City of Corcoran, Minnesota

Audited Financial Statements

For The Year Ended December 31, 2025

SCHLENNER WENNER & CO.
CPAs

CITY OF CORCORAN, MINNESOTA
TABLE OF CONTENTS

CITY OF CORCORAN, MINNESOTA
TABLE OF CONTENTS (Continued)

OTHER REQUIRED REPORTS AND SCHEDULES:

INTRODUCTORY
SECTION

CITY OF CORCORAN, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2025

CITY COUNCIL		Term Expires
Tom McKee	Mayor	December 31, 2028
Michelle Friedrich	Council Member	December 31, 2028
Mark Lanterman	Council Member	December 31, 2026
Jeremy Nichols	Council Member	December 31, 2026
Dean Vehrenkamp	Council Member	December 31, 2028

CITY OFFICIALS

Jay Tobin	City Administrator
Matthew Gsellmeier	Finance Director

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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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, and 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, and summary financial report, 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 and supplemental schedules 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 and supplemental schedules 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 29, 2026, 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 29, 2026

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

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, 2025. 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 $54,310,411 (net position).

- The City's net position increased $6,283,407 compared to the prior year as a result of this year's operations.

- In the City's business-type activities, revenues decreased $1,604,351 while program expenses increased $1,159,114 (or 51.82 percent). These changes are discussed in greater detail throughout the following pages.

- Total cost of all of the City's programs increased $2,022,461 (or 14.42 percent).

- In the current year, the City's General Fund generated more revenue than budgeted by $643,082. Expenditures were below budget by $4,589. See additional details starting on page sixty-two.

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 $6,283,407 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	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 20,989,220	$ 18,139,729	$ 11,521,835	$ 15,007,000	$ 32,511,055	$ 33,146,729
Net Capital Assets	34,174,338	28,930,250	36,318,415	33,598,762	70,492,753	62,529,012
Total Assets	55,163,558	47,069,979	47,840,250	48,605,762	103,003,808	95,675,741
Deferred Outflows of Resources	2,288,391	2,302,169	33,909	-	2,322,300	2,302,169
Current Liabilities	3,979,616	3,255,669	1,694,661	3,707,413	5,674,277	6,963,082
Noncurrent Liabilities	18,407,345	15,293,158	24,370,363	25,024,710	42,777,708	40,317,868
Total Liabilities	22,386,961	18,548,827	26,065,024	28,732,123	48,451,985	47,280,950
Deferred Inflows of Resources	2,534,538	2,758,257	29,174	-	2,563,712	2,758,257
Net Position:						
Net Investment in Capital Assets	20,310,523	17,289,155	11,249,613	8,574,052	31,560,136	25,863,207
Restricted	8,619,382	7,342,209	-	-	8,619,382	7,342,209
Unrestricted	3,600,545	3,433,700	10,530,348	11,299,587	14,130,893	14,733,287
Total Net Position	$ 32,530,450	$ 28,065,064	$ 21,779,961	$ 19,873,639	$ 54,310,411	$ 47,938,703

The net position of the City's governmental activities increased by $4,377,085 (or 15.60 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) increased by $166,845 (or 4.86 percent) compared to the prior year.

The net position of the City's business-type activities increased by $1,906,322. Operating activities were comparable to the prior year, but certain matters resulting in significant revenue and expense fluctuations have been discussed in greater detail in the following pages.

THE CITY AS A WHOLE (Continued)

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
Charges for Services	$ 3,541,005	$ 3,187,751	$ 2,050,162	$ 1,646,010	$ 5,591,167	$ 4,833,761
Operating Grants and Contributions	719,366	983,200	10,858	54,263	730,224	1,037,463
Capital Grants and Contributions	1,281,099	(937)	4,648,860	5,756,970	5,929,959	5,756,033
Property Taxes	9,156,632	8,346,438	-	-	9,156,632	8,346,438
Intergovernmental	77,992	94,458	52	-	78,044	94,458
Franchise Taxes	69,848	66,024	-	-	69,848	66,024
Investment Income (Loss)	417,445	339,316	264,668	1,121,708	682,113	1,461,024
Other	88,162	-	-	-	88,162	-
Total Revenues	15,351,549	13,016,250	6,974,600	8,578,951	22,326,149	21,595,201
PROGRAM EXPENSES						
General Government	2,793,315	3,130,525	-	-	2,793,315	3,130,525
Public Safety	5,485,727	4,491,263	-	-	5,485,727	4,491,263
Public Works	3,409,918	3,150,004	-	-	3,409,918	3,150,004
Sanitation	20,403	18,789			20,403	18,789
Parks and Recreation	465,282	693,962	-	-	465,282	693,962
Debt Service	477,007	303,762	-	-	477,007	303,762
Water	-	-	2,198,604	1,675,070	2,198,604	1,675,070
Sewer	-	-	1,197,393	561,813	1,197,393	561,813
Total Expenses	12,651,652	11,788,305	3,395,997	2,236,883	16,047,649	14,025,188
Change in Net Position Prior to Gain (Loss) and Transfers	2,699,897	1,227,945	3,578,603	6,342,068	6,278,500	7,570,013
Gain (Loss) on Disposal of Assets	5,161	305,033	-	-	5,161	305,033
Capital Asset Transfers	-	(116,046)	-	116,046	-	-
Transfers	1,672,281	596,430	(1,672,281)	(596,430)	-	-
Total Gain (Loss) and Transfers	1,677,442	785,417	(1,672,281)	(480,384)	5,161	305,033
Change in Net Position	4,377,339	2,013,362	1,906,322	5,861,684	6,283,661	7,875,046
Net Position - Beginning of Year (2024 Restated)	28,153,111	26,051,702	19,873,639	14,011,955	48,026,750	40,063,657
Net Position - End of Year	$ 32,530,450	$ 28,065,064	$ 21,779,961	$ 19,873,639	$ 54,310,411	$ 47,938,703

The City's total revenues increased by $730,948 (3.38 percent), while the total cost of all programs and services increased by $2,022,461 (14.42 percent). Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities
Revenue for the City's governmental activities increased by $2,335,299 (or 17.94 percent), primarily due to State and Federal grant funding received for the City's capital projects. Additionally, property tax revenues increased by approximately $810,000. Expenses for governmental activities also increased in comparison to the prior year, by $863,347 (or 7.32 percent). This increase was primarily for additional public safety costs incurred during the year, specifically for law enforcement related activities.

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:

- Parks and Recreation net cost of services decreased $663,694, primarily due to an increase in park dedication fees and decreased professional service expenses.
- Public Safety net cost of services increased $641,274 (20.15 percent), primarily due to the increases in operational costs previously discussed.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
General Government	$ 2,793,315	$ 3,130,525	$ 2,572,710	$ 2,903,037
Public Safety	5,485,727	4,491,263	3,824,126	3,182,852
Public Works	3,409,918	3,150,004	1,393,115	1,723,336
Sanitation	20,403	18,789	20,403	18,789
Parks and Recreation	465,282	693,962	(1,177,179)	(513,485)
Debt Service	477,007	303,762	477,007	303,762
Totals	$ 12,651,652	$ 11,788,305	$ 7,110,182	$ 7,618,291

Business-type Activities
Revenues of the City's business-type activities (see Table 2) decreased by $1,604,351 (18.70 percent) and program expenses increased by $1,159,114 (or 51.82 percent). Revenues decreased as a result of Federal grant funding for a City infrastructure project in the prior year, which was not repeated in the current year. This decrease was partially mitigated by additional revenues from connection fees received in the current year. Expenses increased primarily due to repairs and maintenance and changes in accounting (fund allocations) for employee costs.

THE CITY'S FUNDS

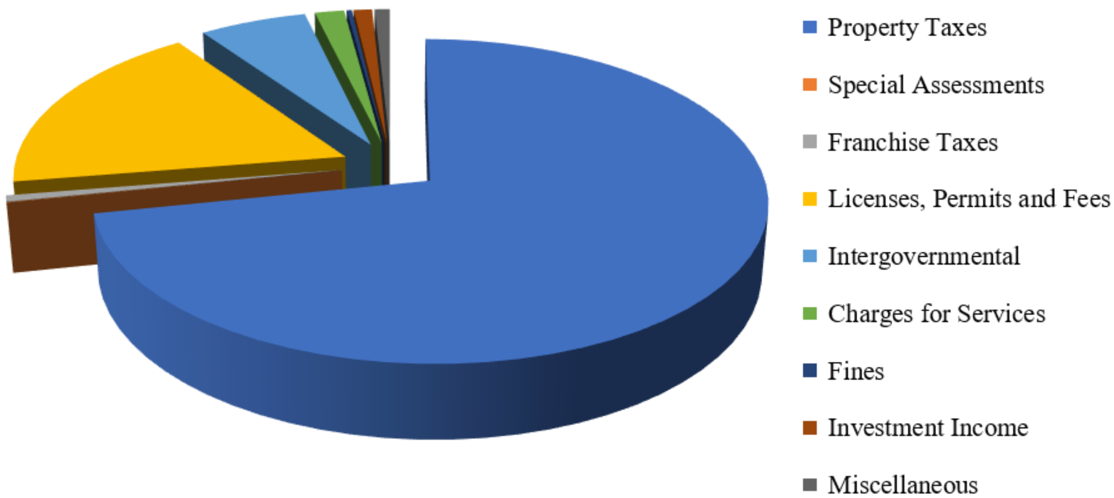
Governmental Funds
As the City completed the year, its governmental funds (as presented in the balance sheet on page twenty) reported a combined fund balance of $15,825,096. This is an increase of $4,019,152 from the prior year. Financial information specific to the governmental funds is detailed below and in the following pages. Such information was derived from the fund financial statements.

	Fund Balance December 31,		Increase
Major Funds	2025	2024	(Decrease)
General	$ 5,154,787	$ 4,671,426	$ 483,361

The fund balance of the General Fund increased by $483,361 compared to 2024. Details of the General Fund's revenues and expenditures are displayed on the following page.

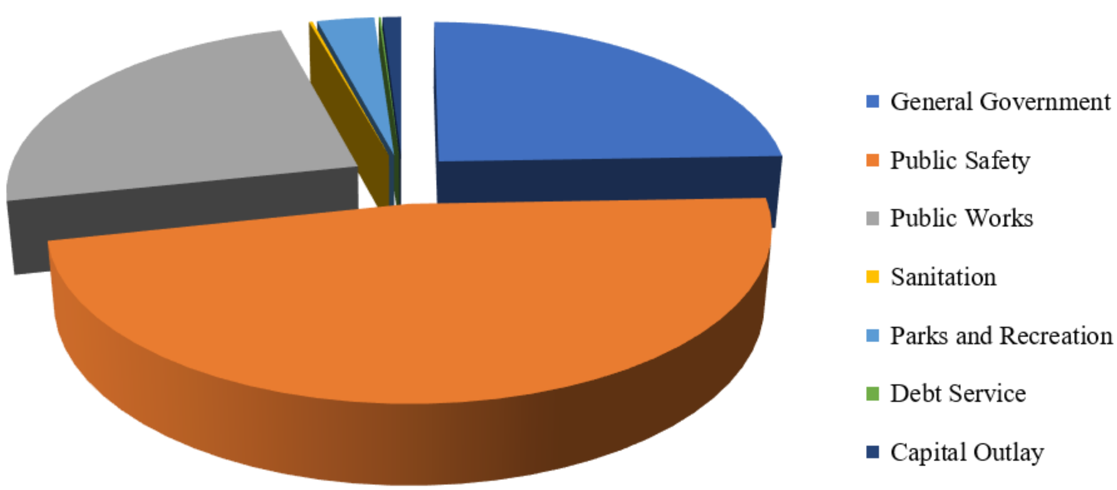
THE CITY'S FUNDS (Continued)

General Fund Revenues



The City received the majority of its funding in the General Fund from property taxes (71.80 percent) and licenses, permits and fees (17.81 percent). General Fund revenues were comparable to the prior year in aggregate, but various fluctuations were experienced for individual sources. Property taxes and intergovernmental revenues increased considerably.

General Fund Expenditures



THE CITY'S FUNDS (Continued)

A significant portion of the City's General Fund expenditures are used for public safety (47.18 percent). Remaining expenditures are used for general government operations (24.45 percent), public works (24.03 percent), parks and recreation (3.05 percent), capital outlay (0.99 percent), sanitation (0.19 percent), and debt service (0.11 percent). Overall, the City's General Fund expenditures increased, primarily due to the additional public safety costs due to personnel costs. Additionally, expenditures for public works increase primarily due to personnel costs.

Major Funds	Fund Balance December 31, 2025	Fund Balance December 31, 2024	Increase (Decrease)
Debt Service	$ 1,775,000	$ 292,997	$ 1,482,003

The increase in fund balance noted for the Debt Service Fund was driven primarily by amounts transferred into the fund from the Water and Sewer Funds. Additionally, a portion of the proceeds and the premium from the 2025A bond issuance were deposited into this fund.

Park Capital	$ 3,557,997	$ 5,155,954	$ (1,597,957)

The Park Capital Fund balance decreased because of an increase in expenditures for the Park Planning & Design project that began in 2025.

City Center Drive	$ 1,255,781	$ (1,778,918)	$ 3,034,699

The City Center Drive Fund balance increased, primarily due to funding received for construction project costs incurred during both 2024 and 2025. Additionally, significant amounts were transferred into the fund from the Hackamore Upgrade Fund.

2025A Equipment Bond	$ 1,387,814	$ -	$ 1,387,814

The 2025A Equipment Bond Fund experienced increases in revenue due to the issuance of the 2025A bonds, and an increase in expenditures due to the capital acquisitions of vehicles and equipment.

General Fund Budgetary Highlights
The City's General Fund generated more revenue than budgeted of $643,082, which was primarily due to additional revenues from building permits issued during the year. Expenditures were under budgeted by $4,589. Expenditures for both public works and parks and recreation activities came in under budget, but these differences were largely offset by additional unbudgeted expenditures in the areas of other public safety and general government operations.

Proprietary Funds
As the City completed the year, its business-type activities reported a combined net position of $21,779,961. This is an increase of $1,906,322 from the prior year. The following is a summary of the City's major proprietary funds:

Major Funds	Net Position December 31, 2025	Net Position December 31, 2024	Increase (Decrease)
Water	$ 13,844,882	$ 11,538,729	$ 2,306,153

The increase in net position noted above for the Water Fund can be attributed to significant revenues from fees for new connections received during 2025.

Sewer	$ 7,849,011	$ 8,250,431	$ (401,420)

The decrease in net position noted above for the Sewer Fund was due to fewer new connections in the current year, combined with a significant transfer to the Debt Service Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the City had $70,492,753 invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of $7,963,741 (or 12.74 percent) over last year.

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

- Approximately $3.0 million for the Park Planning & Design project
- Approximately $2.4 million for the Water Supply, Treatment, & Storage Facility project
- Vehicle purchases for public safety, public works, water and sewer departments

Table 4
Capital Assets Net of Depreciation and Amortization

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 3,700,474	$ 3,700,474	$ 647,509	$ 647,509	$ 4,347,983	$ 4,347,983
Construction In Progress	7,778,642	8,835,455	27,524,866	24,599,349	35,303,508	33,434,804
Buildings	2,900,380	3,080,793	-	-	2,900,380	3,080,793
Infrastructure	15,144,394	10,504,316	7,840,466	8,201,192	22,984,860	18,705,508
Equipment	4,604,652	2,809,212	305,574	150,712	4,910,226	2,959,924
Leased Equipment	45,796	-	-	-	45,796	-
Totals	$ 34,174,338	$ 28,930,250	$ 36,318,415	$ 33,598,762	$ 70,492,753	$ 62,529,012

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 $38,842,212 in debt versus a balance of $36,665,805 in the prior, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	$ 13,755,000	$ 11,105,000	$ -	$ -	$ 13,755,000	$ 11,105,000
G.O. Revenue Bonds	-	-	23,290,000	23,930,000	23,290,000	23,930,000
Unamortized Bond Premium	744,780	536,095	910,638	951,440	1,655,418	1,487,535
Notes Payable	-	-	97,547	143,270	97,547	143,270
Lease Liabilities	44,247	-	-	-	44,247	-
Totals	$ 14,544,027	$ 11,641,095	$ 24,298,185	$ 25,024,710	$ 38,842,212	$ 36,665,805

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 2025, the City issued 34 commercial-industrial building permits and 1,172 residential permits, with a total valuation of $179,369,746. As of May 2026, 26 commercial-industrial permits and 428 residential permits have been issued, valued at $95,533,512. Property values continue to increase, and new residential development is at a pace of over 300 new homes per year.

A number of commercial and industrial approvals were granted by the City in 2025, including a 286,120 square foot light industrial building at Brockton Business Park Phase 1, and a 32-unit memory care facility at Suite Living in Cook Lake Highlands. As of 2026, final plat and site plan approval has been granted for a 252,120 square foot light industrial for phase two of Brockton Business Park. A number of residential developments are underway, with significant projects like Rush Creek Reserve, Hope Meadows, Amira at Cook Lake Highlands, Suite Living at Cook Lake Highlands, St. Therese, Tavera, Bellwether, Fairway Shores Villas, 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 Matt Gsellmeier, Finance Director, 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, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash, Cash Equivalents, and Investments	$ 19,139,762	$ 10,672,952	$ 29,812,714
Property Taxes Receivable	73,767	-	73,767
Accounts Receivable	148,464	775,443	923,907
Interest Receivable	147,688	-	147,688
Due from Other Governments	1,080,737	-	1,080,737
Prepaids	42,857	29,140	71,997
Assessments Receivable	355,945	44,300	400,245
Capital Assets Not Being Depreciated	11,479,116	28,172,375	39,651,491
Capital Assets Being Depreciated (Net)	22,695,222	8,146,040	30,841,262
TOTAL ASSETS	55,163,558	47,840,250	103,003,808
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	2,288,391	33,909	2,322,300
LIABILITIES			
Accounts Payable	876,196	76,664	952,860
Salaries Payable	148,349	15,674	164,023
Payroll Deductions and Employer Contributions	56,762	2,376	59,138
Construction Contracts Payable	707,602	770,617	1,478,219
Deposits Payable	1,865,746	-	1,865,746
Due to Other Governments	79,767	434,966	514,733
Deposits Payable	-	1,635	1,635
Accrued Interest Payable	245,194	392,729	637,923
Noncurrent Liabilities:			
Due Within One Year:			
Long-term Liabilities	1,286,772	728,935	2,015,707
Due After One Year:			
Long-term Liabilities	13,714,506	23,594,974	37,309,480
Net OPEB Liability	1,391,363	-	1,391,363
Net Pension Liability	2,014,704	46,454	2,061,158
TOTAL LIABILITIES	22,386,961	26,065,024	48,451,985
DEFERRED INFLOWS OF RESOURCES			
Pensions	2,534,538	29,174	2,563,712
NET POSITION			
Net Investment in Capital Assets	20,310,523	11,249,613	31,560,136
Restricted for:			
Capital Outlay	2,804,235	-	2,804,235
Debt Service	1,599,042	-	1,599,042
Parks (Dedication Fees)	3,557,997	-	3,557,997
Police Expenditures	12,445	-	12,445
Lawful Gambling Purposes	251,185	-	251,185
Capital Equipment	46,315	-	46,315
Hackamore Road Improvements	72,553	-	72,553
Wetland Restoration	112,944	-	112,944
Pulte Encore Development	162,666	-	162,666
Unrestricted	3,600,545	10,530,348	14,130,893
TOTAL NET POSITION	$ 32,530,450	$ 21,779,961	$ 54,310,411

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		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	$ 2,793,315	$ 206,640	$ 12,460	$ 1,505	$ (2,572,710)	$ -	$ (2,572,710)
Public Safety	5,485,727	1,247,950	413,651	-	(3,824,126)	-	(3,824,126)
Public Works	3,409,918	904,901	240,555	871,347	(1,393,115)	-	(1,393,115)
Sanitation	20,403	-	-	-	(20,403)	-	(20,403)
Parks and Recreation	465,282	1,181,514	52,700	408,247	1,177,179	-	1,177,179
Debt Service	477,007	-	-	-	(477,007)	-	(477,007)
Total Governmental Activities	12,651,652	3,541,005	719,366	1,281,099	(7,110,182)	-	(7,110,182)
Business-Type Activities:							
Water	2,198,604	1,071,042	1,404	3,883,140	-	2,756,982	2,756,982
Sewer	1,197,393	979,120	9,454	765,720	-	556,901	556,901
Total Business-Type Activities	3,395,997	2,050,162	10,858	4,648,860	-	3,313,883	3,313,883
TOTALS	$ 16,047,649	$ 5,591,167	$ 730,224	$ 5,929,959	(7,110,182)	3,313,883	(3,796,299)
General Revenues:							
Property Taxes					9,156,632	-	9,156,632
Franchise Taxes					69,848	-	69,848
Intergovernmental					77,992	52	78,044
Investment Income					417,445	264,668	682,113
Gain (Loss) on Sale of Assets					5,161	-	5,161
Miscellaneous					88,162	-	88,162
Total General Revenues					9,815,240	264,720	10,079,960
Transfers					1,672,281	(1,672,281)	-
Total General Revenues and Transfers					11,487,521	(1,407,561)	10,079,960
CHANGE IN NET POSITION					4,377,339	1,906,322	6,283,661
NET POSITION - BEGINNING OF YEAR (As Previously Reported)					28,065,064	19,873,639	47,938,703
ADJUSTMENTS AND RESTATEMENTS							
Restatement - Correction of an Error					88,047	-	88,047
NET POSITION - BEGINNING OF YEAR (As Restated)					28,153,111	19,873,639	48,026,750
NET POSITION - END OF YEAR					$ 32,530,450	$ 21,779,961	$ 54,310,411

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

			Capital Projects				
	General Fund	Debt Service Fund	Park Capital Fund	City Center Drive Fund	2025A Bond Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash, Cash Equivalents, and Investments	$ 7,229,795	$ 1,775,000	$ 4,109,289	$ 1,332,131	$ 1,602,712	$ 3,090,835	$ 19,139,762
Property Taxes Receivable	73,767	-	-	-	-	-	73,767
Assessments Receivable	50,446	69,236	-	-	-	236,263	355,945
Accounts Receivable	148,464	-	-	-	-	-	148,464
Interest Receivable	147,688	-	-	-	-	-	147,688
Due from Other Governments	135,374	-	-	945,363	-	-	1,080,737
Due from Other Funds	229,214	-	-	-	-	-	229,214
Prepaids	42,857	-	-	-	-	-	42,857
TOTAL ASSETS	$ 8,057,605	$ 1,844,236	$ 4,109,289	$ 2,277,494	$ 1,602,712	$ 3,327,098	$ 21,218,434
LIABILITIES							
Accounts Payable	$ 567,631	$ -	$ 6,251	$ -	$ 187,678	$ 114,636	$ 876,196
Salaries Payable	148,349	-	-	-	-	-	148,349
Payroll Deductions and Employer Contributions	56,762	-	-	-	-	-	56,762
Construction Contracts Payable	39,985	-	545,041	76,350	-	46,226	707,602
Deposits Payable	1,859,329	-	-	-	-	6,417	1,865,746
Due to Other Governments	51,922	-	-	-	27,220	625	79,767
Due to Other Funds	-	-	-	-	-	229,214	229,214
Total Liabilities	2,723,978	-	551,292	76,350	214,898	397,118	3,963,636

CITY OF CORCORAN, MINNESOTA
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

			Capital Projects				
	General Fund	Debt Service Fund	Park Capital Fund	City Center Drive Fund	2025A Bond Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Property Taxes	73,767	-	-	-	-	-	73,767
Special Assessments	47,703	69,236	-	-	-	236,263	353,202
Other Receivables	57,370	-	-	945,363	-	-	1,002,733
Total Deferred Inflows of Resources	178,840	69,236	-	945,363	-	236,263	1,429,702
FUND BALANCES							
Nonspendable	42,857	-	-	-	-	-	42,857
Restricted	160,640	1,775,000	3,557,997	1,255,781	1,387,814	658,108	8,795,340
Committed	-	-	-	-	-	180,756	180,756
Assigned	-	-	-	-	-	2,150,041	2,150,041
Unassigned	4,951,290	-	-	-	-	(295,188)	4,656,102
Total Fund Balances	5,154,787	1,775,000	3,557,997	1,255,781	1,387,814	2,693,717	15,825,096
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 8,057,605	$ 1,844,236	$ 4,109,289	$ 2,277,494	$ 1,602,712	$ 3,327,098	$ 21,218,434

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds		$ 15,825,096
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	$ 45,161,246	
Accumulated Depreciation	(10,986,908)	
Capital Assets (Net)		34,174,338
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	(13,755,000)	
Bond Premium, Net of Accumulated Amortization	(744,780)	
Lease Liabilities	(44,247)	
Compensated Absences	(457,251)	
		(15,001,278)
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		(1,391,363)
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	(2,014,704)	
Deferred Outflows - Pensions	2,288,391	
Deferred Inflows - Pensions	(2,534,538)	
		(2,260,851)
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:		(245,194)
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	73,767	
Special Assessments Receivable	353,202	
Other Receivables	1,002,733	
		1,429,702
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 32,530,450

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

			Capital Projects				
	General Fund	Debt Service Fund	Park Capital Fund	City Center Drive Fund	2025A Bond Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	$ 7,979,413	$ 1,184,929	$ -	$ -	$ -	$ -	$ 9,164,342
Franchise Taxes	69,848	-	-	-	-	-	69,848
Special Assessments	3,755	75,457	-	-	-	40,416	119,628
Licenses, Permits, and Fees	1,979,080	-	-	-	-	-	1,979,080
Intergovernmental	662,667	-	500,000	2,184,527	-	130,270	3,477,464
Charges for Services	181,545	-	1,171,654	-	-	40,928	1,394,127
Fines	31,490	-	-	-	-	114	31,604
Investment Income	113,511	14,619	91,338	13,610	123,764	60,603	417,445
Miscellaneous	92,789	-	17,126	275,825	-	137,591	523,331
TOTAL REVENUES	11,114,098	1,275,005	1,780,118	2,473,962	123,764	409,922	17,176,869
EXPENDITURES							
Current:							
General Government	2,632,629	-	-	-	-	96,096	2,728,725
Public Safety	5,080,681	-	-	-	-	45,998	5,126,679
Public Works	2,588,004	-	-	-	-	(1)	2,588,003
Sanitation	20,403	-	-	-	-	-	20,403
Parks and Recreation	327,829	-	-	-	-	-	327,829
Capital Outlay	106,748	-	3,378,075	397,003	2,219,632	640,619	6,742,077
Debt Service:							
Principal	11,830	1,045,000	-	-	-	-	1,056,830
Interest and Other Charges	-	333,613	-	-	110,708	-	444,321
TOTAL EXPENDITURES	10,768,124	1,378,613	3,378,075	397,003	2,330,340	782,712	19,034,867
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	345,974	(103,608)	(1,597,957)	2,076,959	(2,206,576)	(372,790)	(1,857,998)

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

			Capital Projects				
	General Fund	Debt Service Fund	Park Capital Fund	City Center Drive Fund	2025A Bond Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Sale of Assets	72,464	-	-	-	35,881	68,790	177,135
Capital Lease Proceeds	56,077	-	-	-	-	-	56,077
Bond Issuance	-	136,491	-	-	3,558,509	-	3,695,000
Premium on Bond Issuance	-	276,657	-	-	-	-	276,657
Transfers In	499,818	1,172,463	-	957,740	-	490,972	3,120,993
Transfers Out	(490,972)	-	-	-	-	(957,740)	(1,448,712)
TOTAL OTHER FINANCING SOURCES (USES)	137,387	1,585,611	-	957,740	3,594,390	(397,978)	5,877,150
NET CHANGE IN FUND BALANCES	483,361	1,482,003	(1,597,957)	3,034,699	1,387,814	(770,768)	4,019,152
FUND BALANCES - BEGINNING (As Previously Reported)	4,583,379	292,997	5,155,954	(1,778,918)	-	3,464,485	11,717,897
ADJUSTMENTS AND RESTATEMENTS							
Restatement - Correction of an Error	88,047	-	-	-	-	-	88,047
FUND BALANCES - BEGINNING (As Restated)	4,671,426	292,997	5,155,954	(1,778,918)	-	3,464,485	11,805,944
FUND BALANCES - ENDING	$ 5,154,787	$ 1,775,000	$ 3,557,997	$ 1,255,781	$ 1,387,814	$ 2,693,717	$ 15,825,096

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, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 4,019,152
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	$ 6,502,755	
Depreciation Expense	(1,257,787)	
Capital Assets Acquired via Trade-in	171,094	
Gain (Loss) on Disposal of Assets	(171,974)	
		5,244,088
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	1,045,000	
Bonds Issuance	(3,695,000)	
Premium on Bond Issuance	(276,657)	
Amortization of Bond Premium	67,972	
Lease Issuance	(56,077)	
Lease Principal Repayments	11,830	
		(2,902,932)
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:		(100,659)
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	(7,710)	
Special Assessments	(17,937)	
Other Receivables	(1,855,349)	
		(1,880,996)
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		11,469
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	(300,547)	
Net Pension Asset/Liability and Deferred Outflows/Inflows of Resources	287,764	
		(12,783)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 4,377,339

See accompanying notes.

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

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 6,682,054	$ 3,904,830	$ 86,068	$ 10,672,952
Accounts Receivable	551,449	223,994	-	775,443
Prepaids	190	28,950	-	29,140
Total Current Assets	7,233,693	4,157,774	86,068	11,477,535
Noncurrent Assets				
Capital Assets Not Being Depreciated	28,045,758	126,617	-	28,172,375
Capital Assets Being Depreciated (Net)	3,497,071	4,648,969	-	8,146,040
Assessments Receivable	34,715	9,585	-	44,300
Total Noncurrent Assets	31,577,544	4,785,171	-	36,362,715
TOTAL ASSETS	38,811,237	8,942,945	86,068	47,840,250
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	16,954	16,955	-	33,909
LIABILITIES				
Current Liabilities				
Accounts Payable	57,489	19,175	-	76,664
Salaries Payable	7,837	7,837	-	15,674
Payroll Deductions and Employer Contributions	1,188	1,188	-	2,376
Construction Contracts Payable	770,617	-	-	770,617
Due to Other Governments	398,535	36,431	-	434,966
Other Current Liabilities	1,635	-	-	1,635
Accrued Interest	379,203	13,526	-	392,729
Compensated Absences Due Within One Year	5,659	5,659	-	11,318
Debt Due Within One Year	626,417	91,200	-	717,617
Total Current Liabilities	2,248,580	175,016	-	2,423,596
Noncurrent Liabilities				
Debt Due After One Year	22,689,712	890,856	-	23,580,568
Compensated Absences Due After One Year	7,203	7,203	-	14,406
Net Pension Liability	23,227	23,227	-	46,454
Total Noncurrent Liabilities	22,720,142	921,286	-	23,641,428
TOTAL LIABILITIES	24,968,722	1,096,302	-	26,065,024
DEFERRED INFLOWS OF RESOURCES				
Pensions	14,587	14,587	-	29,174
NET POSITION				
Net Investment in Capital Assets	7,456,083	3,793,530	-	11,249,613
Unrestricted	6,388,799	4,055,481	86,068	10,530,348
TOTAL NET POSITION	$ 13,844,882	$ 7,849,011	$ 86,068	$ 21,779,961

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
OPERATING REVENUES				
Charges for Services	$ 1,071,042	$ 979,120	$ -	$ 2,050,162
OPERATING EXPENSES				
Wages and Benefits	256,408	230,816	-	487,224
Materials and Supplies	162,364	44,362	-	206,726
Repairs and Maintenance	57,291	245,827	-	303,118
Professional Services	177,410	11,298	-	188,708
Water and Sewer Consumption Charges	460,848	367,513	-	828,361
Insurance	692	25,345	-	26,037
Utilities	42,684	23,784	-	66,468
Depreciation	163,374	216,349	-	379,723
TOTAL OPERATING EXPENSES	1,321,071	1,165,294	-	2,486,365
NET OPERATING INCOME	(250,029)	(186,174)	-	(436,203)
NONOPERATING INCOME (EXPENSE)				
Intergovernmental	26	26	-	52
Investment Income (Loss)	175,388	87,691	1,589	264,668
Miscellaneous	1,404	9,454	-	10,858
Interest and Other Charges	(877,533)	(32,099)	-	(909,632)
NET NONOPERATING INCOME (EXPENSE)	(700,715)	65,072	1,589	(634,054)
CHANGE IN NET POSITION PRIOR TO CONTRIBUTIONS AND TRANSFERS	(950,744)	(121,102)	1,589	(1,070,257)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions:				
Connection Fees	3,883,140	765,720	-	4,648,860
Transfers Out	(626,243)	(1,046,038)	-	(1,672,281)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	3,256,897	(280,318)	-	2,976,579
CHANGE IN NET POSITION	2,306,153	(401,420)	1,589	1,906,322
NET POSITION - BEGINNING OF YEAR	11,538,729	8,250,431	84,479	19,873,639
NET POSITION - END OF YEAR	$ 13,844,882	$ 7,849,011	$ 86,068	$ 21,779,961

See accompanying notes.

CITY OF CORCORAN, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 616,348	$ 824,492	$ -	$ 1,440,840
Cash Paid to Suppliers	(2,388,090)	(732,752)	-	(3,120,842)
Cash Paid to Employees	(213,661)	(188,070)	-	(401,731)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,985,403)	(96,330)	-	(2,081,733)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and Intergovernmental	26	26	-	52
Other Receipts from Customers	1,404	9,454	-	10,858
Net Operating Subsidies and Transfers from (to) Other Funds	(626,243)	(1,046,038)	-	(1,672,281)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(624,813)	(1,036,558)	-	(1,661,371)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection Fees	3,733,909	747,481	-	4,481,390
Special Assessments	3,037,253	8,407	-	3,045,660
Purchases of Capital Assets	(3,402,329)	(57,769)	-	(3,460,098)
Payments on Debt Principal	(597,323)	(88,400)	-	(685,723)
Cash Paid for Interest	(927,270)	(33,788)	-	(961,058)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,844,240	575,931	-	2,420,171
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	175,388	87,691	1,589	264,668
Net Change in Cash and Cash Equivalents	(590,588)	(469,266)	1,589	(1,058,265)
Cash and Cash Equivalents - Beginning of Year	7,272,642	4,374,096	84,479	11,731,217
Cash and Cash Equivalents - End of Year	$ 6,682,054	$ 3,904,830	$ 86,068	$ 10,672,952

CITY OF CORCORAN, MINNESOTA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water Fund	Sewer Fund	Nonmajor Storm Fund	Totals
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net Operating Income	$ (250,029)	$ (186,174)	$ -	$ (436,203)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	163,374	216,349	-	379,723
Changes in Assets, Liabilities, and Deferrals:				
Accounts Receivable	(454,694)	(154,628)	-	(609,322)
Prepaids	19,512	(28,950)	-	(9,438)
Accounts Payable	(1,507,948)	14,327	-	(1,493,621)
Salaries Payable	7,837	7,837	-	15,674
Payroll Deductions and Employer Contributions	1,188	1,188	-	2,376
Other Current Liabilities	1,635	-	-	1,635
Net Pension Liability	23,227	23,227	-	46,454
Deferred Outflows of Resources - Pensions	(16,954)	(16,955)	-	(33,909)
Deferred Inflows of Resources - Pensions	14,587	14,587	-	29,174
Compensated Absences	12,862	12,862	-	25,724
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (1,985,403)	$ (96,330)	$ -	$ (2,081,733)

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:

> Economic Development Authority
> 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 within 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 does not have any 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 *2025A Bond Equipment Fund* is a capital project fund used for the acquisition of capital assets from the 2025A bond proceeds.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

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.

Change in Financial Reporting Entity
There have been no changes to or within the financial reporting entity in comparison to the prior year.

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

Government-wide Statements

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.

Fund Financial Statements

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 and proprietary funds Statements of Net Position in relation to the activity of the pension funds in which City employees participate.

In addition to liabilities, the Statements 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 and proprietary funds Statements 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, 2025 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.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed 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, 2025, the City's deposits, including certificates of deposit, were not exposed to custodial credit risk. The City's deposits were sufficiently covered by both federal depository insurance and collateral held by the City's agent in the City's name.

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, 2025 are as follows:

Investment Type	S & P's Credit Rating	Fair Value Level	Fair Value	Investment Maturities (in Years) Less Than 1	1 - 5
Pooled Investments					
4M Money Market Accounts	N/A	N/A	$ 10,169,012	$ 10,169,012	$ -
4M Term Series	N/A	N/A	4,300,000	2,500,000	1,800,000
Non-pooled Investments					
Municipal Bonds	AA- to AAA	Level 2	698,716	-	698,716
U.S. Government Securities	AA+	Level 1	825,083	-	825,083
Certificates of Deposit	N/A	Level 1	7,390,283	2,884,873	4,505,410
Money Market Mutual Funds	N/A	Level 1	1,447,186	1,447,186	-
Totals			$ 24,830,280	$ 17,001,071	$ 7,829,209

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, 2025.

The 4M Municipal Money Market and 4M Term Series funds are external investment pools 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 pools 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	$ 4,982,434
Investments	24,830,280
Total	$ 29,812,714

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

Government-wide	
Cash, Cash Equivalents, and Investments	$ 29,812,714

CITY OF CORCORAN, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

2.B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 is as follows:

	Balance at 01/01/25	Additions	Disposals	Transfers	Balance at 12/31/25
Governmental Activities:					
Capital Assets not Being Depreciated or Amortized					
Land	$ 3,700,474	$ -	$ -	$ -	$ 3,700,474
Construction In Progress	8,835,455	3,769,317	-	(4,826,130)	7,778,642
Total Capital Assets not Being Depreciated or Amortized	12,535,929	3,769,317	-	(4,826,130)	11,479,116
Capital Assets Being Depreciated and Amortized					
Buildings	6,040,677	-	-	-	6,040,677
Infrastructure	12,664,468	236,397	-	4,826,130	17,726,995
Equipment	7,546,206	2,612,058	(299,883)	-	9,858,381
Leased Equipment	-	56,077	-	-	56,077
Total Capital Assets Being Depreciated and Amortized	26,251,351	2,904,532	(299,883)	4,826,130	33,682,130
Less: Accumulated Depreciation					
Buildings	(2,959,884)	(180,413)	-	-	(3,140,297)
Infrastructure	(2,160,152)	(422,449)	-	-	(2,582,601)
Equipment	(4,736,994)	(644,644)	127,909	-	(5,253,729)
Less: Accumulated Amortization					
Leased Equipment	-	(10,281)	-	-	(10,281)
Total Accumulated Depreciation and Amortization	(9,857,030)	(1,257,787)	127,909	-	(10,986,908)
Total Capital Assets Being Depreciated and Amortized, Net	16,394,321	1,646,745	(171,974)	4,826,130	22,695,222
Capital Assets, Net	$ 28,930,250	$ 5,416,062	$ (171,974)	$ -	$ 34,174,338

Depreciation is charged to governmental activities as follows:

General Government	$ 27,966
Public Safety	198,761
Public Works	988,006
Parks and Recreation	43,054
Total Depreciation Expense	$ 1,257,787

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

2.B. CAPITAL ASSETS (Continued)

	Balance at 01/01/25	Additions	Disposals	Transfers	Balance at 12/31/25
Business-Type Activities:					
Capital Assets not Being Depreciated					
Land	$ 647,509	$ -	$ -	$ -	$ 647,509
Construction In Progress	24,599,349	2,925,517	-	-	27,524,866
Total Capital Assets not Being Depreciated	25,246,858	2,925,517	-	-	28,172,375
Capital Assets Being Depreciated					
Infrastructure	10,821,769	-	-	-	10,821,769
Equipment	173,746	173,859	-	-	347,605
Total Capital Assets Being Depreciated	10,995,515	173,859	-	-	11,169,374
Less: Accumulated Depreciation					
Infrastructure	(2,620,577)	(360,726)	-	-	(2,981,303)
Equipment	(23,034)	(18,997)	-	-	(42,031)
Total Accumulated Depreciation	(2,643,611)	(379,723)	-	-	(3,023,334)
Total Capital Assets Being Depreciated, Net	8,351,904	(205,864)	-	-	8,146,040
Capital Assets, Net	$ 33,598,762	$ 2,719,653	$ -	$ -	$ 36,318,415

Depreciation is charged to business type activities as follows:

Water	$ 163,374
Sewer	216,349
Total Depreciation Expense	$ 379,723

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, 2025 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	$ 35,000
05/16	2,625,000	$55,000 - $250,000	2.00 - 2.40%	02/32	790,000
05/18	600,000	$60,000 - $75,000	3.00 - 3.125%	02/28	215,000
05/18	1,235,000	$65,000 - $100,000	3.00 - 3.125%	02/34	805,000
07/20	805,000	$80,000 - $95,000	2.00%	02/30	465,000
11/20	3,365,000	$145,000 - $245,000	1.00 - 2.00%	02/38	2,720,000
06/22	1,800,000	$170,000 - $230,000	3.125 - 4.00%	02/32	1,455,000
05/23	3,760,000	$185,000 - $310,000	4.00 - 5.00%	02/39	3,575,000
04/25	3,695,000	$75,000 - $425,000	4.00 - 5.00%	02/41	3,695,000
Total Governmental Activities G.O. Bonds Payable					$ 13,755,000

Future Debt Service Requirements			
Years Ending	General Obligation Bonds		
December 31,	Principal	Interest	Total
2026	$ 1,075,000	$ 526,099	$ 1,601,099
2027	1,420,000	438,558	1,858,558
2028	1,285,000	388,848	1,673,848
2029	1,255,000	339,828	1,594,828
2030	1,300,000	290,913	1,590,913
2031-2035	4,840,000	841,321	5,681,321
2036-2040	2,490,000	177,703	2,667,703
2041	90,000	1,797	91,797
Totals	$ 13,755,000	$ 3,005,067	$ 16,760,067

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

2.C. NONCURRENT LIABILITIES (Continued)

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, 2025 consist of the following:

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	$ 1,755,000
07/20	1,145,000	$105,000 - $125,000	2.00%	02/31	715,000
05/23	21,785,000	$370,000 - $1,210,000	4.00 - 5.00%	02/53	20,820,000
Total Business-Type Activities G.O. Revenue Bonds Payable					$ 23,290,000

Future Debt Service Requirements

Years Ending December 31,	G.O. Revenue Bonds Principal	Interest	Total
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	775,000	812,463	1,587,463
2031-2035	3,760,000	3,577,756	7,337,756
2036-2040	3,360,000	2,860,600	6,220,600
2041-2045	4,095,000	2,117,500	6,212,500
2046-2050	4,980,000	1,212,600	6,192,600
2051-2053	3,495,000	213,300	3,708,300
Totals	$ 23,290,000	$ 14,342,625	$ 37,632,625

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

2.C. NONCURRENT LIABILITIES (Continued)

Lease Liabilities

The City currently leases tasers for the use of the City's police department. Because of the nature of the terms of the lease, a long-term lease liability has been recorded in an amount equal to the present value to the future lease payments. Additionally, corresponding right-of-use assets have been recorded and incorporated into the City's capital asset records. Terms of the City's leasing arrangements as of December 31, 2025 consist of the following:

Governmental Activities

Lease Liabilities					
Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
02/25	$ 56,077	$10,582 - $11,895	2.925%	02/29	$ 44,247

Future Debt Service Requirements			
Years Ending	Lease Liabilities		
December 31,	Principal	Interest	Total
2026	$ 10,582	$ 1,312	$ 11,894
2027	10,895	998	11,893
2028	11,218	675	11,893
2029	11,552	342	11,894
Totals	$ 44,247	$ 3,327	$ 47,574

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
01/13	$ 300,000	$11,570 - $38,151	5.50%	12/27	$ 73,989
02/16	117,790	$11,779	0.00%	01/27	23,558
Total Business-Type Activities Notes Payable					$ 97,547

Future Debt Service Requirements			
Years Ending	Notes Payable		
December 31,	Principal	Interest	Total
2026	$ 47,617	$ 3,566	$ 51,183
2027	49,930	1,251	51,181
Totals	$ 97,547	$ 4,817	$ 102,364

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

2.C. NONCURRENT LIABILITIES (Continued)

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities, excluding the net pension and OPEB liabilities, for the year ended December 31, 2025:

Type of Debt	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 11,105,000	$ 3,695,000	$ (1,045,000)	$ 13,755,000	$ 1,075,000
Lease Liabilities	-	56,077	(11,830)	44,247	10,582
Unamortized Bond Premium	536,095	276,657	(67,972)	744,780	-
Compensated Absences	468,720	-	(11,469)	457,251	201,190
Total	$ 12,109,815	$ 4,027,734	$ (1,136,271)	$ 15,001,278	$ 1,286,772
Business-Type Activities:					
G.O. Revenue Bonds	$ 23,930,000	$ -	$ (640,000)	$ 23,290,000	$ 670,000
Unamortized Bond Premium	951,440	-	(40,802)	910,638	-
Notes Payable	143,270	-	(45,723)	97,547	47,617
Compensated Absences	-	25,724	-	25,724	11,318
Total	$ 25,024,710	$ 25,724	$ (726,525)	$ 24,323,909	$ 728,935

Governmental activity general obligation bonds are typically funded through the Debt Service Funds, while the lease liabilities are funded through the General Fund. Business-type activity debt is funded through the Water and Sewer Funds. The change in compensated absences displayed above has been presented on a net basis.

Interest expense totals $1,341,236 in the Statement of Activities (included in the Debt Service, Water, and Sewer lines). Interest expenditures total $331,245 for the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges) and $909,632 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, 2025:

		Transfers In				
		Major Funds			Nonmajor	
Major Funds	Transfers Out	General Fund	Debt Service Fund	City Center Drive Fund	Govern-mental	Total
General Fund	$ 490,972	$ -	$ -	$ -	$ 490,972	$ 490,972
Water Fund	626,243	250,000	376,243	-	-	626,243
Sewer Fund	1,046,038	249,818	796,220	-	-	1,046,038
Nonmajor Funds						
Governmental	957,740	-	-	957,740	-	957,740
	$ 3,120,993	$ 499,818	$ 1,172,463	$ 957,740	$ 490,972	$ 3,120,993

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, 2025 are as follows:

Short-Term Balances			
Due To Fund	Due From Fund	Amount	Reason
General Fund	Pavement Management Fund	$ 229,214	Eliminate fund cash deficit
Government Fund Elimination		(229,214)	
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, 2025, governmental fund equity consists of the following:

	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund					
Nonspendable - Prepaids	$ 42,857	$ -	$ -	$ -	$ -
Restricted for Capital Outlay	-	160,640	-	-	-
Unassigned	-	-	-	-	4,951,290
Total General Fund Balance	$ 42,857	$ 160,640	$ -	$ -	$ 4,951,290
Debt Service Fund					
Restricted for Debt Service	$ -	$ 1,775,000	$ -	$ -	$ -
Park Capital Fund					
Restricted for Parks (Park Dedication Fees)	$ -	$ 3,557,997	$ -	$ -	$ -
City Center Drive Fund					
Restricted for Capital Improvements	$ -	$ 1,255,781	$ -	$ -	$ -
2025A Bond Equipment Fund					
Restricted for Capital Outlay	$ -	$ 1,387,814	$ -	$ -	$ -
Nonmajor Governmental Funds					
Restricted for Police Expenditures	$ -	$ 12,445	$ -	$ -	$ -
Restricted for Lawful Gambling Purposes	-	251,185	-	-	-
Restricted for Capital Equipment	-	46,315	-	-	-
Restricted for Hackamore Road Improvements	-	72,553	-	-	-
Restricted for Wetland Restoration	-	112,944	-	-	-
Restricted for Pulte Encore Development	-	162,666	-	-	-
Committed for Police Expenditures	-	-	41,747	-	-
Committed for Truck Safety	-	-	4,434	-	-
Committed for Emergency Sirens	-	-	134,575	-	-
Assigned for Long Range Capital Planning	-	-	-	2,092,846	-
Assigned for Public Works Facility	-	-	-	57,195	-
Unassigned	-	-	-	-	(295,188)
Total Nonmajor Governmental Funds Balance	$ -	$ 658,108	$ 180,756	$ 2,150,041	$ (295,188)

Additionally, nonmajor funds with deficit fund balances at December 31, 2025 are as follows:

Nonmajor Governmental Funds	Fund Deficit
Pavement Management Fund	$ (295,188)

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 (General Plan)

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

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

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

Benefits Provided

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

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20 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 retirement 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 2025 annual increase was 1.25 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 1.00 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 2025, 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, 2025 were $220,815. 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 2025, 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, 2025 were $282,394. 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, 2025, the City reported a liability of $903,092 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 $21,785.

City's proportionate share of the net pension liability	$903,091
State of Minnesota's proportionate share of the net pension liability associated with the City	21,785
Total	$924,876

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0273 percent at the end of the measurement period and 0.0232 percent for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of $131,046 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $4,360 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2025, the City reported its proportionate share of 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	$ 86,045	$ -
Change in Actuarial Assumptions	21,759	207,798
Difference Between Projected and Actual Investment Earnings	-	359,349
Changes in Proportionate Share	245,124	-
Contributions Paid to PERA Subsequent to the Measurement Date	115,634	-
Total City Deferred Outflows/Inflows	$ 468,562	$ 567,147

The $115,634 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense
2026	$ 18,426
2027	$ (104,047)
2028	$ (64,405)
2029	$ (64,193)

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of $1,158,068 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0988 percent at the end of the measurement period and 0.0940 percent for the beginning of the period.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by $17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay $26.7 million to the Police and Fire Fund until the fund is 110 percent funded for a minimum of three consecutive years (on an actuarial value of assets basis). The $9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100 percent funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $40,144.

City's proportionate share of the net pension liability:	$1,158,067
State of Minnesota's proportionate share of the net pension liability associated with the City	40,144
Total	$1,198,211

For the year ended December 31, 2025, the City recognized pension expense $355,268 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized $8,896 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $26,390 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2025, the City reported its proportionate share of the Police and Fire 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	$ 535,064	$ -
Change in Actuarial Assumptions	878,186	1,451,010
Difference Between Projected and Actual Investment Earnings	-	516,862
Changes in Proportionate Share	292,918	28,693
Contributions Paid to PERA Subsequent to the Measurement Date	147,570	-
Total City Deferred Outflows/Inflows	$ 1,853,738	$ 1,996,565

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

The $147,570 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		Pension Expense
2026	$	341,620
2027	$	(158,373)
2028	$	(501,793)
2029	$	(16,102)
2030	$	44,251

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, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.00 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 rates 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 1.50 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 11.50 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 10.75 percent after one year of service to 3.00 percent after 23 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. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15 percent to 19 percent for vested terminated members and from 3 percent to 44 percent for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85 percent for the last two consecutive annual valuations or is less than 80 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.
- The 1 percent additional employer contribution is eliminated when the plan reaches 98 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100 percent funded status.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1 percent to 3 percent; subsequent January 1 increases will be 1 percent.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90 percent funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100 percent funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100 percent funded for a minimum of three consecutive years to 110 percent funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

Discount Rate

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

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%	$	(143,694)	8.00%	$	(382,683)
Current Discount Rate	7.00%	$	903,091	7.00%	$	1,158,067
1% Decrease in Discount Rate	6.00%	$	2,193,468	6.00%	$	3,034,382

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 administers a single-employer defined benefit healthcare plan (the Plan), through which the City provides postemployment benefits to eligible retirees and their spouses. As of the most recent actuarial valuation date, there are 3 active employees electing coverage and 4 retirees electing coverage. The Plan does not issue a publicly available financial report.

Benefits Provided

The City offers continuing group health insurance coverage after retirement for qualifying City employees. For regularly retired Police Officers hired before January 1, 2013, who have a minimum of 15 years of service and their years of service plus age equal 75, the City pays 50% of the health insurance premiums. These City-paid subsidies towards eligible retired Police Officers are paid for 10 years or until they attain age 65, whichever is earliest. Other retirees meeting eligibility requirements are allowed to continue participating in the City's group health insurance plan at their own cost, until they attain age 65.

The City is legally required to include any retirees for who it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, regardless of whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit arises from the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

Contributions

The City funds these liabilities on a pay-as-you-go basis, in the amounts contractually required to satisfy the benefit terms discussed above. For the year ended December 31, 2025, the City's average contribution rate was 1.48 percent of covered-employee payroll. For the year 2025, the City's implicit contributions to the plan totaled $59,281.

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

At December 31, 2025, the City reported a net OPEB liability of $1,391,363 for the City's plan. The net OPEB liability was measured as of December 31, 2025, based upon an actuarial valuation as of December 31, 2024.

For the year ended December 31, 2025, the City recognized OPEB expense of $359,828.

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, 2025.

NOTE 4 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Net OPEB Liability

The following table summarizes changes in the net OPEB liability for the year ended December 31, 2025:

Changes in Total OPEB Liability (TOL)		
Balance at January 1st	$	1,090,816
Service Cost		5,871
Interest Cost		43,536
Changes in Assumptions		11,028
Differences between Expected and Actual Experience		299,393
Benefit Payments		(59,281)
Balance at December 31st	$	1,391,363

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, 2024
Measurement Date	December 31, 2025
Actuarial Cost Method	Entry Age Normal, level percentage of pay
Actuarial Assets	None
Actuarial Assumptions:	
Discount Rate	4.83%
Salary Increases	N/A
Inflation	2.60%
Medical Trend Rate	8.50% for in 2025, decreasing gradually to an ultimate rate of 4.00 percent by 2044.

Significant changes in assumptions since the prior measurement date include:

- The discount rate was changed from 4.08 percent to 4.83 percent based on updated 20-year municipal bond rates.
- Medical trend was updated based on a recently published trend model and trend surveys to better reflect future anticipated experience.
- Mortality, Termination and Salary Scale were updated based on the assumptions from the most recent PERA actuarial valuations.

Changes in plan provisions since the prior measurement date include:

- Medical premiums were updated to current levels.

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	5.83%	$1,255,116
Current Discount Rate	4.83%	$1,391,363
1% Decrease in Discount Rate	3.83%	$1,552,348

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	$1,560,228
Current Healthcare Trend Rates	$1,391,363
1% Decrease in Healthcare Trend Rates	$1,246,636

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, 2025, remaining commitments for construction projects totaled $3,074,666, excluding retainage, which has been accrued for in these financial statements.

5.D. CORRECTION ERRORS

During the current year ended December 31, 2025, the City determined adjustments to beginning equity were necessary to correct errors identified in the City's prior year financial statements. Adjustments were recorded to correct misstatements as follows:

- In the prior year, accounts payable included balances for liabilities that no longer existed.
- In the prior year, payroll liabilities were overstated in relation to certain benefit withholdings.

The table below displays the impact of this adjustment on the prior year financial statements:

	Net Position or Fund Balance	Error Corrections		Net Position or Fund Balance
	12/31/2024 As Previously Reported	Accounts Payable Overstated	Payroll Accruals Overstated	12/31/2024 As Adjusted or Restated
Government-Wide				
Governmental Activities	$ 28,065,064	$ 58,459	$ 29,588	$ 28,153,111
Governmental Funds				
Major Funds:				
General Fund	$ 4,583,379	$ 58,459	$ 29,588	$ 4,671,426

The impact on the prior year's results of operations could either not feasibly be determined or was not significant.

5.E. SUBSEQUENT EVENTS

Subsequent to year-end and prior to the issuance of these financial statements, the City approved a construction contract for a local park in the amount of approximately $689,000. The City also approved the purchase of a dump truck at an estimated cost of $350,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
REVENUES			
Taxes			
Property Taxes	$ 7,974,335	$ 7,979,413	$ 5,078
Franchise Taxes	65,000	69,848	4,848
Total Taxes	8,039,335	8,049,261	9,926
Special Assessments	-	3,755	3,755
Licenses and Permits	1,582,000	1,979,080	397,080
Intergovernmental Revenue			
State Revenue			
Market Value Credit	30,000	22,316	(7,684)
Police and Fire Aid	120,000	160,528	40,528
Other State Grants and Aids	424,131	461,870	37,739
County Revenue			
Other County Grants and Aids	24,000	17,953	(6,047)
Total Intergovernmental Revenue	598,131	662,667	64,536
Charges for Services			
General Government	64,800	76,180	11,380
Police and Fire Contracts	16,500	32,862	16,362
Streets and Highways	59,000	62,643	3,643
Parks and Recreation	45,000	9,860	(35,140)
Total Charges for Services	185,300	181,545	(3,755)
Fines and Forfeitures	30,000	31,490	1,490
Miscellaneous Revenue			
Investment Earnings	25,000	113,511	88,511
Refunds and Reimbursements	5,000	78,824	73,824
Contributions and Donations	1,250	1,505	255
Other Miscellaneous	5,000	12,460	7,460
Total Miscellaneous Revenue	36,250	206,300	170,050
TOTAL REVENUES	10,471,016	11,114,098	643,082

CITY OF CORCORAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
EXPENDITURES			
General Government			
Mayor and Council	27,135	22,877	(4,258)
Administration and Finance	873,208	879,009	5,801
Other General Government	1,550,442	1,730,743	180,301
Total General Government	2,450,785	2,632,629	181,844
Public Safety			
Police			
Current	3,368,375	3,309,512	(58,863)
Capital Outlay	-	56,078	56,078
Fire			
Current	678,379	679,103	724
Other Public Safety			
Current	794,017	1,092,066	298,049
Total Public Safety	4,840,771	5,136,759	295,988
Public Works			
Street Maintenance and Storm Sewers	2,811,085	2,444,526	(366,559)
Snow and Ice Removal	72,100	75,049	2,949
Street Engineering	92,500	68,429	(24,071)
Capital Outlay - Other	20,000	20,572	572
Total Public Works	2,995,685	2,608,576	(387,109)
Sanitation			
Garbage and Other Refuse	13,600	20,403	6,803
Culture and Recreation			
Parks and Recreation			
Current	471,872	327,829	(144,043)
Capital Outlay	-	30,098	30,098
Total Culture and Recreation	471,872	357,927	(113,945)
Debt Service			
Principal Payments on Other Debt	-	11,830	11,830
TOTAL EXPENDITURES	10,772,713	10,768,124	(4,589)

CITY OF CORCORAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(301,697)	345,974	647,671
OTHER FINANCING SOURCES (USES)			
Sale of Assets	-	72,464	72,464
Lease Proceeds	-	56,077	56,077
Transfers			
From Other Funds	500,000	499,818	(182)
To Other Funds	(198,303)	(490,972)	(292,669)
TOTAL OTHER FINANCING SOURCES (USES)	301,697	137,387	(164,310)
NET CHANGE IN FUND BALANCE	$ -	483,361	$ 483,361
FUND BALANCE - BEGINNING (As Previously Reported)		4,583,379	
ADJUSTMENTS AND RESTATEMENTS			
Restatement - Correction of an Error		88,047	
FUND BALANCE - BEGINNING (As Restated)		4,671,426	
FUND BALANCE - ENDING		$ 5,154,787	

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)	City's 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							
2025	0.0273%	$ 903,091	$ 21,785	$ 924,876	$ 2,468,133	37.5%	90.8%
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%
Public Employees Police and Fire Pension Plan							
2025	0.0988%	$ 1,158,067	$ 40,144	$ 1,198,211	$ 1,500,062	79.9%	91.8%
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%

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					
2025	$ 220,815	$ 220,815	$ -	$ 2,944,200	7.5%
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%
Public Employees Police and Fire Pension Plan					
2025	$ 282,394	$ 282,394	$ -	$ 1,595,446	17.7%
2024	$ 247,490	$ 247,490	$ -	$ 1,398,249	17.7%
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%

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

	Measurement Year Ended December 31,							
	2025	2024	2023	2022	2021	2020	2019	2018
Changes in Total OPEB Liability (TOL)								
Balance at January 1st	$ 1,090,816	$ 1,120,608	$ 350,374	$ 391,609	$ 404,938	$ 360,758	$ 295,076	$ 299,402
Service Cost	5,871	6,065	19,424	25,166	25,258	21,963	16,254	16,488
Interest Cost	43,536	41,364	14,069	8,344	8,966	10,359	12,423	10,632
Differences between Expected and Actual Experience	299,393	24,149	677,909	-	(20,208)	-	(29,562)	-
Changes in Actuarial Assumptions	11,028	(42,362)	103,658	(51,370)	(12,838)	21,220	81,749	(17,796)
Benefit Payments	(59,281)	(59,008)	(44,826)	(23,375)	(14,507)	(9,362)	(15,182)	(13,650)
Balance at December 31st	$ 1,391,363	$ 1,090,816	$ 1,120,608	$ 350,374	$ 391,609	$ 404,938	$ 360,758	$ 295,076
Covered Payroll for Active Members	$ 4,000,000	$ 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	34.78%	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.

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15 percent to 19 percent for vested terminated members and from 3 percent to 44 percent for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85 percent for the last two consecutive annual valuations or is less than 80 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.
- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100 percent funded status.

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.

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

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.

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.

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

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.

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.

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

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 – POLICE AND FIRE FUND

2025 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1 percent to 3 percent; subsequent January 1 increases will be 1 percent.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90 percent funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100 percent funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100 percent funded for a minimum of three consecutive years to 110 percent funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

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.

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.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE 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 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 2 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 2 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.

NOTE 3 OTHER POSTEMPLOYMENT BENEFIT PLAN

2025 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 4.08 percent to 4.83 percent based on updated 20-year municipal bond rates.
- Medical trend was updated based on a recently published trend model and trend surveys to better reflect future anticipated experience.
- Mortality, Termination and Salary Scale were updated based on the assumptions from the most recent PERA actuarial valuations.

Changes in Plan Provisions

- Medical premiums were updated to current levels.

2024 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 3.77 percent to 4.08 percent 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, 2025

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, Cash Equivalents, and Investments	$ 447,521	$ 2,643,314	$ 3,090,835
Assessments Receivable	-	236,263	236,263
TOTAL ASSETS	$ 447,521	$ 2,879,577	$ 3,327,098
LIABILITIES			
Accounts Payable	$ 2,510	$ 112,126	$ 114,636
Construction Contracts Payable	-	46,226	46,226
Deposits Payable	-	6,417	6,417
Due to Other Governments	625	-	625
Due to Other Funds	-	229,214	229,214
Total Liabilities	3,135	393,983	397,118
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Special Assessments	-	236,263	236,263
FUND BALANCES			
Restricted	263,630	394,478	658,108
Committed	180,756	-	180,756
Assigned	-	2,150,041	2,150,041
Unassigned	-	(295,188)	(295,188)
Total Fund Balances	444,386	2,249,331	2,693,717
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 447,521	$ 2,879,577	$ 3,327,098

CITY OF CORCORAN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Special Assessments	$ -	$ 40,416	$ 40,416
Intergovernmental	-	130,270	130,270
Charges for Services	40,928	-	40,928
Fines	114	-	114
Investment Income (Loss)	7,859	52,744	60,603
Miscellaneous	65,451	72,140	137,591
TOTAL REVENUES	114,352	295,570	409,922
EXPENDITURES			
Current:			
General Government	86,500	9,596	96,096
Public Safety	24,248	21,750	45,998
Public Works	-	(1)	(1)
Capital Outlay	-	640,619	640,619
TOTAL EXPENDITURES	110,748	671,964	782,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,604	(376,394)	(372,790)
OTHER FINANCING SOURCES (USES)			
Sale of Assets	-	68,790	68,790
Transfers In	-	490,972	490,972
Transfers Out	-	(957,740)	(957,740)
TOTAL OTHER FINANCING SOURCES (USES)	-	(397,978)	(397,978)
NET CHANGE IN FUND BALANCES	3,604	(774,372)	(770,768)
FUND BALANCES - BEGINNING	440,782	3,023,703	3,464,485
FUND BALANCES - ENDING	$ 444,386	$ 2,249,331	$ 2,693,717

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

	Reserve Donation Fund	Police Donation Fund	Firearms Safety Fund	DWI Forfeiture Fund	Drug Forfeiture Fund
ASSETS					
Cash, Cash Equivalents, and Investments	$ 30,583	$ 4,483	$ 9,816	$ 9,456	$ 2,989
LIABILITIES					
Accounts Payable	$ 362	$ 2,148	$ -	$ -	$ -
Due to Other Governments	625	-	-	-	-
Total Liabilities	987	2,148	-	-	-
FUND BALANCES					
Restricted	-	-	-	9,456	2,989
Committed	29,596	2,335	9,816	-	-
Total Fund Balances	29,596	2,335	9,816	9,456	2,989
TOTAL LIABILITIES AND FUND BALANCES	$ 30,583	$ 4,483	$ 9,816	$ 9,456	$ 2,989

CITY OF CORCORAN, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
DECEMBER 31, 2025

	Truck Safety Fund	Lawful Gambling Fund	Emergency Sirens Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash, Cash Equivalents, and Investments	$ 4,434	$ 251,185	$ 134,575	$ 447,521
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ 2,510
Due to Other Governments	-	-	-	625
Total Liabilities	-	-	-	3,135
FUND BALANCES				
Restricted	-	251,185	-	263,630
Committed	4,434	-	134,575	180,756
Total Fund Balances	4,434	251,185	134,575	444,386
TOTAL LIABILITIES AND FUND BALANCES	$ 4,434	$ 251,185	$ 134,575	$ 447,521

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, 2025

	Reserve Donation Fund	Police Donation Fund	Firearms Safety Fund	DWI Forfeiture Fund	Drug Forfeiture Fund
REVENUES					
Charges for Services	$ 8,745	$ -	$ 383	$ -	$ -
Fines	-	-	-	114	-
Investment Income (Loss)	586	35	190	174	55
Miscellaneous	-	8,500	5,750	-	-
TOTAL REVENUES	9,331	8,535	6,323	288	55
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	10,014	2,148	7,956	-	-
TOTAL EXPENDITURES	10,014	2,148	7,956	-	-
NET CHANGE IN FUND BALANCES	(683)	6,387	(1,633)	288	55
FUND BALANCES - BEGINNING	30,279	(4,052)	11,449	9,168	2,934
FUND BALANCES - ENDING	$ 29,596	$ 2,335	$ 9,816	$ 9,456	$ 2,989

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, 2025

	Truck Safety Fund	Lawful Gambling Fund	Emergency Sirens Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Charges for Services	$ -	$ -	$ 31,800	$ 40,928
Fines	-	-	-	114
Investment Income (Loss)	78	4,437	2,304	7,859
Miscellaneous	6,745	44,456	-	65,451
TOTAL REVENUES	6,823	48,893	34,104	114,352
EXPENDITURES				
Current:				
General Government	-	86,500	-	86,500
Public Safety	4,130	-	-	24,248
TOTAL EXPENDITURES	4,130	86,500	-	110,748
NET CHANGE IN FUND BALANCES	2,693	(37,607)	34,104	3,604
FUND BALANCES - BEGINNING	1,741	288,792	100,471	440,782
FUND BALANCES - ENDING	$ 4,434	$ 251,185	$ 134,575	$ 444,386

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

	Long Range Capital Planning Fund	Pavement Management Fund	Public Works Facility Fund	Capital Equip-Cert Fund
ASSETS				
Cash, Cash Equivalents, and Investments	$ 2,191,607	$ -	$ 57,195	$ 46,315
Assessments Receivable	-	236,263	-	-
TOTAL ASSETS	$ 2,191,607	$ 236,263	$ 57,195	$ 46,315
LIABILITIES				
Accounts Payable	$ 98,761	$ 13,331	$ -	$ -
Construction Contracts Payable	-	46,226	-	-
Deposits Payable	-	6,417	-	-
Due to Other Funds	-	229,214	-	-
Total Liabilities	98,761	295,188	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Special Assessments	-	236,263	-	-
FUND BALANCES				
Restricted	-	-	-	46,315
Assigned	2,092,846	-	57,195	-
Unassigned	-	(295,188)	-	-
Total Fund Balances	2,092,846	(295,188)	57,195	46,315
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,191,607	$ 236,263	$ 57,195	$ 46,315

CITY OF CORCORAN, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS
DECEMBER 31, 2025

	Hackamore Upgrade Fund	Wetland Restoration Fund	Pulte Encore Fund	Total Nonmajor Capital Project Funds
ASSETS				
Cash, Cash Equivalents, and Investments	$ 72,587	$ 112,944	$ 162,666	$ 2,643,314
Assessments Receivable	-	-	-	236,263
TOTAL ASSETS	$ 72,587	$ 112,944	$ 162,666	$ 2,879,577
LIABILITIES				
Accounts Payable	$ 34	$ -	$ -	$ 112,126
Construction Contracts Payable	-	-	-	46,226
Deposits Payable	-	-	-	6,417
Due to Other Funds	-	-	-	229,214
Total Liabilities	34	-	-	393,983
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Special Assessments	-	-	-	236,263
FUND BALANCES				
Restricted	72,553	112,944	162,666	394,478
Assigned	-	-	-	2,150,041
Unassigned	-	-	-	(295,188)
Total Fund Balances	72,553	112,944	162,666	2,249,331
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 72,587	$ 112,944	$ 162,666	$ 2,879,577

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, 2025

	Long Range Capital Planning Fund	Pavement Management Fund	Public Works Facility Fund	Capital Equip-Cert Fund
REVENUES				
Special Assessments	$ -	$ 40,416	$ -	$ -
Intergovernmental	-	130,270	-	-
Investment Income (Loss)	36,930	120	1,057	162
Miscellaneous	-	-	-	72,140
TOTAL REVENUES	36,930	170,806	1,057	72,302
EXPENDITURES				
Current:				
General Government	9,596	-	-	-
Public Safety	-	-	-	21,750
Public Works	-	-	(1)	-
Capital Outlay	98,461	414,902	-	126,133
TOTAL EXPENDITURES	108,057	414,902	(1)	147,883
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,127)	(244,096)	1,058	(75,581)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	-	68,790
Transfers In	198,303	-	-	292,669
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	198,303	-	-	361,459
NET CHANGE IN FUND BALANCES	127,176	(244,096)	1,058	285,878
FUND BALANCES - BEGINNING	1,965,670	(51,092)	56,137	(239,563)
FUND BALANCES - ENDING	$ 2,092,846	$ (295,188)	$ 57,195	$ 46,315

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, 2025

	Hackamore Upgrade Fund	Wetland Restoration Fund	Pulte Encore Fund	Total Nonmajor Capital Project Funds
REVENUES				
Special Assessments	$ -	$ -	$ -	$ 40,416
Intergovernmental	-	-	-	130,270
Investment Income (Loss)	9,382	2,088	3,005	52,744
Miscellaneous	-	-	-	72,140
TOTAL REVENUES	9,382	2,088	3,005	295,570
EXPENDITURES				
Current:				
General Government	-	-	-	9,596
Public Safety	-	-	-	21,750
Public Works	-	-	-	(1)
Capital Outlay	1,123	-	-	640,619
TOTAL EXPENDITURES	1,123	-	-	671,964
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,259	2,088	3,005	(376,394)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	-	68,790
Transfers In	-	-	-	490,972
Transfers Out	(957,740)	-	-	(957,740)
TOTAL OTHER FINANCING SOURCES (USES)	(957,740)	-	-	(397,978)
NET CHANGE IN FUND BALANCES	(949,481)	2,088	3,005	(774,372)
FUND BALANCES - BEGINNING	1,022,034	110,856	159,661	3,023,703
FUND BALANCES - ENDING	$ 72,553	$ 112,944	$ 162,666	$ 2,249,331

CITY OF CORCORAN, MINNESOTA
SUPPLEMENTAL COMBINING BALANCE SHEET
DEBT SERVICE FUND
DECEMBER 31, 2025

	G.O. Equipment Certificates	2020B G.O. Bonds	2016A G.O. Bonds	2018A G.O. Bonds	2023A G.O. Bonds	2025A G.O. Bonds	Total Debt Service Fund
ASSETS							
Cash, Cash Equivalents, and Investments	$ 143,677	$ 195,061	$ 325,002	$ 389,638	$ 308,330	$ 413,292	$ 1,775,000
Assessments Receivable	-	-	69,236	-	-	-	69,236
TOTAL ASSETS	$ 143,677	$ 195,061	$ 394,238	$ 389,638	$ 308,330	$ 413,292	$ 1,844,236
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Special Assessments	-	-	69,236	-	-	-	69,236
FUND BALANCES							
Restricted	143,677	195,061	325,002	389,638	308,330	413,292	1,775,000
TOTAL LIABILITIES, DEFERRED TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 143,677	$ 195,061	$ 394,238	$ 389,638	$ 308,330	$ 413,292	$ 1,844,236

CITY OF CORCORAN, MINNESOTA
SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	G.O. Equipment Certificates	2020B G.O. Bonds	2016A G.O. Bonds	2018A G.O. Bonds	2023A G.O. Bonds	2025A G.O. Bonds	Total Debt Service Fund
REVENUES							
Property Taxes	$ 472,907	$ 232,985	$ -	$ 109,909	$ 369,128	$ -	$ 1,184,929
Special Assessments	-	-	75,457	-	-	-	75,457
Investment Income (Loss)	488	2,670	-	7,390	3,177	894	14,619
TOTAL REVENUES	473,395	235,655	75,457	117,299	372,305	894	1,275,005
EXPENDITURES							
Debt Service:							
Principal	370,000	175,000	240,000	75,000	185,000	-	1,045,000
Interest and Other Charges	76,980	43,640	19,380	26,193	166,670	750	333,613
TOTAL EXPENDITURES	446,980	218,640	259,380	101,193	351,670	750	1,378,613
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,415	17,015	(183,923)	16,106	20,635	144	(103,608)
OTHER FINANCING SOURCES (USES)							
Bond Issuance	-	-	-	-	-	136,491	136,491
Premium on Bond Issuance	-	-	-	-	-	276,657	276,657
Transfers In	-	-	1,172,463	-	-	-	1,172,463
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,172,463	-	-	413,148	1,585,611
NET CHANGE IN FUND BALANCES	26,415	17,015	988,540	16,106	20,635	413,292	1,482,003
FUND BALANCES - BEGINNING	117,262	178,046	(663,538)	373,532	287,695	-	292,997
FUND BALANCES - ENDING	$ 143,677	$ 195,061	$ 325,002	$ 389,638	$ 308,330	$ 413,292	$ 1,775,000

CITY OF CORCORAN, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/25	Issued	Paid	Outstanding Balance 12/31/25	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	$ 70,000	$ -	$ 35,000	$ 35,000	$ 35,000
G.O. Improvement Bonds, 2016A	5/1/2016	2.00 - 2.40%	2/1/2032	2,625,000	1,030,000	-	240,000	790,000	245,000
G.O. Equipment Certificate, 2018A	5/31/2018	3.00 - 3.125%	2/1/2028	600,000	285,000	-	70,000	215,000	70,000
G.O. Bonds, 2018A	5/31/2018	3.00 - 3.125%	2/1/2034	1,235,000	880,000	-	75,000	805,000	80,000
G.O. Equipment Certificate, 2020A	7/8/2020	2.00%	2/1/2030	805,000	555,000	-	90,000	465,000	90,000
G.O. Capital Improvement Bonds, 2020B	11/5/2020	1.00 - 2.00%	2/1/2038	3,365,000	2,895,000	-	175,000	2,720,000	180,000
G.O. Equipment Certificate, 2022A	6/2/2022	3.125 - 4.00%	2/1/2032	1,800,000	1,630,000	-	175,000	1,455,000	185,000
G.O. Improvement Bonds, 2023A	5/11/2023	4.00 - 5.00%	2/1/2039	3,760,000	3,760,000	-	185,000	3,575,000	190,000
G.O. Improvement Bonds, 2025A	4/29/2025	4.00 - 5.00%	2/1/2041	3,695,000	-	3,695,000	-	3,695,000	-
				18,175,000	11,105,000	3,695,000	1,045,000	13,755,000	1,075,000
Leases									
Police Tasers	2/1/2025	2.93%	2/15/2029	56,077	-	56,077	11,830	44,247	10,582
TOTAL GOVERNMENTAL DEBTS				18,231,077	11,105,000	3,751,077	1,056,830	13,799,247	1,085,582
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	1,915,000	-	160,000	1,755,000	165,000
G.O. Utility Revenue Bonds, 2020A	7/8/2020	2.00%	2/1/2031	1,145,000	825,000	-	110,000	715,000	115,000
G.O. Utility Revenue Bonds, 2023A	5/11/2023	4.00 - 5.00%	2/1/2053	21,785,000	21,190,000	-	370,000	20,820,000	390,000
				26,060,000	23,930,000	-	640,000	23,290,000	670,000
Notes Payable									
Maple Grove WAC	1/1/2013	5.50%	12/20/2027	300,000	107,933	-	33,944	73,989	35,838
Maple Grove WAC	2/16/2016	0.00%	1/1/2027	117,790	35,337	-	11,779	23,558	11,779
				417,790	143,270	-	45,723	97,547	47,617
TOTAL BUSINESS-TYPE DEBTS				26,477,790	24,073,270	-	685,723	23,387,547	717,617
TOTAL INDEBTEDNESS				$ 44,652,790	$ 35,178,270	$ 3,695,000	$ 1,730,723	$ 37,142,547	$ 1,792,617

CITY OF CORCORAN, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Total 2025	Total 2024	Percent Increase (Decrease)
REVENUES			
Taxes	$ 9,164,342	$ 8,352,937	9.71%
Franchise Taxes	69,848	66,024	5.79%
Special Assessments	119,628	126,837	-5.68%
Licenses, Permits, and Fees	1,979,080	1,876,783	5.45%
Intergovernmental	3,477,464	484,183	618.21%
Charges for Services	1,394,127	1,276,659	9.20%
Fines	31,604	26,980	17.14%
Investment Income	417,445	339,316	23.03%
Miscellaneous	523,331	89,591	484.13%
TOTAL REVENUES	$ 17,176,869	$ 12,639,310	35.90%
Per Capita	1,853.15	1,508.63	22.84%
EXPENDITURES			
Current:			
General Government	$ 2,728,725	$ 3,069,410	-11.10%
Public Safety	5,126,679	4,406,892	16.33%
Public Works	2,588,003	2,462,531	5.10%
Sanitation	20,403	18,789	8.59%
Parks and Recreation	327,829	270,252	21.30%
Capital Outlay	6,742,077	5,011,195	34.54%
Debt Service:			
Principal	1,056,830	835,000	26.57%
Interest and Other Charges	444,321	396,084	12.18%
TOTAL EXPENDITURES	$ 19,034,867	$ 16,470,153	15.57%
Per Capita	2,053.61	1,965.88	4.46%
Total Long-term Indebtedness	$ 13,755,000	$ 11,105,000	23.86%
Per Capita	1,483.98	1,325.50	11.96%
General Fund and Special Revenue Funds Committed, Assigned, and Unassigned Fund Balances - December 31	$ 5,132,046	$ 4,495,471	14.16%
Per Capita	553.68	536.58	3.19%

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 Matt Gsellmeier, Finance Director, at 763-400-7031.

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, 2025, 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 29, 2026.

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

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 29, 2026