	Council Member	December 31, 2024

CITY OFFICIALS

Jay Tobin	City Administrator

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Corcoran, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 of Corcoran, Minnesota, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Emphasis of Matter

As discussed in Note 1.H. to the financial statements, in 2024, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Note 5.E. to the financial statements, the 2023 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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, budgetary comparison schedules, pension schedules, OPEB schedule listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and supplemental schedules, schedule of indebtedness, summary financial report, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, supplemental schedules, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 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 nonmajor fund financial statements, supplemental schedules, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, schedule of indebtedness, and summary financial report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, on our consideration of the City of Corcoran's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Corcoran's internal control over financial reporting and compliance.

Schlenner Wenner & Co.

SCHLENNER WENNER & CO.
St. Cloud, Minnesota
June 27, 2025

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Our discussion and analysis of the City of Corcoran's financial performance provides an overview of the City's financial activities for the year ended December 31, 2024. Please read it in conjunction with the independent auditor's report on page four and the City's financial statements, which begin on page eighteen.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Corcoran exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $47,938,703 (net position).

- The City's net position increased $7,875,046 compared to the prior year as a result of this year's operations.

- In the City's business-type activities, revenues increased $4,036,375 while program expenses decreased $168,089 (or 6.99 percent). These changes are discussed in greater detail throughout the following pages.

- Total cost of all of the City's programs decreased $2,918,950 (or 17.23 percent).

- In the current year, the City's General Fund generated more revenue than budgeted by $541,566. Expenditures exceeded the budget by $640,220. See additional details starting on page fifty-nine.

- During the year ended December 31, 2024, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result of adopting this new accounting standard, the 2024 opening net position of the City's governmental activities was restated. See additional information at Note 5.E. to the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages eighteen and nineteen) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page twenty. These statements tell how governmental activity services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page ten. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows/inflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by large private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. You can think of the City's net position (assets and deferred outflows, less liabilities and deferred inflows) as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, costs associated with current and future construction projects, and the condition of the City's roads, to assess the overall health of the City.

USING THIS ANNUAL REPORT (Continued)

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities - Most of the City's basic services are reported here, including the police, fire, public works, parks departments, and general administration. Property taxes, special assessments, licenses, permits, fees and state aids finance most of these activities.

- Business-type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer activities are reported here.

Reporting the City's Most Significant Funds
Our analysis of the City's funds begins on page twelve. The fund financial statements begin on page twenty and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds (governmental and proprietary) use different accounting approaches.

- Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the governmental fund financial statements.

- Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City's combined net position increased $7,875,046 from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	$ 18,139,729	$ 21,065,177	$ 15,007,000	$ 25,589,908	$ 33,146,729	$ 46,655,085
Net Capital Assets	28,930,250	25,378,535	33,598,762	16,859,760	62,529,012	42,238,295
Total Assets	47,069,979	46,443,712	48,605,762	42,449,668	95,675,741	88,893,380
Deferred Outflows of Resources	2,302,169	2,974,078	-	-	2,302,169	2,974,078
Current Liabilities	3,255,669	3,627,721	3,707,413	2,468,271	6,963,082	6,095,992
Noncurrent Liabilities	15,293,158	16,909,649	25,024,710	25,969,442	40,317,868	42,879,091
Total Liabilities	18,548,827	20,537,370	28,732,123	28,437,713	47,280,950	48,975,083
Deferred Inflows of Resources	2,758,257	2,664,808	-	-	2,758,257	2,664,808
Net Position:						
Net Investment in Capital Assets	17,289,155	13,242,057	8,574,052	6,118,831	25,863,207	19,360,888
Restricted	7,342,209	7,384,027	-	-	7,342,209	7,384,027
Unrestricted	3,433,700	5,589,528	11,299,587	7,893,124	14,733,287	13,482,652
Total Net Position	$ 28,065,064	$ 26,215,612	$ 19,873,639	$ 14,011,955	$ 47,938,703	$ 40,227,567

The net position of the City's governmental activities increased by $2,013,362 (or 7.73 percent), after adjusting opening net position for restatements. Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) decreased by $2,155,828 (or 38.57 percent) compared to the prior year.

The net position of the City's business-type activities increased by $5,861,684. Expenses were fairly comparable to the prior year, but revenues increased primarily due to Federal grant funding obtained for a City infrastructure project during the current year.

THE CITY AS A WHOLE (Continued)

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
REVENUES						
Charges for Services	$ 3,187,751	$ 2,839,529	$ 1,646,010	$ 1,325,601	$ 4,833,761	$ 4,165,130
Operating Grants and Contributions	983,200	1,318,122	54,263	54,723	1,037,463	1,372,845
Capital Grants and Contributions	(937)	7,514,690	5,756,970	2,338,013	5,756,033	9,852,703
Property Taxes	8,346,438	7,068,208	-	-	8,346,438	7,068,208
Intergovernmental	94,458	6,165	-	-	94,458	6,165
Franchise Taxes	66,024	66,865	-	-	66,024	66,865
Investment Income (Loss)	339,316	847,268	1,121,708	824,239	1,461,024	1,671,507
Total Revenues	13,016,250	19,660,847	8,578,951	4,542,576	21,595,201	24,203,423
PROGRAM EXPENSES						
General Government	3,130,525	2,419,176	-	-	3,130,525	2,419,176
Public Safety	4,491,263	4,986,809	-	-	4,491,263	4,986,809
Public Works	3,150,004	6,453,343	-	-	3,150,004	6,453,343
Sanitation	18,789	15,216			18,789	15,216
Parks and Recreation	693,962	354,663	-	-	693,962	354,663
Debt Service	303,762	309,959	-	-	303,762	309,959
Water	-	-	1,675,070	1,768,661	1,675,070	1,768,661
Sewer	-	-	561,813	636,311	561,813	636,311
Total Expenses	11,788,305	14,539,166	2,236,883	2,404,972	14,025,188	16,944,138
Change in Net Position Prior to Gain (Loss) and Transfers	1,227,945	5,121,681	6,342,068	2,137,604	7,570,013	7,259,285
Gain (Loss) on Disposal of Assets	305,033	22,546	-	-	305,033	22,546
Capital Asset Transfers	(116,046)	-	116,046	-	-	-
Transfers	596,430	592,600	(596,430)	(592,600)	-	-
Total Gain (Loss) and Transfers	785,417	615,146	(480,384)	(592,600)	305,033	22,546
Change in Net Position	2,013,362	5,736,827	5,861,684	1,545,004	7,875,046	7,281,831
Net Position - Beginning of Year (2024 Restated)	26,051,702	20,478,785	14,011,955	12,466,951	40,063,657	32,945,736
Net Position - End of Year	$ 28,065,064	$ 26,215,612	$ 19,873,639	$ 14,011,955	$ 47,938,703	$ 40,227,567

The City's total revenues decreased by $2,608,222 (10.78 percent), while the total cost of all programs and services decreased by $2,918,950 (17.23 percent). Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenue for the City's governmental activities decreased by $6,644,597 (or 33.80 percent), primarily due to significant developer contributions received in the prior year that were not repeated in 2024. Expenses for governmental activities also decreased in comparison to the prior year, by $2,750,861 (or 18.92 percent). This decrease was largely experienced with the Public Works department, since significant expenditures were incurred in 2023 for repairs and maintenance and various non-capital projects.

THE CITY AS A WHOLE (Continued)

Table 3 presents the cost of each of the City's programs (general government, public safety, public works, sanitation, parks and recreation, and debt service) as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. Activities (net of capital outlay which is excluded from Table 3) were generally comparable to the prior year as operations remained fairly consistent with the prior year, with the exception of:

- Public Works net cost of services increased $3,276,660, primarily due to the aforementioned decrease in developer contributions received and netted against these costs.
- General Government net cost of services increased $758,041 (35.34 percent). This increase was the result of various operational costs incurred for personnel and services.
- Public Safety net cost of services increased $655,101 (25.92 percent). During 2023, the City received Public Safety funding from the State (reducing these costs on a net basis), which was not repeated in 2024.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General Government	$ 3,130,525	$ 2,419,176	$ 2,903,037	$ 2,144,996
Public Safety	4,491,263	4,986,809	3,182,852	2,527,751
Public Works	3,150,004	6,453,343	1,723,336	(1,553,324)
Sanitation	18,789	15,216	18,789	15,216
Parks and Recreation	693,962	354,663	(513,485)	(577,773)
Debt Service	303,762	309,959	303,762	309,959
Totals	$ 11,788,305	$ 14,539,166	$ 7,618,291	$ 2,866,825

Business-type Activities
Revenues of the City's business-type activities (see Table 2) increased by $4,036,375 (88.86 percent) and program expenses decreased by $168,089 (or 6.99 percent). Revenues increased largely as a result of the previously mentioned Federal grant funding for a City infrastructure project in the current year, as well as additional revenues from charges for utility services. Expenses decreased primarily due to fewer debt service costs related to debt issuance costs.

THE CITY'S FUNDS

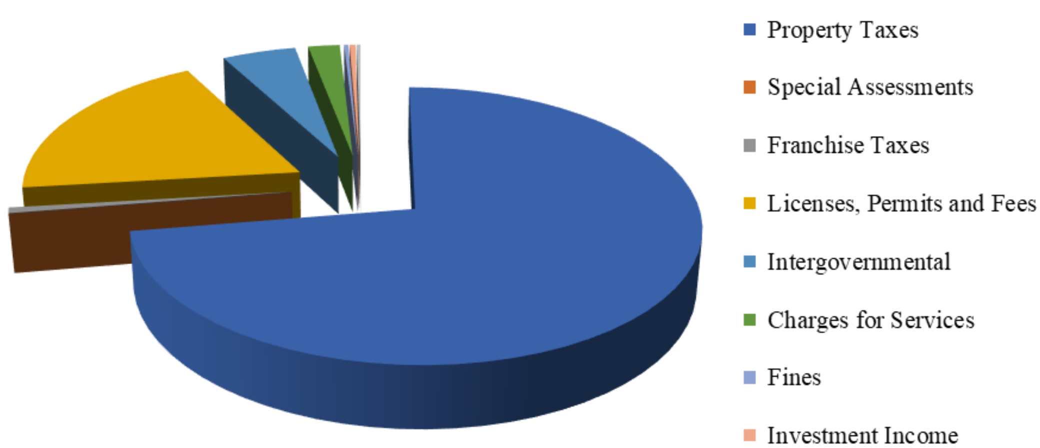
Governmental Funds
As the City completed the year, its governmental funds (as presented in the balance sheet on page twenty) reported a combined fund balance of $11,717,897. This is a decrease of $2,803,756 from the prior year. Financial information specific to the governmental funds is detailed below and in the following pages. Such information was derived from the fund financial statements.

	Fund Balance December 31,		Increase
Major Funds	2024	2023	(Decrease)
General	$ 4,583,379	$ 4,528,487	$ 54,892

The fund balance of the General Fund increased by $54,892 compared to 2023. Details of the General Fund's revenues and expenditures are displayed on the following page.

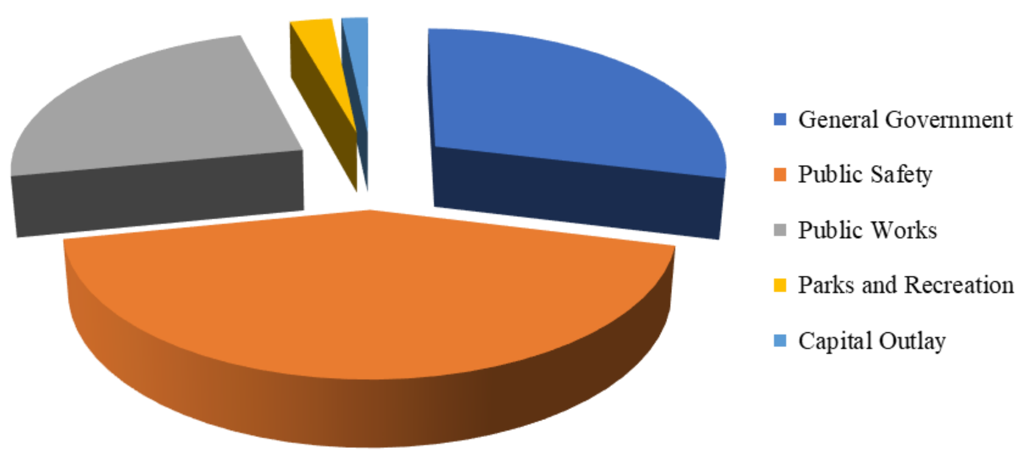
THE CITY'S FUNDS (Continued)

General Fund Revenues



The City received the majority of its funding in the General Fund from property taxes (72.46 percent) and licenses, permits and fees (18.98 percent). General Fund revenues were comparable to the prior year in aggregate, but various fluctuations were experienced for individual sources. Intergovernmental revenues and investment earnings decreased considerably, but these decreases were offset by additional revenues recognized from property taxes and building permits.

General Fund Expenditures



THE CITY'S FUNDS (Continued)

A significant portion of the City's General Fund expenditures are used for public safety (43.13 percent). Remaining expenditures are used for general government operations (28.78 percent), public works (23.76 percent), parks and recreation (2.66 percent) and capital outlay (1.67 percent). Overall, the City's General Fund expenditures increased, primarily due to the additional general government operational costs previously discussed. Additionally, expenditures for public safety and public works increased due to additional costs incurred for personnel and road maintenance.

Major Funds	Fund Balance December 31, 2024	Fund Balance December 31, 2023	Increase (Decrease)
Debt Service	$ 292,997	$ 180,638	$ 112,359

The Debt Service Fund experienced increases in both revenues and expenditures, due to a greater property tax allocation to fund the debt issued in the prior year.

Park Capital	$ 5,155,954	$ 4,389,485	$ 766,469

The Park Capital Fund activity was comparable to the prior year, with the exception of an increase in initial expenditures for upcoming park projects.

City Center Drive	$ (1,778,918)	$ 1,212,005	$ (2,990,923)

The City Center Drive Fund balance decreased, primarily due to ongoing construction projects from the prior year. Remaining bond proceeds received in 2023 were spent down during 2024.

General Fund Budgetary Highlights

The City's General Fund generated more revenue than budgeted of $541,566. Expenditures exceeded those budgeted by $640,220. Revenues over budget in the current year are primarily due to unbudgeted licenses and permits income. Expenditures over budget were primarily due to unbudgeted Other General Government costs incurred for personnel and services, to maintain the operational stability of the City amidst the growing needs of the community.

Proprietary Funds

As the City completed the year, its business-type activities reported a combined net position of $19,873,639. This is an increase of $5,861,684 from the prior year. The following is a summary of the City's major proprietary funds:

Major Funds	Net Position December 31, 2024	Net Position December 31, 2023	Increase (Decrease)
Water	$ 11,538,729	$ 6,714,937	$ 4,823,792

The majority of the increase in net position noted above for the Water Fund can be attributed Federal grant funding received to finance an infrastructure project. However, increased utility charges and fees for new connections also contributed to this increase.

Sewer	$ 8,250,431	$ 7,218,694	$ 1,031,737

The increase in net position noted above for the Sewer Fund was greater than that of the prior year, also due to increases in revenues from utility charges and fees for new connections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had $62,529,012 invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of $20,290,717 (or 48.04 percent) over last year.

Significant capital asset activity from throughout the year included the following:

- Approximately $3.1 million for the City Center Drive & 79th Place project
- Approximately $10.9 million for the Water Supply, Treatment, & Storage Facility project
- Approximately $3.4 million for the NE Corcoran Trunk Infrastructure project
- Approximately $2.5 million for the NE Corcoran Water Tower project
- Vehicle purchases for public safety, public works, water and sewer departments
- Heavy equipment purchases, including a tractor and skid loader
- Crouse Land purchase for approximately $407,000

Table 4
Capital Assets Net of Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$ 3,700,474	$ 3,292,827	$ 647,509	$ 647,509	$ 4,347,983	$ 3,940,336
Construction In Progress	8,835,455	7,356,840	24,599,349	7,700,072	33,434,804	15,056,912
Buildings	3,080,793	3,289,116	-	-	3,080,793	3,289,116
Infrastructure	10,504,316	8,820,237	8,201,192	8,469,865	18,705,508	17,290,102
Equipment	2,809,212	2,619,515	150,712	42,314	2,959,924	2,661,829
Totals	$ 28,930,250	$ 25,378,535	$ 33,598,762	$ 16,859,760	$ 62,529,012	$ 42,238,295

More detailed information about the City's capital assets is presented in Note 2.B. to the financial statements.

Debt

At year-end, the City had $36,665,805 in debt versus a balance of $38,496,221 in the prior, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	$ 11,105,000	$ 11,940,000	$ -	$ -	$ 11,105,000	$ 11,940,000
G.O. Revenue Bonds	-	-	23,930,000	24,790,000	23,930,000	24,790,000
Unamortized Bond Premium	536,095	586,779	951,440	992,241	1,487,535	1,579,020
Notes Payable	-	-	143,270	187,201	143,270	187,201
Totals	$ 11,641,095	$ 12,526,779	$ 25,024,710	$ 25,969,442	$ 36,665,805	$ 38,496,221

More detailed information regarding the City's indebtedness can be found in Note 2.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City continues to work towards increasing its unrestricted fund balance and remove unfunded liabilities. The City has experienced significant growth in both commercial-industrial and residential sectors. In 2024, the City issued 39 commercial-industrial building permits and 1,292 residential permits, with a total valuation of $160,604,388. As of early 2025, two commercial-industrial permits and 85 residential permits have been issued, valued at $8,116,484. Property values continue to increase, and new residential development is at a pace of over 300 new homes per year. This growth is reflected in the opening of a new senior living facility with 153 units.

A number of commercial and industrial approvals were granted by the City in 2024, including Tonka Auto, a new Domino's drive-up model, and a preliminary plat for two large speculative industrial buildings within the City's Northeast District. As of 2025, final plat and site plan approval was granted for one of the industrial buildings to move forward with construction this year. A number of residential developments are underway, with significant projects like Rush Creek Reserve, Hope Community, Cook Lake Highlands, Woodland Hills, Tavera, Bellwether, Fairway Shores, Heather Meadows, and Upward Acres.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jay Tobin, City Administrator, at the City of Corcoran, 8200 County Road 116, Corcoran, MN 55340.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash, Cash Equivalents, and Investments	$ 14,624,984	$ 11,731,217	$ 26,356,201
Property Taxes Receivable	81,477	-	81,477
Accounts Receivable	78,085	166,121	244,206
Due from Other Governments	2,965,639	3,000,956	5,966,595
Prepaids	18,406	19,702	38,108
Assessments Receivable	371,138	89,004	460,142
Capital Assets Not Being Depreciated	12,535,929	25,246,858	37,782,787
Capital Assets Being Depreciated (Net)	16,394,321	8,351,904	24,746,225
TOTAL ASSETS	47,069,979	48,605,762	95,675,741
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	2,302,169	-	2,302,169
LIABILITIES			
Accounts Payable	1,409,336	1,570,285	2,979,621
Salaries Payable	120,342	-	120,342
Payroll Deductions and Employer Contributions	65,057	-	65,057
Construction Contracts Payable	58,437	1,131,339	1,189,776
Deposits Payable	1,377,141	-	1,377,141
Due to Other Governments	80,821	602,436	683,257
Accrued Interest Payable	144,535	403,353	547,888
Noncurrent Liabilities:			
Due Within One Year:			
Long-term Liabilities	1,251,237	685,723	1,936,960
Due After One Year:			
Long-term Liabilities	10,858,578	24,338,987	35,197,565
Net OPEB Liability	1,090,816	-	1,090,816
Net Pension Liability	2,092,527	-	2,092,527
TOTAL LIABILITIES	18,548,827	28,732,123	47,280,950
DEFERRED INFLOWS OF RESOURCES			
Pensions	2,758,257	-	2,758,257
NET POSITION			
Net Investment in Capital Assets	17,289,155	8,574,052	25,863,207
Restricted for:			
Capital Outlay	209,390	-	209,390
Debt Service	291,667	-	291,667
Parks (Dedication Fees)	5,247,707	-	5,247,707
Police Expenditures	12,102	-	12,102
Lawful Gambling Purposes	288,792	-	288,792
Hackamore Road Improvements	1,022,034	-	1,022,034
Wetland Restoration	110,856	-	110,856
Pulte Encore Development	159,661	-	159,661
Unrestricted	3,433,700	11,299,587	14,733,287
TOTAL NET POSITION	$ 28,065,064	$ 19,873,639	$ 47,938,703

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	$ 3,130,525	$ 209,230	$ 18,108	$ 150	$ (2,903,037)	$ -	$ (2,903,037)
Public Safety	4,491,263	1,083,120	225,291	-	(3,182,852)	-	(3,182,852)
Public Works	3,150,004	825,527	602,228	(1,087)	(1,723,336)	-	(1,723,336)
Sanitation	18,789	-	-	-	(18,789)	-	(18,789)
Parks and Recreation	693,962	1,069,874	137,573	-	513,485	-	513,485
Debt Service	303,762	-	-	-	(303,762)	-	(303,762)
Total Governmental Activities	11,788,305	3,187,751	983,200	(937)	(7,618,291)	-	(7,618,291)
Business-Type Activities:							
Water	1,675,070	911,691	42,800	4,719,308	-	3,998,729	3,998,729
Sewer	561,813	734,319	11,463	1,037,662	-	1,221,631	1,221,631
Total Business-Type Activities	2,236,883	1,646,010	54,263	5,756,970	-	5,220,360	5,220,360
TOTALS	$ 14,025,188	$ 4,833,761	$ 1,037,463	$ 5,756,033	(7,618,291)	5,220,360	(2,397,931)
General Revenues:							
Property Taxes					8,346,438	-	8,346,438
Franchise Taxes					66,024	-	66,024
Intergovernmental					94,458	-	94,458
Investment Income					339,316	1,121,708	1,461,024
Gain (Loss) on Sale of Assets					305,033	-	305,033
Total General Revenues					9,151,269	1,121,708	10,272,977
Capital Asset Transfers					(116,046)	116,046	-
Transfers					596,430	(596,430)	-
Total General Revenues and Transfers					9,631,653	641,324	10,272,977
CHANGE IN NET POSITION					2,013,362	5,861,684	7,875,046
NET POSITION - BEGINNING OF YEAR (As Previously Reported)					26,215,612	14,011,955	40,227,567
ADJUSTMENTS AND RESTATEMENTS							
Restatement - Change in Accounting Principle					(67,635)	-	(67,635)
Restatement - Correction of an Error					(96,275)	-	(96,275)
NET POSITION - BEGINNING OF YEAR (As Restated)					26,051,702	14,011,955	40,063,657
NET POSITION - END OF YEAR					$ 28,065,064	$ 19,873,639	$ 47,938,703

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects: Park Capital Fund	Capital Projects: City Center Drive Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash, Cash Equivalents, and Investments	$ 5,186,676	$ 292,127	$ 5,284,317	$ -	$ 3,861,864	$ 14,624,984
Property Taxes Receivable	81,477	-	-	-	-	81,477
Assessments Receivable	36,874	143,205	-	-	191,059	371,138
Accounts Receivable	67,886	-	-	-	10,199	78,085
Due from Other Governments	106,687	870	91,753	2,766,329	-	2,965,639
Due from Other Funds	1,973,453	-	-	-	-	1,973,453
Prepaids	18,406	-	-	-	-	18,406
TOTAL ASSETS	$ 7,471,459	$ 436,202	$ 5,376,070	$ 2,766,329	$ 4,063,122	$ 20,113,182
LIABILITIES						
Accounts Payable	$ 1,132,973	$ -	$ 128,363	$ 2,051	$ 145,949	$ 1,409,336
Salaries Payable	120,342	-	-	-	-	120,342
Payroll Deductions and Employer Contributions	65,057	-	-	-	-	65,057
Construction Contracts Payable	-	-	-	56,412	2,025	58,437
Deposits Payable	1,370,820	-	-	-	6,321	1,377,141
Due to Other Governments	80,536	-	-	-	285	80,821
Due to Other Funds	-	-	-	1,720,455	252,998	1,973,453
Total Liabilities	2,769,728	-	128,363	1,778,918	407,578	5,084,587
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Property Taxes	81,477	-	-	-	-	81,477
Special Assessments	36,875	143,205	-	-	191,059	371,139
Other Receivables	-	-	91,753	2,766,329	-	2,858,082
Total Deferred Inflows of Resources	118,352	143,205	91,753	2,766,329	191,059	3,310,698
FUND BALANCES						
Nonspendable	18,406	-	-	-	-	18,406
Restricted	209,390	292,997	5,155,954	-	1,593,445	7,251,786
Committed	-	-	-	-	143,940	143,940
Assigned	-	-	-	-	2,021,807	2,021,807
Unassigned	4,355,583	-	-	(1,778,918)	(294,707)	2,281,958
Total Fund Balances	4,583,379	292,997	5,155,954	(1,778,918)	3,464,485	11,717,897
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,471,459	$ 436,202	$ 5,376,070	$ 2,766,329	$ 4,063,122	$ 20,113,182

See accompanying notes.

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

Total Fund Balances - Governmental Funds		$ 11,717,897
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:		
Capital Assets	$ 38,787,280	
Accumulated Depreciation	(9,857,030)	
Capital Assets (Net)		28,930,250
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
Bond Principal Payable	(11,105,000)	
Bond Premium, Net of Accumulated Amortization	(536,095)	
Compensated Absences	(468,720)	
		(12,109,815)
The net OPEB liability represents the present value of projected unfunded future postemployment benefits other than pensions, as determined by an actuary as of the most recent measurement date. Such liability and related balances do not represent the impending use of current financial resources and, therefore, are not reported in the funds:		
Net OPEB Liability		(1,090,816)
The net pension liability and related deferred outflows/inflows represent the allocation of pension obligations to the City. Such balances are not reported in the governmental funds:		
Net Pension Liability	(2,092,527)	
Deferred Outflows - Pensions	2,302,169	
Deferred Inflows - Pensions	(2,758,257)	
		(2,548,615)
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds Balance Sheet:		(144,535)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds:		
Property Taxes Receivable	81,477	
Special Assessments Receivable	371,139	
Other Receivables	2,858,082	
		3,310,698
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 28,065,064

CITY OF CORCORAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

			Capital Projects	
	General Fund	Debt Service Fund	Park Capital Fund	City Center Drive Fund
REVENUES				
Property Taxes	$ 7,166,329	$ 1,186,608	$ -	$ -
Franchise Taxes	66,024	-	-	-
Special Assessments	-	84,730	-	-
Licenses, Permits, and Fees	1,876,783	-	-	-
Intergovernmental	484,183	-	-	-
Charges for Services	206,827	-	1,024,663	-
Fines	26,980	-	-	-
Investment Income	38,787	6,175	73,878	122,767
Miscellaneous	24,698	-	100	-
TOTAL REVENUES	9,890,611	1,277,513	1,098,641	122,767
EXPENDITURES				
Current:				
General Government	2,920,887	-	-	-
Public Safety	4,377,161	-	-	-
Public Works	2,411,500	-	-	-
Sanitation	18,789	-	-	-
Parks and Recreation	270,252	-	-	-
Capital Outlay	169,876	-	335,299	3,113,690
Debt Service:				
Principal	-	835,000	-	-
Interest and Other Charges	-	396,084	-	-
TOTAL EXPENDITURES	10,168,465	1,231,084	335,299	3,113,690
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(277,854)	46,429	763,342	(2,990,923)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	165,830	-	-	-
Transfers In	552,043	65,930	3,127	-
Transfers Out	(385,127)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	332,746	65,930	3,127	-
NET CHANGE IN FUND BALANCES	54,892	112,359	766,469	(2,990,923)
FUND BALANCES - BEGINNING (As Previously Reported)	4,583,828	180,638	4,380,229	1,212,005
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Major Funds	-	-	-	-
Restatement - Correction of an Error	(55,341)	-	9,256	-
FUND BALANCES - BEGINNING (As Adjusted and Restated)	4,528,487	180,638	4,389,485	1,212,005
FUND BALANCES - ENDING	$ 4,583,379	$ 292,997	$ 5,155,954	$ (1,778,918)

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Formerly Major Funds			
	Hackamore Upgrade Fund	Pavement Management Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes			$ -	$ 8,352,937
Franchise Taxes			-	66,024
Special Assessments			42,107	126,837
Licenses, Permits, and Fees			-	1,876,783
Intergovernmental			-	484,183
Charges for Services			45,169	1,276,659
Fines			-	26,980
Investment Income			97,709	339,316
Miscellaneous			64,793	89,591
TOTAL REVENUES			249,778	12,639,310
EXPENDITURES				
Current:				
General Government			148,523	3,069,410
Public Safety			29,731	4,406,892
Public Works			51,031	2,462,531
Sanitation			-	18,789
Parks and Recreation			-	270,252
Capital Outlay			1,392,330	5,011,195
Debt Service:				
Principal			-	835,000
Interest and Other Charges			-	396,084
TOTAL EXPENDITURES			1,621,615	16,470,153
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			(1,371,837)	(3,830,843)
OTHER FINANCING SOURCES (USES)				
Sale of Assets			264,827	430,657
Transfers In			377,000	998,100
Transfers Out			(16,543)	(401,670)
TOTAL OTHER FINANCING SOURCES (USES)			625,284	1,027,087
NET CHANGE IN FUND BALANCES			(746,553)	(2,803,756)
FUND BALANCES - BEGINNING (As Previously Reported)	1,051,759	(89,451)	3,298,920	14,617,928
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Major Funds	(1,051,759)	89,451	962,308	-
Restatement - Correction of an Error	-	-	(50,190)	(96,275)
FUND BALANCES - BEGINNING (As Adjusted and Restated)	-	-	4,211,038	14,521,653
FUND BALANCES - ENDING	$ -	$ -	$ 3,464,485	$ 11,717,897

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds		$ (2,803,756)
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
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 and amortization expense:		
Capital Outlay Capitalized - Capital Assets	$ 4,525,620	
Depreciation Expense	(1,149,243)	
Capital Assets Acquired via Trade-in	315,971	
Gain (Loss) on Disposal of Assets	(24,587)	
Capital Asset Contribution to Other Funds	(116,046)	
		3,551,715
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of 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 and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts below detail the effects of these differences in the treatment of long-term debt and related items:		
Bond Principal Repayments	835,000	
Amortization of Bond Premium	50,684	
		885,684
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due:		41,638
Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period:		
Property Taxes	(6,499)	
Special Assessments	(127,924)	
Other Receivables	439,418	
		304,995
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 the governmental funds:		
Compensated Absences		(21,077)
Certain liabilities do not represent the impending use of current resources. Therefore, the change in such liabilities and related deferrals are not reported in the governmental funds:		
Net OPEB Liability and Deferred Outflows/Inflows of Resources	29,792	
Net Pension Asset/Liability and Deferred Outflows/Inflows of Resources	24,371	
		54,163
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 2,013,362

See accompanying notes.

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

			Nonmajor	
	Water Fund	Sewer Fund	Storm Fund	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 7,272,642	$ 4,374,096	$ 84,479	$ 11,731,217
Accounts Receivable	96,755	69,366	-	166,121
Due from Other Governments	3,000,765	191	-	3,000,956
Prepaids	19,702	-	-	19,702
Total Current Assets	10,389,864	4,443,653	84,479	14,917,996
Noncurrent Assets				
Capital Assets Not Being Depreciated	25,120,241	126,617	-	25,246,858
Capital Assets Being Depreciated (Net)	3,544,355	4,807,549	-	8,351,904
Assessments Receivable	71,203	17,801	-	89,004
Total Noncurrent Assets	28,735,799	4,951,967	-	33,687,766
TOTAL ASSETS	39,125,663	9,395,620	84,479	48,605,762
LIABILITIES				
Current Liabilities				
Accounts Payable	1,565,437	4,848	-	1,570,285
Construction Contracts Payable	1,131,339	-	-	1,131,339
Due to Other Governments	547,766	54,670	-	602,436
Accrued Interest	388,722	14,631	-	403,353
Debt Due Within One Year	597,323	88,400	-	685,723
Total Current Liabilities	4,230,587	162,549	-	4,393,136
Noncurrent Liabilities				
Debt Due After One Year	23,356,347	982,640	-	24,338,987
TOTAL LIABILITIES	27,586,934	1,145,189	-	28,732,123
NET POSITION				
Net Investment in Capital Assets	4,710,926	3,863,126	-	8,574,052
Unrestricted	6,827,803	4,387,305	84,479	11,299,587
TOTAL NET POSITION	$ 11,538,729	$ 8,250,431	$ 84,479	$ 19,873,639

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
OPERATING REVENUES				
Charges for Services	$ 911,691	$ 734,319	$ -	$ 1,646,010
OPERATING EXPENSES				
Materials and Supplies	150,675	13,275	-	163,950
Repairs and Maintenance	3,637	2,996	-	6,633
Professional Services	55,032	15,574	-	70,606
Water and Sewer Consumption Charges	369,879	267,462	-	637,341
Insurance	1,051	930	-	1,981
Utilities	12,722	15,980	-	28,702
Depreciation	154,552	210,852	-	365,404
TOTAL OPERATING EXPENSES	747,548	527,069	-	1,274,617
NET OPERATING INCOME	164,143	207,250	-	371,393
NONOPERATING INCOME (EXPENSE)				
Investment Income (Loss)	1,058,830	61,723	1,155	1,121,708
Miscellaneous	42,800	11,463	-	54,263
Interest and Other Charges	(927,522)	(34,744)	-	(962,266)
NET NONOPERATING INCOME (EXPENSE)	174,108	38,442	1,155	213,705
CHANGE IN NET POSITION PRIOR TO CONTRIBUTIONS AND TRANSFERS	338,251	245,692	1,155	585,098
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions:				
Connection Fees	1,719,308	1,037,662	-	2,756,970
Intergovernmental	3,000,000	-	-	3,000,000
Capital Contributions - Governmental Activities	58,023	58,023	-	116,046
Transfers In	-	-	5,000	5,000
Transfers Out	(291,790)	(309,640)	-	(601,430)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	4,485,541	786,045	5,000	5,276,586
CHANGE IN NET POSITION	4,823,792	1,031,737	6,155	5,861,684
NET POSITION - BEGINNING OF YEAR	6,714,937	7,218,694	78,324	14,011,955
NET POSITION - END OF YEAR	$ 11,538,729	$ 8,250,431	$ 84,479	$ 19,873,639

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 852,269	$ 718,993	$ -	$ 1,571,262
Cash Paid to Suppliers	(246,440)	(313,443)	-	(559,883)
NET CASH PROVIDED BY OPERATING ACTIVITIES	605,829	405,550	-	1,011,379
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Receipts from Customers	42,800	11,463	-	54,263
Net Operating Subsidies and Transfers from (to) Other Funds	(291,790)	(309,640)	5,000	(596,430)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(248,990)	(298,177)	5,000	(542,167)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection Fees	2,019,446	1,005,705	-	3,025,151
Special Assessments	42,999	10,750	-	53,749
Purchases of Capital Assets	(16,160,437)	(18,965)	-	(16,179,402)
Payments on Debt Principal	(818,331)	(85,600)	-	(903,931)
Cash Paid for Interest	(1,153,996)	(36,398)	-	(1,190,394)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(16,070,319)	875,492	-	(15,194,827)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	1,058,830	61,723	1,155	1,121,708
Net Change in Cash and Cash Equivalents	(14,654,650)	1,044,588	6,155	(13,603,907)
Cash and Cash Equivalents - Beginning of Year	21,927,292	3,329,508	78,324	25,335,124
Cash and Cash Equivalents - End of Year	$ 7,272,642	$ 4,374,096	$ 84,479	$ 11,731,217

CITY OF CORCORAN, MINNESOTA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net Operating Income	$ 164,143	$ 207,250	$ -	$ 371,393
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	154,552	210,852	-	365,404
Changes in Assets, Liabilities, and Deferrals:				
Accounts Receivable	(59,422)	(15,326)	-	(74,748)
Accounts Payable	346,556	2,774	-	349,330
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 605,829	$ 405,550	$ -	$ 1,011,379

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Corcoran, Minnesota (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The City of Corcoran operates under a Home Rule Charter form of government. The charter provides for citizen input for initiative, referendum, and recall. Under this plan, the City is governed by an elected mayor and four-member council. The City provides the following services: water, sewer, recreation, public improvements, public safety and general administrative services.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the primary governmental unit of the City of Corcoran, Minnesota.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has the following blended component unit:

> <u>Economic Development Authority</u>
> The City created an Economic Development Authority (EDA) by resolution of its 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 withing the City's governmental funds 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.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds (of which, the City has none). The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City. Tax levies and special assessments are used for the payment of principal and interest on the City's indebtedness. The City has elected to present this fund as a major fund in the current year, despite the fund not meeting the quantitative criteria discussed above.

The *Park Capital Fund* is a capital project fund used to account for the financial resources to be used for ongoing park improvement related projects.

The *City Center Drive Fund* is a capital project fund used to account for the financial resources to be used for the City Center Drive road improvement project.

The City reports the following major proprietary funds:

The *Water Fund* and *Sewer Fund* are used to account for business-like activities related to the operation of water and sewer systems provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The City reports the following nonmajor governmental fund types:

The *Special Revenue Funds* account for funds received by the City with a specific purpose.

The *Capital Project Funds* account for financial resources to be used for the acquisition or construction of capital projects (other than capital projects funded by proprietary funds).

The *Enterprise Funds* are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

Change in Financial Reporting Entity
The following funds were reported as major funds in the prior year, but shifted to a nonmajor fund presentation during the year ended December 31, 2024:

- Hackamore Upgrade Fund
- Pavement Management Fund

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the *economic resources* measurement focus as defined in the second bullet point below. In the fund financial statements, the *current financial resources* measurement focus or the *economic resources* measurement focus is used as appropriate:

- All governmental funds utilize a *current financial resources* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.

- The government-wide financial statements and proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, liabilities and deferred outflows/inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.D BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budgets are prepared by fund, function, and department. The City of Corcoran's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

1.E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows, and disclosure of contingencies related to these balances at the date of the financial statements. Estimates also affect reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

Cash and Cash Equivalents

For purposes of the Statements of Net Position and proprietary funds Statement of Cash Flows, "cash and cash equivalents" includes all demand, savings and money market savings accounts for the City.

Investments

Investments are stated at their fair value as determined in accordance with the fair value hierarchy. Short-term investments are reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Certificates of deposit are stated at cost, plus accrued interest, which approximates fair market value.

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on a trade-date basis.

See Note 2.A. for additional information related to Cash, Cash Equivalents, and Investments.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans are reported as "advances to and from other funds." Interfund receivables and payables between funds within governmental activities, as well as interfund receivables and payables between funds within business-type activities, are eliminated in the Statement of Net Position. See Note 2.D. for details of interfund transactions, including receivables and payables at year-end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable and are not deemed necessary at year end. Major receivable balances for the governmental activities include taxes, special assessments and charges for services. Business-type activities report utility charges and assessments as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, assessments, other intergovernmental revenues, fines and charges for services since they are usually both measurable and available. Revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and assessments compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year-end.

Prepaids

Prepaids represent expenditures/expenses paid during the current year to be recognized in future periods.

Capital Assets

The accounting treatment over property, plant, equipment, and infrastructure (capital assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial, individual cost exceeding various thresholds. These thresholds and the range of estimated useful lives by type of asset are as follows:

Asset Type	Threshold	Useful Lives
Land	$1	Indefinite
Land Improvements	$10,000	5-30 years
Buildings and Improvements	$15,000	7-40 years
Infrastructure	$50,000	15-50 years
Roads and Other Construction	$25,000	20-40 years
Machinery and Equipment	$5,000	5-20 years
Vehicles	$5,000	3-10 years

<u>Government-wide Statements</u>
In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method of depreciation.

<u>Fund Financial Statements</u>
In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Accounts Payable

Payables in the governmental and proprietary funds are composed almost entirely of payables to vendors.

Deposits Payable

Liability balances recorded for deposits payable at year-end consist of escrow balances received from local developers and others within the community. Upon satisfying the pre-established terms of the escrow arrangement, these balances are to be repaid by the City.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (paid) during or upon separation from employment. Based on the criteria, the PTO, sick leave, and compensatory leave balances accumulated by City employees qualify for liability recognition as compensated absences. The liability for compensated absences is reported as incurred in the proprietary fund and government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Postemployment Benefits Other Than Pensions (OPEB)

Under the provisions of the various employee contracts, the City provides health insurance coverage for varying lengths of time if certain age and minimum years of service requirements are met. The liability recognized by the City for these future benefits has been actuarially determined and reported in accordance with GASB Statement 75.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the liabilities were incurred in relation to governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds and notes.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Pension Asset/Liability

The net pension liability represents the City's allocation of its pro-rata share of the net pension liabilities of the Statewide pension plans administered by the Public Employees Retirement Administration.

<u>PERA</u>
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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources in the government-wide Statement of Net Position in relation to the activity of the pension funds in which City employees participate.

In addition to liabilities, the Statement of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports property taxes, special assessments and other receivables as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available. In addition, the City reports deferred inflows of resources in the government-wide Statement of Net Position in relation to the activity of the pension fund plans in which City employees participate.

See Note 3 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

Equity Classifications

Government-wide Statements
Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Remaining balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy to consider restricted net position to its depletion before unrestricted net position is applied.

Fund Statements
Governmental Fund Financial Statements – In the fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances at December 31, 2024 consist of prepaid expenditures.

Restricted – The portion of fund balance which is not available for appropriation, or which has been legally segregated for a specific purpose.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, which is the 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 that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Administrator shall have the authority to assign fund balance.

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The City has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance of not less than 42 percent (approximately 5 months) of the General Fund's budgeted operating expenditures for the following year.

See Note 2.E. for additional disclosures.

Proprietary Fund Financial Statements – Proprietary fund equity is classified the same as in the government-wide statements, as described on the previous page.

1.G. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Hennepin County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

December 31st is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

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

Special Assessments

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Within the government-wide financial statements, the City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.G. REVENUES, EXPENDITURES AND EXPENSES (Continued)

Within the governmental fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31st (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

Program Revenues

Program revenues reported in the government-wide financial statements include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Capital Outlay
	Debt Service
Proprietary Funds - By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, as well as all interfund transfers between individual proprietary funds, have been eliminated. See additional information at Note 2.D.

1.H. RECENTLY ISSUED ACCOUNTING STANDARDS

During the current fiscal year, the City adopted Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences*. This standard provides updated recognition and measurement guidance for recording compensated absences. For additional information regarding the impact of adopting this standard, see Note 5.E.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues, and expenditures/expenses.

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100 percent if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

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;
- A general obligation of a state or local government, with taxing powers, rated "A" or better;
- A revenue obligation of a state or local government, with taxing powers, rated "AA" or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- Time deposits 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 December 31, 2024, the City's deposits were exposed to custodial credit risk. The City's deposits exceeded both federal depository insurance and collateral held by the City's agent in the City's name by $3,499,411.

Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The City does not have any investment policies that would further limit investment choices.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment balances at December 31, 2024 are as follows:

Investment Type	S & P's Credit Rating	Fair Value Level	Fair Value	Investment Maturities (in Years) Less Than 1
Pooled Investments				
4M Money Market Accounts	N/A	N/A	$ 12,122,660	$ 12,122,660
Non-pooled Investments				
Money Market Mutual Funds	N/A	Level 1	1,389,885	1,389,885
Totals			$ 13,512,545	$ 13,512,545

The investments of the City are subject to the following risks:

- 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 as indicated in the table above. Minnesota Statutes limit the City's investments.

- Custodial credit risk is the risk that in the event of a 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 does not have a formal investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

- Concentration of credit risk is the risk associated with investing a significant portion of the City's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools and mutual funds. The City has no formal policy limiting the amounts that may be invested in any one issuer.

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy to address interest rate risk.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See the table above for the City's recurring fair value measurements as of December 31, 2024.

The 4M Municipal Money Market Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares. The investment in the 4M pooled funds is not subject to the credit risk classifications as noted in GASB Statement No. 72.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits and Investments Summary

The following is a summary of total cash, cash equivalents and investments:

Carrying Amount of Deposits	$ 12,843,656
Investments	13,512,545
Total	$ 26,356,201

A reconciliation of cash, cash equivalents and investments are as follows:

Government-wide	
Cash, Cash Equivalents, and Investments	$ 26,356,201

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 is as follows:

	Balance at 01/01/24	Additions	Disposals	Transfers	Balance at 12/31/24
Governmental Activities:					
Capital Assets not Being Depreciated					
Land	$ 3,292,827	$ 407,647	$ -	$ -	$ 3,700,474
Construction In Progress	7,356,840	3,532,311	(15,009)	(2,038,687)	8,835,455
Total Capital Assets not Being Depreciated	10,649,667	3,939,958	(15,009)	(2,038,687)	12,535,929
Capital Assets Being Depreciated					
Buildings	6,040,677	-	-	-	6,040,677
Infrastructure	10,625,781	-	-	2,038,687	12,664,468
Equipment	7,031,490	901,633	(270,871)	(116,046)	7,546,206
Total Capital Assets Being Depreciated	23,697,948	901,633	(270,871)	1,922,641	26,251,351
Less: Accumulated Depreciation					
Buildings	(2,751,561)	(208,323)	-	-	(2,959,884)
Infrastructure	(1,805,544)	(354,608)	-	-	(2,160,152)
Equipment	(4,411,975)	(586,312)	261,293	-	(4,736,994)
Total Accumulated Depreciation	(8,969,080)	(1,149,243)	261,293	-	(9,857,030)
Total Capital Assets Being Depreciated, Net	14,728,868	(247,610)	(9,578)	1,922,641	16,394,321
Capital Assets, Net	$ 25,378,535	$ 3,692,348	$ (24,587)	$ (116,046)	$ 28,930,250

Depreciation is charged to governmental activities as follows:

General Government	$ 57,304
Parks and Recreation	28,123
Police	150,254
Public Works	913,562
Total Depreciation Expense	$ 1,149,243

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. CAPITAL ASSETS (Continued)

	Balance at 01/01/24	Additions	Disposals	Transfers	Balance at 12/31/24
Business-Type Activities:					
Capital Assets not Being Depreciated					
Land	$ 647,509	$ -	$ -	$ -	$ 647,509
Construction In Progress	7,700,072	16,899,277	-	-	24,599,349
Total Capital Assets not Being Depreciated	8,347,581	16,899,277	-	-	25,246,858
Capital Assets Being Depreciated					
Infrastructure	10,732,686	89,083	-	-	10,821,769
Equipment	57,700	-	-	116,046	173,746
Total Capital Assets Being Depreciated	10,790,386	89,083	-	116,046	10,995,515
Less: Accumulated Depreciation					
Infrastructure	(2,262,821)	(357,756)	-	-	(2,620,577)
Equipment	(15,386)	(7,648)	-	-	(23,034)
Total Accumulated Depreciation	(2,278,207)	(365,404)	-	-	(2,643,611)
Total Capital Assets Being Depreciated, Net	8,512,179	(276,321)	-	116,046	8,351,904
Capital Assets, Net	$ 16,859,760	$ 16,622,956	$ -	$ 116,046	$ 33,598,762

Depreciation is charged to business type activities as follows:

Water	$ 154,552
Sewer	210,852
Total Depreciation Expense	$ 365,404

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. NONCURRENT LIABILITIES

Debt Detail

General Obligation Bonds
The City of Corcoran issues general obligation bonds to finance the acquisition and construction of major capital facilities and infrastructure throughout the City. General obligation bonds have been issued for activities pertaining to governmental operations. General obligation bonds and direct obligations and pledge the full faith and credit of the City of Corcoran. General obligation bonds at December 31, 2024 consist of the following:

Governmental Activities

General Obligation Bonds

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
05/16	$ 290,000	$30,000 - $35,000	2.00 - 2.40%	02/26	$ 70,000
05/16	2,625,000	$55,000 - $250,000	2.00 - 2.40%	02/32	1,030,000
05/18	600,000	$60,000 - $75,000	3.00 - 3.125%	02/28	285,000
05/18	1,235,000	$65,000 - $100,000	3.00 - 3.125%	02/34	880,000
07/20	805,000	$80,000 - $95,000	2.00%	02/30	555,000
11/20	3,365,000	$145,000 - $245,000	1.00 - 2.00%	02/38	2,895,000
06/22	1,800,000	$170,000 - $230,000	3.125 - 4.00%	02/32	1,630,000
05/23	3,760,000	$185,000 - $310,000	4.00 - 5.00%	02/39	3,760,000
	Total Governmental Activities G.O. Bonds Payable				$ 11,105,000

Future Debt Service Requirements

Years Ending December 31,	General Obligation Bonds Principal	Interest	Total
2025	$ 1,045,000	$ 331,183	$ 1,376,183
2026	1,075,000	299,283	1,374,283
2027	1,070,000	266,658	1,336,658
2028	915,000	234,948	1,149,948
2029	860,000	205,053	1,065,053
2030-2034	3,780,000	627,154	4,407,154
2035-2039	2,360,000	177,930	2,537,930
Totals	$ 11,105,000	$ 2,142,209	$ 13,247,209

General Obligation Revenue Bonds
The City of Corcoran issues general obligation revenue bonds to finance the construction and improvement of utilities infrastructure and facilities throughout the City. General obligation revenues bonds have been issued for activities pertaining to business-type operations. They will be repaid from future net revenue pledged from the Water and Sewer funds and are backed by the full faith and credit of the City of Corcoran. General obligation revenue bonds at December 31, 2024 consist of the following:

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. NONCURRENT LIABILITIES (Continued)

Business-Type Activities

General Obligation Revenue Bonds

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
08/14	$ 3,130,000	$85,000 - $190,000	2.00 - 3.625%	02/35	$ 1,915,000
07/20	1,145,000	$105,000 - $125,000	2.00%	02/31	825,000
05/23	21,785,000	$370,000 - $1,210,000	4.00 - 5.00%	02/53	21,190,000
	Total Business-Type Activities G.O. Revenue Bonds Payable				$ 23,930,000

Future Debt Service Requirements

Years Ending December 31,	G.O. Revenue Bonds Principal	Interest	Total
2025	$ 640,000	$ 955,300	$ 1,595,300
2026	670,000	929,175	1,599,175
2027	690,000	901,925	1,591,925
2028	720,000	873,550	1,593,550
2029	745,000	843,756	1,588,756
2030-2034	3,745,000	3,737,575	7,482,575
2035-2039	3,425,000	2,995,944	6,420,944
2040-2044	3,935,000	2,278,100	6,213,100
2045-2049	4,790,000	1,408,000	6,198,000
2050-2053	4,570,000	374,600	4,944,600
Totals	$ 23,930,000	$ 15,297,925	$ 39,227,925

Notes Payable

The City has the following notes payable outstanding at year-end for water connection charges:

Business-Type Activities

Notes Payable

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
01/14	$ 300,000	$11,570 - $38,151	5.50%	12/27	$ 107,933
02/16	117,790	$11,779	0.00%	01/27	35,337
	Total Business-Type Activities Notes Payable				$ 143,270

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. NONCURRENT LIABILITIES (Continued)

Future Debt Service Requirements

Years Ending December 31,	Notes Payable Principal	Notes Payable Interest	Notes Payable Total
2025	$ 45,723	$ 5,458	$ 51,181
2026	47,617	3,566	51,183
2027	49,930	1,251	51,181
Totals	$ 143,270	$ 10,275	$ 153,545

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities, excluding the net pension liability, for the year ended December 31, 2024:

Type of Debt	Balance 1/1/2024	Additions	Deductions	Balance 12/31/2024	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 11,940,000	$ -	$ (835,000)	$ 11,105,000	$ 1,045,000
Unamortized Bond Premium	586,779	-	(50,684)	536,095	-
Compensated Absences *	447,641	21,079	-	468,720	206,237
Total	$ 12,974,420	$ 21,079	$ (885,684)	$ 12,109,815	$ 1,251,237
Business-Type Activities:					
G.O. Revenue Bonds	$ 24,790,000	$ -	$ (860,000)	$ 23,930,000	$ 640,000
Unamortized Bond Premium	992,241	-	(40,801)	951,440	-
Notes Payable	187,201	-	(43,931)	143,270	45,723
Total	$ 25,969,442	$ -	$ (944,732)	$ 25,024,710	$ 685,723

*The opening balance for compensated absences has been revised to reflect the impact of the adoption of GASB 101. See additional information at Note 5.E.

Governmental activity debt is typically funded through the Debt Service Funds. Business-type activity debt is funded through the Water and Sewer Funds.

Interest expense totals $1,316,217 in the Statement of Activities (included in the Debt Service, Water, and Sewer lines). Interest expenditures total $395,589 for the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges) and $962,266 in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds (included in the line Interest and Other Charges).

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2024:

		Transfers In					
		Major Funds			Nonmajor Funds		
Major Funds	Transfers Out	General Fund	Debt Service Fund	Park Capital Fund	Govern-mental	Proprietary	Total
General Fund	$ 385,127	$ -	$ -	$ 3,127	$ 377,000	$ 5,000	$ 385,127
Water Fund	291,790	267,750	24,040	-	-	-	291,790
Sewer Fund	309,640	267,750	41,890	-	-	-	309,640
Nonmajor Funds							
Governmental	16,543	16,543	-	-	-	-	16,543
	$ 1,003,100	$ 552,043	$ 65,930	$ 3,127	$ 377,000	$ 5,000	$ 1,003,100

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The interfund balances at December 31, 2024 are as follows:

Short-Term Balances			
Due To Fund	Due From Fund	Amount	Reason
General Fund	Pavement Management Fund	$ 25,358	Eliminate fund cash deficit
General Fund	City Center Drive Fund	1,720,455	Eliminate fund cash deficit
General Fund	Police Donation Fund	4,052	Eliminate fund cash deficit
General Fund	Capital Equip- Cert Fund	223,588	Eliminate fund cash deficit
Total Interfund Balances		1,973,453	
Government Fund Elimination		(1,973,453)	
Government-wide Internal Balances		$ -	

Interfund balances for the cash deficits above are to be repaid as cash flows become available from charges for services, property taxes, or State aids.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.E. FUND EQUITY

At December 31, 2024, governmental fund equity consists of the following:

	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund					
Nonspendable - Prepaids	$ 18,406	$ -	$ -	$ -	$ -
Restricted for Capital Outlay	-	209,390	-	-	-
Unassigned	-	-	-	-	4,355,583
Total General Fund Balance	$ 18,406	$ 209,390	$ -	$ -	$ 4,355,583
Debt Service Fund					
Restricted for Debt Service	$ -	$ 292,997	$ -	$ -	$ -
Park Capital Fund					
Restricted for Parks (Park Dedication Fees)	$ -	$ 5,155,954	$ -	$ -	$ -
City Center Drive Fund					
Unassigned	$ -	$ -	$ -	$ -	$ (1,778,918)
Nonmajor Governmental Funds					
Restricted for Police Expenditures	$ -	$ 12,102	$ -	$ -	$ -
Restricted for Lawful Gambling Purposes	-	288,792	-	-	-
Restricted for Hackamore Road Improvements	-	1,022,034	-	-	-
Restricted for Wetland Restoration	-	110,856	-	-	-
Restricted for Pulte Encore Development	-	159,661	-	-	-
Committed for Police Expenditures	-	-	41,728	-	-
Committed for Truck Safety	-	-	1,741	-	-
Committed for Emergency Sirens	-	-	100,471	-	-
Assigned for Long Range Capital Planning	-	-	-	1,965,670	-
Assigned for Public Works Facility	-	-	-	56,137	-
Unassigned	-	-	-	-	(294,707)
Total Nonmajor Governmental Funds Balance	$ -	$ 1,593,445	$ 143,940	$ 2,021,807	$ (294,707)

Additionally, nonmajor funds with deficit fund balances at December 31, 2024 are as follows:

Nonmajor Governmental Funds	Fund Deficit
Police Donation Fund	$ (4,052)
Pavement Management Fund	$ (51,092)
Capital Equip-Cert Fund	$ (239,563)

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by State Statute and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20 percent of the highest average salary for each of the first 10 years of service and 1.70 percent for each additional year. Under the Level formula, General Plan members receive 1.70 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Police and Fire Plan Benefits

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

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

Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.50 percent for General Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2024 were $155,723. The City’s contributions were equal to the required contributions as set by State Statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City’s contributions to the Police and Fire Fund for the year ended December 31, 2024 were $247,490. The City’s contributions were equal to the required contributions as set by State Statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of $856,042 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 $22,135.

City’s proportionate share of the net pension liability	$856,042
State of Minnesota’s proportionate share of the net pension liability associated with the City	22,135
Total	$878,177

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0232 percent at the end of the measurement period and 0.0227 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of $50,133 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $593 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $39,387 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the City reported its proportionate share of 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	$ 79,195	$ -
Change in Actuarial Assumptions	3,465	319,343
Difference Between Projected and Actual Investment Earnings	-	230,404
Changes in Proportionate Share	88,403	-
Contributions Paid to PERA Subsequent to the Measurement Date	79,929	-
Total City Deferred Outflows/Inflows	$ 250,992	$ 549,747

The $79,929 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense
2025	$ (149,250)
2026	$ (65,859)
2027	$ (97,964)
2028	$ (65,611)

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of $1,236,485 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0940 percent at the end of the measurement period and 0.0934 percent for the beginning of the period.

The State of Minnesota contributed $37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of $19.4 million, and $9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, $9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $47,134.

City's proportionate share of the net pension liability:	$1,236,485
State of Minnesota's proportionate share of the net pension liability associated with the City	47,134
Total	$1,283,619

For the year ended December 31, 2024, the City recognized pension expense $154,728 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized $5,272 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $26,692 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2024, the City reported its proportionate share of the Police and Fire 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	$ 445,008	$ -
Change in Actuarial Assumptions	996,245	1,808,405
Difference Between Projected and Actual Investment Earnings	-	377,195
Changes in Proportionate Share	479,237	22,910
Contributions Paid to PERA Subsequent to the Measurement Date	130,687	-
Total City Deferred Outflows/Inflows	$ 2,051,177	$ 2,208,510

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

The $130,687 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense	
2025	$	5,492
2026	$	264,034
2027	$	(111,515)
2028	$	(476,210)
2029	$	30,179

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2024, including amortization of the deferral balances, was $47,574.

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%	

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.00 percent. The 7.00 percent assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rate considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 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 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 3.00 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 3.00 percent after 24 years of service.

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

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 are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- There were no changes made to actuarial assumptions during 2024.

Changes in Plan Provisions:

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

Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 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 Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Pension Liability Sensitivity

The following table 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:

Sensitivity Analysis						
Net Pension Liability at Different Discount Rates						
	General Employees Fund			Police and Fire Fund		
1% Increase in Discount Rate	8.00%	$	22,188	8.00%	$	(147,721)
Current Discount Rate	7.00%	$	856,042	7.00%	$	1,236,485
1% Decrease in Discount Rate	6.00%	$	1,869,734	6.00%	$	2,922,054

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 4 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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. As of the most recent actuarial valuation date, there are 23 active employees electing coverage and 1 retiree electing coverage. The Plan does not issue a publicly available financial report.

Contributions

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, 2024, the City's average contribution rate was 1.59 percent of covered-employee payroll. For the year 2024, the City's implicit contributions to the plan totaled $59,008.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources

At December 31, 2024, the City reported a net OPEB liability of $1,090,816 for the City's plan. The net OPEB liability was measured as of December 31, 2024, based upon an actuarial valuation as of December 31, 2022.

For the year ended December 31, 2024, the City recognized OPEB expense of negative $29,792.

NOTE 4 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

In accordance with the Alternative Measurement Method, gains and losses due to experience and assumption changes are recognized immediately. In addition, there were no contributions paid by the City between the measurement date and reporting date, since the measurement date coincides with the reporting date. Therefore, there are no deferred outflows or inflows of resources related to OPEB reported as of December 31, 2024.

Changes in the Net OPEB Liability

The following table summarizes changes in the net OPEB liability for the year ended December 31, 2024:

Changes in Total OPEB Liability (TOL)		
Balance at January 1st	$	1,120,608
Service Cost		6,065
Interest Cost		41,364
Changes in Assumptions		(42,362)
Differences between Expected and Actual Experience		24,149
Benefit Payments		(59,008)
Balance at December 31st	$	1,090,816

Actuarial Assumptions

The following is a summary of pertinent actuarial assumptions and methods utilized, applied to all periods included in the measurement, unless otherwise specified.

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Actuarial Information:	
Valuation Date	December 31, 2022
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal, level percentage of pay
Actuarial Assets	None

Actuarial Assumptions:	
Discount Rate	4.08%
Salary Increases	N/A
Inflation	2.60%
Bond Yield	2.90%
Medical Trend Rate	6.20% for in 2022, decreasing 0.30 % per year to an ultimate rate of 3.90%.

Significant changes in assumptions, benefit terms, and other inputs since the prior measurement date include:

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

NOTE 4 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Net OPEB Liability Sensitivity

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

Sensitivity of Net OPEB Liability at Current Single Discount Rate		
	Rates	Amounts
1% Increase in Discount Rate	5.08%	$969,425
Current Discount Rate	4.08%	$1,090,816
1% Decrease in Discount Rate	3.08%	$1,236,834

The following presents the net OPEB liability, calculated using the healthcare cost trend rates disclosed in the preceding section, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Sensitivity of Net OPEB Liability at Current Healthcare Cost Trend Rate	
	Amounts
1% Increase in Healthcare Trend Rates	$1,255,578
Current Healthcare Trend Rates	$1,090,816
1% Decrease in Healthcare Trend Rates	$952,749

NOTE 5 OTHER NOTES

5.A. RISK MANAGEMENT

Claims and Judgements

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. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two 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.

5.B. DEFINED CONTRIBUTION PLAN

The City provides eligible employees future retirement benefits through participations in the Minnesota Deferred Compensation Plan (MNDCP), which is a Section 457 plan administered by the Minnesota State Retirement System. Eligible employees of the City may begin participating in the MNDCP commencing on the date of their employment by electing to have a portion of their pay contributed to the Plan. Certain employees are eligible to receive a City match of employee contributions up to the qualifying amounts set forth in their employment contracts, and there are no vesting requirements related to such contributions. The City did not make any contributions to the Plan.

NOTE 5 OTHER NOTES (Continued)

5.C. COMMITMENTS

Construction Projects

At year-end, the City was completing several construction projects that continued into the following year. At December 31, 2024, remaining commitments for construction projects total $2,554,177, excluding retainage, which has been accrued for in these financial statements.

5.D. SUBSEQUENT EVENTS

Debt Issuance

Subsequent to December 31, 2024, the City issued the General Obligations Bond, Series 2025A, in the amount of $3,695,000. This issuance is intended to finance large equipment purchases, as well as certain capital improvements.

5.E. ADJUSTMENTS AND RESTATMENTS

Change in Accounting Principle

During the current year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement increases the usefulness of governmental financial statements by updating the recognition and measurement guidance for compensated absences. The effects of this change in accounting principle are summarized in the table below in the “Change in Accounting Principle” column.

Correction of an Error

During the current year, the City corrected the following errors by restating beginning Net Position and Fund Balance. In the prior year, escrow deposits in the General Fund and Pulte Encore Fund were recorded as revenue upon receipt. This has been corrected in the current year establishing the escrow liabilities. In the prior year, park dedication funds receipted into the Park Capital Fund were recorded as an escrow liability. This has been corrected in the current year by removing the escrow liability. The effects of these error corrections are summarized in the table below in the “Error Correction” column.

	Net Position or Fund Balance 12/31/2023 As Previously Reported	Change in Accounting Principle	Error Correction	Net Position or Fund Balance 12/31/2023 As Adjusted or Restated
Government-Wide				
Governmental Activities	$ 26,215,612	$ (67,635)	$ (96,275)	$ 26,051,702
Governmental Funds				
Major Funds:				
General Fund	$ 4,583,828	$ -	$ (55,341)	$ 4,528,487
Park Capital Fund	4,380,229	-	9,256	4,389,485
Nonmajor Funds:				
Pulte Encore Fund	206,383	-	(50,190)	156,193
Total Governmental Funds	$ 9,170,440	$ -	$ (96,275)	$ 9,074,165

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
REVENUES			
Taxes			
Property Taxes	$ 7,184,348	$ 7,166,329	$ (18,019)
Franchise Taxes	61,000	66,024	5,024
Total Taxes	7,245,348	7,232,353	(12,995)
Licenses and Permits	1,512,180	1,876,783	364,603
Intergovernmental Revenue			
State Revenue			
Market Value Credit	30,000	22,513	(7,487)
Police and Fire Aid	80,000	141,883	61,883
Other State Grants and Aids	199,500	302,311	102,811
County Revenue			
Other County Grants and Aids	24,000	17,476	(6,524)
Total Intergovernmental Revenue	333,500	484,183	150,683
Charges for Services			
General Government	66,017	82,545	16,528
Police and Fire Contracts	13,900	19,239	5,339
Streets and Highways	61,000	59,832	(1,168)
Parks and Recreation	50,000	45,211	(4,789)
Total Charges for Services	190,917	206,827	15,910
Fines and Forfeitures	25,000	26,980	1,980
Miscellaneous Revenue			
Investment Earnings	25,000	38,787	13,787
Refunds and Reimbursements	5,000	6,440	1,440
Contributions and Donations	1,100	150	(950)
Other Miscellaneous	11,000	18,108	7,108
Total Miscellaneous Revenue	42,100	63,485	21,385
TOTAL REVENUES	9,349,045	9,890,611	541,566

CITY OF CORCORAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
EXPENDITURES			
General Government			
Mayor and Council	27,890	29,382	1,492
Administration and Finance	651,750	704,627	52,877
Other General Government	1,560,975	2,186,878	625,903
Total General Government	2,240,615	2,920,887	680,272
Public Safety			
Police			
Current	2,813,890	2,762,877	(51,013)
Fire			
Current	645,700	625,110	(20,590)
Other Public Safety			
Current	791,300	989,174	197,874
Total Public Safety	4,250,890	4,377,161	126,271
Public Works			
Street Maintenance and Storm Sewers	2,524,100	2,264,998	(259,102)
Snow and Ice Removal	62,100	45,713	(16,387)
Street Engineering	90,000	100,789	10,789
Capital Outlay - Other	15,000	123,231	108,231
Total Public Works	2,691,200	2,534,731	(156,469)
Sanitation			
Garbage and Other Refuse	13,600	18,789	5,189
Culture and Recreation			
Parks and Recreation			
Current	331,940	270,252	(61,688)
Capital Outlay	-	46,645	46,645
Total Culture and Recreation	331,940	316,897	(15,043)
TOTAL EXPENDITURES	9,528,245	10,168,465	640,220

CITY OF CORCORAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(179,200)	(277,854)	(98,654)
OTHER FINANCING SOURCES (USES)			
Sale of Assets	-	165,830	165,830
Transfers			
From Other Funds	561,200	552,043	(9,157)
Transfers Out	(382,000)	(385,127)	(3,127)
TOTAL OTHER FINANCING SOURCES (USES)	179,200	332,746	153,546
NET CHANGE IN FUND BALANCE	$ -	54,892	$ 54,892
FUND BALANCE - BEGINNING		4,583,828	
FUND BALANCE - ENDING		$ 4,638,720	

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS

For the Measurement Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Retirement Pension Plan							
2024	0.0232%	$ 856,042	$ 22,135	$ 878,177	$ 1,956,653	44.9%	89.1%
2023	0.0227%	$ 1,269,359	$ 35,103	$ 1,304,462	$ 1,732,391	75.3%	83.1%
2022	0.0192%	$ 1,520,646	$ 44,439	$ 1,565,085	$ 1,405,282	111.4%	76.7%
2021	0.0159%	$ 679,001	$ 20,754	$ 699,755	$ 1,136,701	61.6%	87.0%
2020	0.0147%	$ 881,332	$ 27,082	$ 908,414	$ 1,032,335	88.0%	79.0%
2019	0.0133%	$ 735,327	$ 22,832	$ 758,159	$ 941,564	80.5%	80.2%
2018	0.0130%	$ 721,187	$ 23,786	$ 744,973	$ 876,976	84.9%	79.5%
2017	0.0111%	$ 708,617	$ 8,921	$ 717,538	$ 715,840	100.2%	75.9%
2016	0.0106%	$ 860,667	$ 11,305	$ 871,972	$ 658,533	132.4%	68.9%
2015	0.0102%	$ 528,617	$ -	$ 528,617	$ 1,025,437	51.6%	78.2%
Public Employees Police and Fire Pension Plan							
2024	0.0940%	$ 1,236,485	$ 47,134	$ 1,283,619	$ 1,301,458	98.6%	90.2%
2023	0.0934%	$ 1,612,897	$ 64,994	$ 1,677,891	$ 1,184,003	141.7%	86.5%
2022	0.0735%	$ 3,198,430	$ 139,705	$ 3,338,135	$ 900,268	370.8%	70.5%
2021	0.0588%	$ 453,874	$ 20,390	$ 474,264	$ 701,855	67.6%	93.7%
2020	0.0691%	$ 910,812	$ 21,449	$ 932,261	$ 780,391	119.5%	87.2%
2019	0.0692%	$ 736,704	$ -	$ 736,704	$ 729,156	101.0%	89.3%
2018	0.0655%	$ 698,163	$ -	$ 698,163	$ 689,830	101.2%	88.8%
2017	0.0620%	$ 837,074	$ -	$ 837,074	$ 703,095	119.1%	85.4%
2016	0.0510%	$ 2,046,719	$ -	$ 2,046,719	$ 576,654	354.9%	63.9%
2015	0.0560%	$ 636,291	$ -	$ 636,291	$ 475,475	133.8%	86.6%

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS

For the Fiscal Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
General Employees Retirement Pension Plan					
2024	$ 155,723	$ 155,723	$ -	$ 2,076,307	7.5%
2023	$ 143,345	$ 143,345	$ -	$ 1,911,267	7.5%
2022	$ 110,142	$ 110,142	$ -	$ 1,468,559	7.5%
2021	$ 97,494	$ 97,494	$ -	$ 1,299,921	7.5%
2020	$ 79,572	$ 79,572	$ -	$ 1,060,960	7.5%
2019	$ 74,497	$ 74,497	$ -	$ 993,289	7.5%
2018	$ 68,497	$ 68,497	$ -	$ 913,292	7.5%
2017	$ 59,070	$ 59,070	$ -	$ 787,600	7.5%
2016	$ 52,496	$ 52,496	$ -	$ 699,947	7.5%
2015	$ 46,319	$ 46,319	$ -	$ 617,587	7.5%
Public Employees Police and Fire Pension Plan					
2024	$ 247,490	$ 247,490	$ -	$ 1,389,249	17.8%
2023	$ 227,691	$ 227,691	$ -	$ 1,286,390	17.7%
2022	$ 175,464	$ 175,464	$ -	$ 991,320	17.7%
2021	$ 137,660	$ 137,660	$ -	$ 777,738	17.7%
2020	$ 133,277	$ 133,277	$ -	$ 752,977	17.7%
2019	$ 131,228	$ 131,228	$ -	$ 774,204	17.0%
2018	$ 113,901	$ 113,901	$ -	$ 703,095	16.2%
2017	$ 106,295	$ 106,295	$ -	$ 656,142	16.2%
2016	$ 93,418	$ 93,418	$ -	$ 576,654	16.2%
2015	$ 77,027	$ 77,027	$ -	$ 475,475	16.2%

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
LAST TEN YEARS (Presented Prospectively)

	Measurement Year Ended December 31,						
	2024	2023	2022	2021	2020	2019	2018
Changes in Total OPEB Liability (TOL)							
Balance at January 1st	$ 1,120,608	$ 350,374	$ 391,609	$ 404,938	$ 360,758	$ 295,076	$ 299,402
Service Cost	6,065	19,424	25,166	25,258	21,963	16,254	16,488
Interest Cost	41,364	14,069	8,344	8,966	10,359	12,423	10,632
Differences between Expected and Actual Experience	24,149	677,909	-	(20,208)	-	(29,562)	-
Changes in Actuarial Assumptions	(42,362)	103,658	(51,370)	(12,838)	21,220	81,749	(17,796)
Benefit Payments	(59,008)	(44,826)	(23,375)	(14,507)	(9,362)	(15,182)	(13,650)
Balance at December 31st	$ 1,090,816	$ 1,120,608	$ 350,374	$ 391,609	$ 404,938	$ 360,758	$ 295,076
Covered Payroll for Active Members	$ 3,700,000	$ 3,200,000	$ 2,600,000	$ 2,300,000	$ 1,700,000	$ 1,700,000	$ 1,300,000
Net OPEB Liability / Covered Payroll	29.48%	35.02%	13.48%	17.03%	23.82%	21.22%	22.70%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additions will be reported as they become available.

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

NOTE 1 BUDGETARY COMPARISON SCHEDULES

Actual expenditures in the General Fund of $10,168,465 exceeded the final budgeted expenditures by $640,220 for the current year. This was primarily due to unbudgeted Other General Government costs incurred for personnel and services, to maintain the operational stability of the City amidst the growing needs of the community.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 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 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2021 Changes

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 100.00 percent Joint & Survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2018 Changes

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- 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.
- Annual 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 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- 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 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 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.

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- 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; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND

2024 Changes

Changes in Actuarial Assumptions

- There were been no changes made to actuarial assumptions since the previous valuation

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

Changes in Plan Provisions

- 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 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.00 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.

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

2022 Changes

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual increases were changed to 1.00 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 Changes

Changes in Actuarial Assumptions

- 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 annual 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.

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 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.

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The annual increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT PLAN

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

CITY OF CORCORAN, MINNESOTA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, Cash Equivalents, and Investments	$ 438,857	$ 3,423,007	$ 3,861,864
Assessments Receivable	-	191,059	191,059
Accounts Receivable	10,199	-	10,199
TOTAL ASSETS	$ 449,056	$ 3,614,066	$ 4,063,122
LIABILITIES			
Accounts Payable	$ 4,222	$ 141,727	$ 145,949
Construction Contracts Payable	-	2,025	2,025
Deposits Payable	-	6,321	6,321
Due to Other Governments	-	285	285
Due to Other Funds	4,052	248,946	252,998
Total Liabilities	8,274	399,304	407,578
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Special Assessments	-	191,059	191,059
FUND BALANCES			
Restricted	300,894	1,292,551	1,593,445
Committed	143,940	-	143,940
Assigned	-	2,021,807	2,021,807
Unassigned	(4,052)	(290,655)	(294,707)
Total Fund Balances	440,782	3,023,703	3,464,485
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 449,056	$ 3,614,066	$ 4,063,122

CITY OF CORCORAN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Special Assessments	$ -	$ 42,107	$ 42,107
Charges for Services	45,169	-	45,169
Investment Income (Loss)	6,061	91,648	97,709
Miscellaneous	62,629	2,164	64,793
TOTAL REVENUES	113,859	135,919	249,778
EXPENDITURES			
Current:			
General Government	30,000	118,523	148,523
Public Safety	29,731	-	29,731
Public Works	-	51,031	51,031
Capital Outlay	-	1,392,330	1,392,330
TOTAL EXPENDITURES	59,731	1,561,884	1,621,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	54,128	(1,425,965)	(1,371,837)
OTHER FINANCING SOURCES (USES)			
Sale of Assets	-	264,827	264,827
Transfers In	8,000	369,000	377,000
Transfers Out	-	(16,543)	(16,543)
TOTAL OTHER FINANCING SOURCES (USES)	8,000	617,284	625,284
NET CHANGE IN FUND BALANCES	62,128	(808,681)	(746,553)
FUND BALANCES - BEGINNING (As Previously Reported)	378,654	2,920,266	3,298,920
ADJUSTMENTS AND RESTATMENTS			
Adjustment - Change in Major Funds	-	962,308	962,308
Restatement - Correction of an Error	-	(50,190)	(50,190)
FUND BALANCES - BEGINNING (As Adjusted and Restated)	378,654	3,832,384	4,211,038
FUND BALANCES - ENDING	$ 440,782	$ 3,023,703	$ 3,464,485

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

	Reserve Donation Fund	Police Donation Fund	Firearms Safety Fund	DWI Forfeiture Fund	Drug Forfeiture Fund
ASSETS					
Cash, Cash Equivalents, and Investments	$ 33,281	$ -	$ 11,449	$ 9,168	$ 2,934
Accounts Receivable	1,220	-	-	-	-
TOTAL ASSETS	$ 34,501	$ -	$ 11,449	$ 9,168	$ 2,934
LIABILITIES					
Accounts Payable	$ 4,222	$ -	$ -	$ -	$ -
Due to Other Funds	-	4,052	-	-	-
Total Liabilities	4,222	4,052	-	-	-
FUND BALANCES					
Restricted	-	-	-	9,168	2,934
Committed	30,279	-	11,449	-	-
Unassigned	-	(4,052)	-	-	-
Total Fund Balances	30,279	(4,052)	11,449	9,168	2,934
TOTAL LIABILITIES AND FUND BALANCES	$ 34,501	$ -	$ 11,449	$ 9,168	$ 2,934

CITY OF CORCORAN, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
DECEMBER 31, 2024

	Truck Safety Fund	Lawful Gambling Fund	Emergency Sirens Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash, Cash Equivalents, and Investments	$ 1,741	$ 279,813	$ 100,471	$ 438,857
Accounts Receivable	-	8,979	-	10,199
TOTAL ASSETS	$ 1,741	$ 288,792	$ 100,471	$ 449,056
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ 4,222
Due to Other Funds	-	-	-	4,052
Total Liabilities	-	-	-	8,274
FUND BALANCES				
Restricted	-	288,792	-	300,894
Committed	1,741	-	100,471	143,940
Unassigned	-	-	-	(4,052)
Total Fund Balances	1,741	288,792	100,471	440,782
TOTAL LIABILITIES AND FUND BALANCES	$ 1,741	$ 288,792	$ 100,471	$ 449,056

CITY OF CORCORAN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Reserve Donation Fund	Police Donation Fund	Firearms Safety Fund	DWI Forfeiture Fund	Drug Forfeiture Fund
REVENUES					
Charges for Services	$ 10,494	$ -	$ 375	$ -	$ -
Investment Income (Loss)	499	-	181	138	44
Miscellaneous	(1,275)	3,531	-	-	-
TOTAL REVENUES	9,718	3,531	556	138	44
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	8,068	7,629	10,401	33	-
TOTAL EXPENDITURES	8,068	7,629	10,401	33	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,650	(4,098)	(9,845)	105	44
OTHER FINANCING SOURCES (USES)					
Transfers In	-	8,000	-	-	-
NET CHANGE IN FUND BALANCES	1,650	3,902	(9,845)	105	44
FUND BALANCES - BEGINNING	28,629	(7,954)	21,294	9,063	2,890
FUND BALANCES - ENDING	$ 30,279	$ (4,052)	$ 11,449	$ 9,168	$ 2,934

CITY OF CORCORAN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Truck Safety Fund	Lawful Gambling Fund	Emergency Sirens Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Charges for Services	$ -	$ -	$ 34,300	$ 45,169
Investment Income	31	3,951	1,217	6,061
Miscellaneous	1,320	59,053	-	62,629
TOTAL REVENUES	1,351	63,004	35,517	113,859
EXPENDITURES				
Current:				
General Government	-	30,000	-	30,000
Public Safety	3,600	-	-	29,731
TOTAL EXPENDITURES	3,600	30,000	-	59,731
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,249)	33,004	35,517	54,128
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	8,000
NET CHANGE IN FUND BALANCES	(2,249)	33,004	35,517	62,128
FUND BALANCES - BEGINNING	3,990	255,788	64,954	378,654
FUND BALANCES - ENDING	$ 1,741	$ 288,792	$ 100,471	$ 440,782

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

	Long Range Capital Planning Fund	Pavement Management Fund	Public Works Facility Fund	Capital Equip-Cert Fund
ASSETS				
Cash, Cash Equivalents, and Investments	$ 2,073,902	$ -	$ 56,137	$ -
Assessments Receivable	-	191,059	-	-
TOTAL ASSETS	$ 2,073,902	$ 191,059	$ 56,137	$ -
LIABILITIES				
Accounts Payable	$ 108,232	$ 17,103	$ -	$ 15,975
Construction Contracts Payable	-	2,025	-	-
Deposits Payable	-	6,321	-	-
Due to Other Governments	-	285	-	-
Due to Other Funds	-	25,358	-	223,588
Total Liabilities	108,232	51,092	-	239,563
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Special Assessments	-	191,059	-	-
FUND BALANCES				
Restricted	-	-	-	-
Assigned	1,965,670	-	56,137	-
Unassigned	-	(51,092)	-	(239,563)
Total Fund Balances	1,965,670	(51,092)	56,137	(239,563)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,073,902	$ 191,059	$ 56,137	$ -

CITY OF CORCORAN, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS
DECEMBER 31, 2024

	Hackamore Upgrade Fund	Wetland Restoration Fund	Pulte Encore Fund	Total Nonmajor Capital Project Funds
ASSETS				
Cash, Cash Equivalents, and Investments	$ 1,022,451	$ 110,856	$ 159,661	$ 3,423,007
Assessments Receivable	-	-	-	191,059
TOTAL ASSETS	$ 1,022,451	$ 110,856	$ 159,661	$ 3,614,066
LIABILITIES				
Accounts Payable	$ 417	$ -	$ -	$ 141,727
Construction Contracts Payable	-	-	-	2,025
Deposits Payable	-	-	-	6,321
Due to Other Governments	-	-	-	285
Due to Other Funds	-	-	-	248,946
Total Liabilities	417	-	-	399,304
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Special Assessments	-	-	-	191,059
FUND BALANCES				
Restricted	1,022,034	110,856	159,661	1,292,551
Assigned	-	-	-	2,021,807
Unassigned	-	-	-	(290,655)
Total Fund Balances	1,022,034	110,856	159,661	3,023,703
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,022,451	$ 110,856	$ 159,661	$ 3,614,066

CITY OF CORCORAN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Long Range Capital Planning Fund	Pavement Management Fund	Public Works Facility Fund	Capital Equip-Cert Fund
REVENUES				
Special Assessments	$ -	$ 42,107	$ -	$ -
Investment Income (Loss)	31,267	2,888	317	-
Miscellaneous	-	2,164	-	-
TOTAL REVENUES	31,267	47,159	317	-
EXPENDITURES				
Current:				
General Government	118,523	-	-	-
Public Works	-	-	51,031	-
Capital Outlay	407,068	8,800	-	894,691
TOTAL EXPENDITURES	525,591	8,800	51,031	894,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(494,324)	38,359	(50,714)	(894,691)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	-	264,827
Transfers In	339,000	-	30,000	-
Transfers Out	(16,543)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	322,457	-	30,000	264,827
NET CHANGE IN FUND BALANCES	(171,867)	38,359	(20,714)	(629,864)
FUND BALANCES - BEGINNING (As Previously Reported)	2,137,537	-	76,851	390,301
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Major Funds	-	(89,451)	-	-
Restatement - Correction of an Error	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted and Restated)	2,137,537	(89,451)	76,851	390,301
FUND BALANCES - ENDING	$ 1,965,670	$ (51,092)	$ 56,137	$ (239,563)

CITY OF CORCORAN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Hackamore Upgrade Fund	Wetland Restoration Fund	Pulte Encore Fund	Total Nonmajor Capital Project Funds
REVENUES				
Special Assessments	$ -	$ -	$ -	$ 42,107
Investment Income (Loss)	52,046	1,662	3,468	91,648
Miscellaneous	-	-	-	2,164
TOTAL REVENUES	52,046	1,662	3,468	135,919
EXPENDITURES				
Current:				
General Government	-	-	-	118,523
Public Works	-	-	-	51,031
Capital Outlay	81,771	-	-	1,392,330
TOTAL EXPENDITURES	81,771	-	-	1,561,884
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,725)	1,662	3,468	(1,425,965)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	-	264,827
Transfers In	-	-	-	369,000
Transfers Out	-	-	-	(16,543)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	617,284
NET CHANGE IN FUND BALANCES	(29,725)	1,662	3,468	(808,681)
FUND BALANCES - BEGINNING (As Previously Reported)	-	109,194	206,383	2,920,266
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Major Funds	1,051,759	-	-	962,308
Restatement - Correction of an Error	-	-	(50,190)	(50,190)
FUND BALANCE - BEGINNING (As Adjusted and Restated)	1,051,759	109,194	156,193	3,832,384
FUND BALANCES - ENDING	$ 1,022,034	$ 110,856	$ 159,661	$ 3,023,703

CITY OF CORCORAN, MINNESOTA
SUPPLEMENTAL COMBINING BALANCE SHEET
DEBT SERVICE FUND
DECEMBER 31, 2024

	G.O. Equipment Certificates	2020B G.O. Bonds	2016A G.O. Bonds	2018A G.O. Bonds	2023A G.O. Bonds	Total Debt Service Fund
ASSETS						
Cash, Cash Equivalents, and Investments	$ 117,262	$ 178,046	$ (664,408)	$ 373,532	$ 287,695	$ 292,127
Assessments Receivable	-	-	143,205	-	-	143,205
Due from Other Governments	-	-	870	-	-	870
TOTAL ASSETS	$ 117,262	$ 178,046	$ (520,333)	$ 373,532	$ 287,695	$ 436,202
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Special Assessments	-	-	143,205	-	-	143,205
FUND BALANCES						
Restricted	117,262	178,046	(663,538)	373,532	287,695	292,997
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 117,262	$ 178,046	$ (520,333)	$ 373,532	$ 287,695	$ 436,202

CITY OF CORCORAN, MINNESOTA
SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	G.O. Equipment Certificates	2020B G.O. Bonds	2016A G.O. Bonds	2018A G.O. Bonds	2023A G.O. Bonds	Total Debt Service Fund
REVENUES						
Property Taxes	$ 474,587	$ 231,410	$ -	$ 107,021	$ 373,590	$ 1,186,608
Special Assessments	-	-	84,730	-	-	84,730
Investment Income (Loss)	-	3,124	-	3,051	-	6,175
TOTAL REVENUES	474,587	234,534	84,730	110,072	373,590	1,277,513
EXPENDITURES						
Debt Service:						
Principal	355,000	165,000	240,000	75,000	-	835,000
Interest and Other Charges	87,562	47,040	24,181	28,050	209,251	396,084
TOTAL EXPENDITURES	442,562	212,040	264,181	103,050	209,251	1,231,084
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,025	22,494	(179,451)	7,022	164,339	46,429
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	65,930	-	-	65,930
NET CHANGE IN FUND BALANCES	32,025	22,494	(113,521)	7,022	164,339	112,359
FUND BALANCES - BEGINNING	85,237	155,552	(550,017)	366,510	123,356	180,638
FUND BALANCES - ENDING	$ 117,262	$ 178,046	$ (663,538)	$ 373,532	$ 287,695	$ 292,997

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/24	Issued	Paid	Outstanding Balance 12/31/24	Principal Due Within One Year
GOVERNMENTAL INDEBTEDNESS									
General Obligation Bonds									
G.O. Equipment Certificate, 2016A	5/1/2016	2.00 - 2.40%	2/1/2026	$ 290,000	$ 105,000	$ -	$ 35,000	$ 70,000	$ 35,000
G.O. Improvement Bonds, 2016A	5/1/2016	2.00 - 2.40%	2/1/2032	2,625,000	1,270,000	-	240,000	1,030,000	240,000
G.O. Equipment Certificate, 2018A	5/31/2018	3.00 - 3.125%	2/1/2028	600,000	350,000	-	65,000	285,000	70,000
G.O. Bonds, 2018A	5/31/2018	3.00 - 3.125%	2/1/2034	1,235,000	955,000	-	75,000	880,000	75,000
G.O. Equipment Certificate, 2020A	7/8/2020	2.00%	2/1/2030	805,000	640,000	-	85,000	555,000	90,000
G.O. Capital Improvement Bonds, 2020B	11/5/2020	1.00 - 2.00%	2/1/2038	3,365,000	3,060,000	-	165,000	2,895,000	175,000
G.O. Equipment Certificate, 2022A	6/2/2022	3.125 - 4.00%	2/1/2032	1,800,000	1,800,000	-	170,000	1,630,000	175,000
G.O. Improvement Bonds, 2023A	5/11/2023	4.00 - 5.00%	2/1/2039	3,760,000	3,760,000	-	-	3,760,000	185,000
TOTAL GOVERNMENTAL DEBTS				14,480,000	11,940,000	-	835,000	11,105,000	1,045,000
BUSINESS-TYPE INDEBTEDNESS									
General Obligation Revenue Bonds									
G.O. Utility Revenue Bonds, 2014B	8/1/2014	2.00 - 3.625%	2/1/2035	3,130,000	2,070,000	-	155,000	1,915,000	160,000
G.O. Utility Revenue Bonds, 2020A	7/8/2020	2.00%	2/1/2031	1,145,000	935,000	-	110,000	825,000	110,000
G.O. Utility Revenue Bonds, 2023A	5/11/2023	4.00 - 5.00%	2/1/2053	21,785,000	21,785,000	-	595,000	21,190,000	370,000
				26,060,000	24,790,000	-	860,000	23,930,000	640,000
Notes Payable									
Maple Grove WAC	1/1/2014	5.50%	12/20/2027	300,000	140,085	-	32,152	107,933	33,944
Maple Grove WAC	2/16/2016	0.00%	1/1/2027	117,790	47,116	-	11,779	35,337	11,779
				417,790	187,201	-	43,931	143,270	45,723
TOTAL BUSINESS-TYPE DEBTS				26,477,790	24,977,201	-	903,931	24,073,270	685,723
TOTAL INDEBTEDNESS				$ 40,957,790	$ 36,917,201	$ -	$ 1,738,931	$ 35,178,270	$ 1,730,723

CITY OF CORCORAN, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Total 2024	Total 2023	Percent Increase (Decrease)
REVENUES			
Taxes	$ 8,352,937	$ 7,038,248	18.68%
Franchise Taxes	66,024	66,865	-1.26%
Special Assessments	126,837	111,151	14.11%
Licenses, Permits, and Fees	1,876,783	1,733,964	8.24%
Intergovernmental	484,183	1,663,827	-70.90%
Charges for Services	1,276,659	1,034,775	23.38%
Fines	26,980	29,748	-9.30%
Investment Income	339,316	847,268	-59.95%
Miscellaneous	89,591	7,354,296	-98.78%
TOTAL REVENUES	$ 12,639,310	$ 19,880,142	-36.42%
Per Capita	1,508.63	2,479.13	-39.15%
EXPENDITURES			
Current:			
General Government	$ 3,069,410	$ 2,027,899	51.36%
Public Safety	4,406,892	3,938,771	11.88%
Public Works	2,462,531	1,913,747	28.68%
Sanitation	18,789	15,216	23.48%
Parks and Recreation	270,252	244,460	10.55%
Capital Outlay	5,011,195	11,234,885	-55.40%
Debt Service:			
Principal	835,000	655,000	27.48%
Interest and Other Charges	396,084	258,877	53.00%
TOTAL EXPENDITURES	$ 16,470,153	$ 20,288,855	-18.82%
Per Capita	1,965.88	2,530.10	-22.30%
Total Long-term Indebtedness	$ 11,105,000	$ 11,940,000	-6.99%
Per Capita	1,325.50	1,488.96	-10.98%
General Fund and Special Revenue Funds Committed, Assigned, and Unassigned Fund Balances - December 31	$ 4,495,471	$ 4,312,111	4.25%
Per Capita	536.58	537.74	-0.22%

The purpose of this report is to provide a summary of the financial information concerning the City of Corcoran to interested citizens. The complete financial statements may be examined at 8200 County Road 116, Corcoran, MN 55340. Questions about this report should be directed to Jay Tobin, City Administrator, at 763-420-2288.

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	$ 3,091,753

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Corcoran (the City) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the City, it is not intended to and does not present the financial position or changes in financial position of the City of Corcoran.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 SUBRECIPIENTS

The City did not pass through any federal funds to subrecipients during the year ended December 31, 2024.

NOTE 5 PASS-THROUGH IDENTIFIER

The City's pass-through identifier is unknown.

OTHER REQUIRED REPORTS
AND SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Corcoran, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2024, and the related notes to the financial statements, which collectively comprise the City of Corcoran's basic financial statements and have issued our report thereon dated June 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Corcoran's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, we noted that City of Corcoran failed to comply with provisions of the depositories of public funds and public investments section of the *Minnesota Legal Compliance Audit Guide Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the *Schedule of Findings and Questioned Costs* as item 2024-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, 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.

City of Corcoran's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Corcoran's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs* and *Corrective Action Plans*. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schlenner Wenner & Co.

SCHLENNER WENNER & CO.
St. Cloud, Minnesota
June 27, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Corcoran, MN

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Corcoran's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the City of Corcoran complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Corcoran and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Corcoran's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Corcoran's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses in internal control over compliance may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as item 2024-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schlenner Wenner & Co.

SCHLENNER WENNER & CO.
St. Cloud, Minnesota
June 27, 2025

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
* Material weakness(es) identified?		Yes	X	No
* Significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified?		Yes	X	No
* Significant deficiencies identified that are not considered to be material weakness(es)?	X	Yes		No
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?		Yes	X	No

Identification of major programs:

ALN(s)	Name of Federal Program or Cluster
14.251	Economic Development Initiative, Community Project Funding, and Miscellaneous Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings identified.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2024-001 **Internal Controls Over Compliance for Cash Management, Allowable Costs, Procurement, and Conflicts of Interest**

Federal Program: 14.251 Economic Development Initiative, Community Project Funding, and Miscellaneous Grants

Condition: The City did not have formally documented written controls to ensure compliance with the U.S. Office of Management and Budget's (OMB) *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), in regard to determining allowable costs, procurement procedures, conflicts of interest, and cash management.

Criteria: 2 CFR § 200.302(b) requires the City to have written procedures related to managing cash from federal awards, including determining the allowability of costs in accordance with 2 CFR 200 Subpart E – Cost Principles. Additionally, 2 CFR § 318(a) and (c), requires the City to formally document procedures used for procurements made within federal programs, to demonstrate compliance with Uniform Guidance, which includes written standards of conduct that cover conflicts of interest and govern the performance of individuals engaged in procurement.

Cause: The City's policies and procedures were not formally drafted and updated in written form.

Effect: The failure to have written policies and procedures during the grant period resulted in the City's temporary noncompliance with the requirements of the Uniform Guidance.

Context: This is a general requirement that pertains to most federal grants. This was not identified via sampling procedures.

Questioned Costs: None identified.

Recommendation: We recommend the City review the Electronic Code of Federal Regulations, particularly the sections referenced above, to obtain a better understanding of the related requirements under Uniform Guidance. Based on this understanding, we recommend the City adopt written policies and procedures pertaining to cash management, determining the allowability of costs, procurement procedures, and conflicts of interest for all federal programs.

Since the discovery of this issue, the City has adopted written policies and procedures pertaining to cash management, determining the allowability of costs, procurement procedures, and conflicts of interest for all federal programs.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with our recommendation, and this matter has already been resolved subsequent to year-end. See corresponding Corrective Action Plan.

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION IV: MINNESOTA LEGAL COMPLIANCE FINDINGS

Finding 2024-002 **Deposits in Excess of Insured Limits**

Condition: The City held deposits in excess of FDIC limits with a financial institution, without sufficient collateral pledged.

Criteria: In accordance with MN Statute § 118A.03, subd. 1 & 3, the City is required to obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of deposits being held in excess of deposit insurance.

Cause: Deposits held at the financial institution used by the City exceeded FDIC limits and were not fully secured in accordance with the criteria noted above.

Effect: The failure to ensure the City's deposits were secured by sufficient pledged collateral or insurance resulted in noncompliance with the requirements set forth in Minnesota Statutes.

Recommendation: We recommend the City implement a process of reviewing bank account balances and applied collateral levels on a regular basis and taking corrective actions as necessary.

Views of Responsible Officials And Planned Corrective Actions: Management agrees with the recommendation. See corresponding Corrective Action Plan.

CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL AWARDS FINDINGS

Finding 2024-001 **Internal Controls Over Compliance for Cash Management, Allowable Costs, Procurement, and Conflicts of Interest**

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Action Planned in Response to Finding
   Subsequent to year-end, the City addressed this matter by formally adopting written policies meeting the referenced requirements of the Code of Federal Regulations.

3. Official Responsible
   The City Administrator is the official responsible for ensuring corrective action.

4. Planned Completion Date
   June 30, 2025.

5. Plan to Monitor Completion
   The City Council will be monitoring this Corrective Plan.

LEGAL COMPLIANCE FINDINGS

Finding 2024-002 **Deposits in Excess of Insured Limits**

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   The City will ensure sufficient collateral has been pledged or insurance provided on all depository accounts.

3. Official Responsible
   The City Administrator is the official responsible for ensuring corrective action.

4. Planned Completion Date
   December 31, 2025

5. Plan to Monitor Completion
   The City Council will be monitoring this Corrective Action Plan.

Administrative Offices
8200 County Road 116
Corcoran, MN 55340
Phone: 763-420-2288

Police Department Offices
8200 County Road 116
Corcoran, MN 55340
Phone: 763-420-8966

Public Works Offices
9100 County Road 19
Corcoran, MN 55357
Phone: 763-420-2652

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Financial statement findings 2023-001, 2023-002, 2023-003, 2023-004 and 2023-005 reported in accordance with *Government Auditing Standards* in the prior year have been resolved in the current year.

No Federal Award Findings were reported in the prior year.

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