



# Annual Financial Report

## City of Corcoran

Corcoran, Minnesota

For the year ended December 31, 2022



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INTRODUCTORY SECTION

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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City of Corcoran, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2022

**ELECTED**

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Tom McKee	12/31/22	Mayor
Jonathan Bottema	12/31/24	Council Member
Jeremy Nichols	12/31/22	Council Member
Dean Vehrenkamp	11/01/22	Council Member
Alan Schutlz	12/31/22	Council Member

**APPOINTED**

Jessica Beise	Interim City Administrator
Maggie Ung	Finance Director
Jodie Peterson	Accountant
Michelle Friedrich	Deputy Clerk



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FINANCIAL SECTION  
CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Corcoran, Minnesota

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Corcoran, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 Page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, and the related note disclosures, starting on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.





## **Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
January 15, 2024



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## Management's Discussion and Analysis

As management of the City of Corcoran, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

### Financial Highlights page

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. The main reason for the increase was an excess of revenues over expenses.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in park dedication fees over current year expenditures. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The total fund balance in the General fund, as shown in the financial analysis of the city's funds section, decreased from the prior year. The decrease can mainly be attributed to additional approved transfers out to other funds from the adopted budget.
- The City's total bonded debt increased during the current fiscal year. This was mainly due to the issuance of the 2022A bonds during the year offset by regularly scheduled principal payments as shown on the outstanding debt table.





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

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included.	All deferred outflows/inflows of resources, regardless of when cash is received or paid.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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



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

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

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

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

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

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

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

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

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

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

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

The basic proprietary funds financial statements start on page 41 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 45 of this report.

**Required Supplementary Information.** This report also presents certain required supplementary information concerning the progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 72 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. The combining and individual fund statements and schedules are presented immediately following the required supplementary information starting on page 80 of this report.

**Government-wide Financial Analysis**

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

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

**City of Corcoran’s Summary of Net Position**

	Governmental Activities			Business-type Activities			2022 Total
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	
<b>Assets</b>							
Current and other assets	\$ 17,673,800	\$ 13,208,070	\$ 4,465,730	\$ 7,270,198	\$ 5,945,081	\$ 1,325,117	\$ 24,943,998
Capital assets	18,760,078	17,336,721	1,423,357	10,170,265	9,416,998	753,267	28,930,343
Total Assets	36,433,878	30,544,791	5,889,087	17,440,463	15,362,079	2,078,384	53,874,341
Deferred Outflows of Resources	2,938,941	1,511,433	1,427,508	-	-	-	2,938,941
<b>Liabilities</b>							
Noncurrent liabilities outstanding	14,488,234	9,672,687	4,815,547	3,561,091	3,859,690	(298,599)	18,049,325
Other liabilities	4,616,875	3,104,533	1,512,342	1,412,421	418,678	993,743	6,029,296
Total Liabilities	19,105,109	12,777,220	6,327,889	4,973,512	4,278,368	695,144	24,078,621
Deferred Inflows of Resources	120,001	1,880,794	(1,760,793)	-	-	-	120,001
<b>Net Position</b>							
Net investment in capital assets	10,778,090	9,498,468	1,279,622	7,122,284	5,827,365	1,294,919	17,900,374
Restricted	7,402,575	4,047,834	3,354,741	-	-	-	7,402,575
Unrestricted	1,967,044	3,851,908	(1,884,864)	5,344,667	5,256,346	88,321	7,311,711
Total Net Position	\$ 20,147,709	\$ 17,398,210	\$ 2,749,499	\$ 12,466,951	\$ 11,083,711	\$ 1,383,240	\$ 32,614,660
<b>Net Position as a Percentage of Total</b>							
Net investment in							
Capital assets	53.5%	54.6%		57.1%	52.6%		
Restricted	36.7%	23.3%		0.0%	0.0%		
Unrestricted	9.8%	22.1%		42.9%	47.4%		
	100%	100%		100.0%	100.0%		

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



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

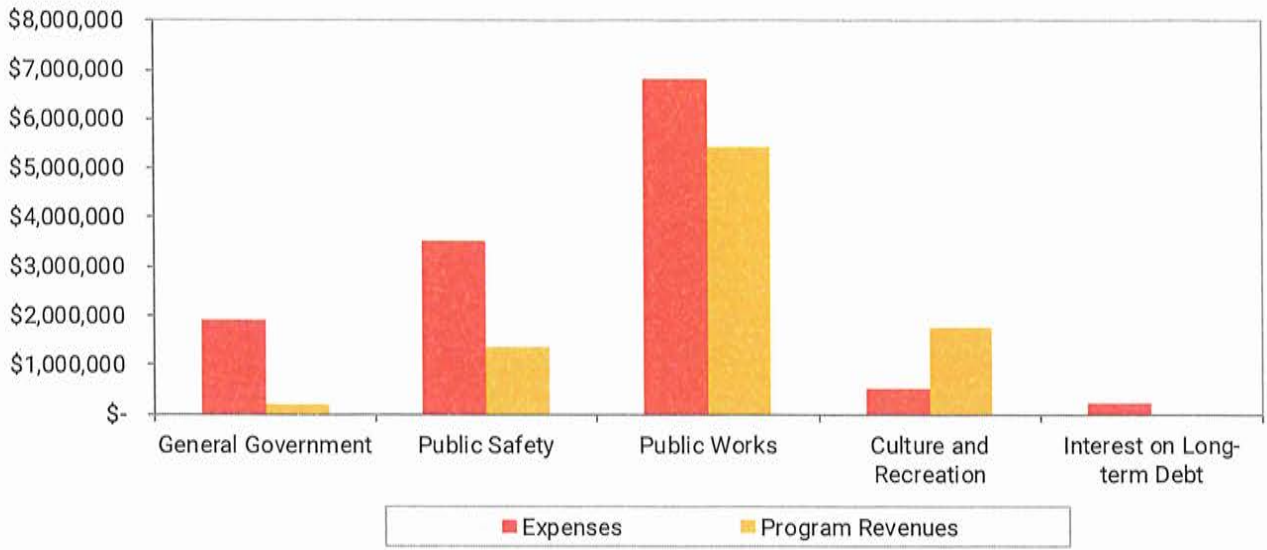
### City of Corcoran's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,414,438	\$ 2,542,815	\$ 871,623	\$ 943,910	\$ 892,496	\$ 51,414
Operating grants and contributions	959,135	2,531,554	(1,572,419)	7,262	57,160	(49,898)
Capital grants and contributions	4,345,421	2,506,374	1,839,047	1,914,866	1,589,160	325,706
General Revenues						
Property taxes	5,696,404	5,086,505	609,899	-	-	-
Other taxes	62,153	56,691	5,462	-	-	-
Grants and contributions not restricted to specific programs	40,354	10,679	29,675	-	-	-
Unrestricted investment earnings	98,669	1,237	97,432	46,524	2,738	43,786
Gain on sale of capital assets	716,523	104,940	611,583	-	-	-
Total Revenues	15,333,097	12,840,795	2,492,302	2,912,562	2,541,554	371,008
Expenses						
General government	1,926,582	1,645,285	281,297	-	-	-
Public safety	3,532,589	2,820,935	711,654	-	-	-
Public works	6,820,075	2,793,997	4,026,078	-	-	-
Culture and recreation	524,594	339,603	184,991	-	-	-
Interest on long-term debt	226,930	137,428	89,502	-	-	-
Water	-	-	-	593,290	560,381	32,909
Sewer	-	-	-	488,860	398,345	90,515
Total Expenses	13,030,770	7,737,248	5,293,522	1,082,150	958,726	123,424
Change in Net Position Before Transfers	2,302,327	5,103,547	(2,801,220)	1,830,412	1,582,828	247,584
Transfers	447,172	269,164	178,008	(447,172)	(269,164)	(178,008)
Change in Net Position	2,749,499	5,372,711	(2,623,212)	1,383,240	1,313,664	69,576
Net Position, January 1	17,398,210	12,025,499	5,372,711	11,083,711	9,770,047	1,313,664
Net Position, December 31	\$ 20,147,709	\$ 17,398,210	\$ 2,749,499	\$ 12,466,951	\$ 11,083,711	\$ 1,383,240

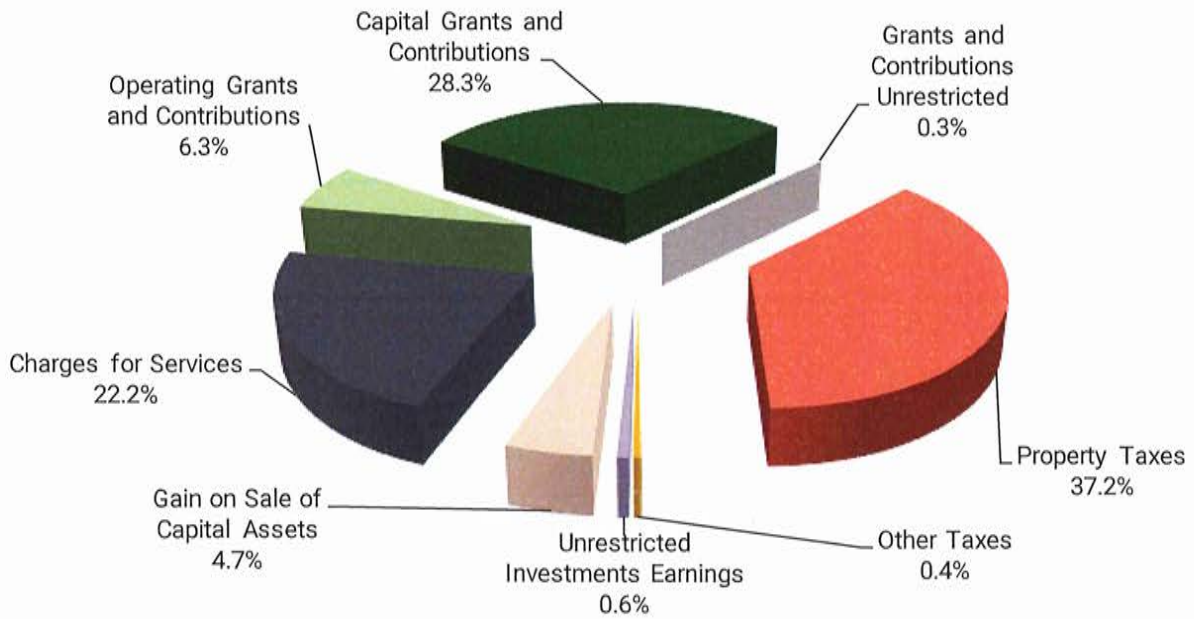
- Overall revenues increased \$2,483,614 from the prior year. The main reason for the increase was capital grants, property taxes, and gain on sale of capital assets.
- Expenses increased \$5,295,522 from the prior year. All categories in both governmental and business-type activities increased from the prior year as the City is experiencing growth related expenses.

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

### Expenses and Program Revenue - Governmental Activities



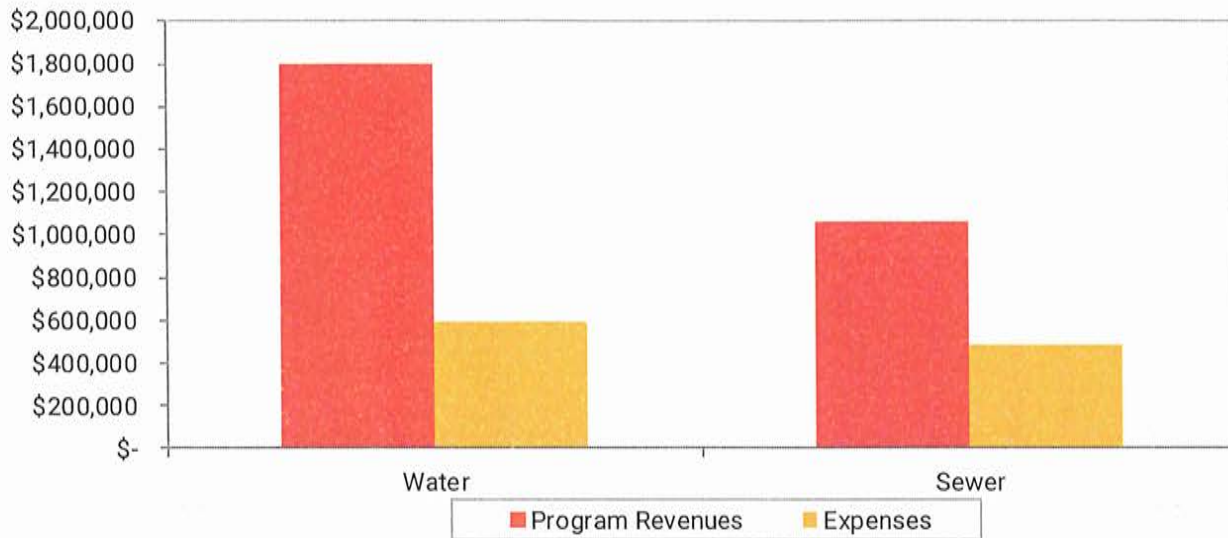
### Revenues by Source - Governmental Activities



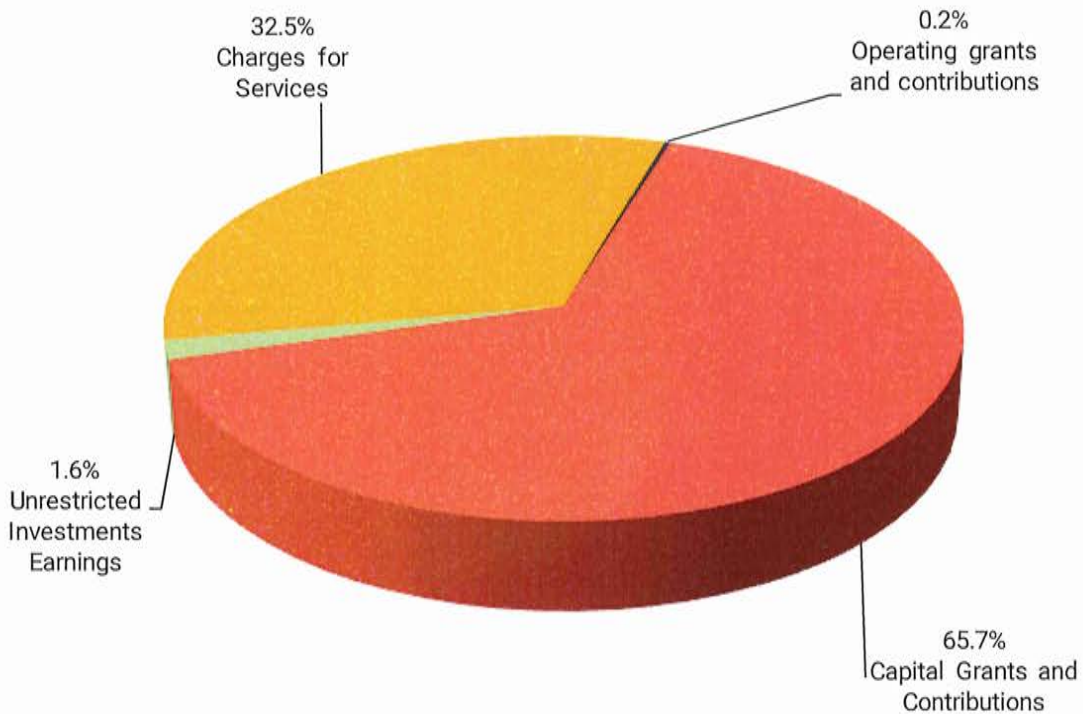
**Business-type Activities.** Business-type activities decreased the City's net position. Key elements of the changes are listed below:

- Overall revenues in the business-type activities increased mainly due to an increase in capital grants and contributions from connections fees during the year.
- Overall expenses increased mainly due to increases in professional services due to the increase in customers.

### Expenses and Program Revenue - Business-type Activities



### Revenues by Source - Business-type Activities





## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

	General Fund	Debt service	Pavement Management	Park Capital	Other Governmental Funds	Total	Prior Year Total	Increase / (Decrease)
Fund Balances								
Nonspendable	\$ 4,012	\$ -	\$ -	\$ -	\$ -	\$ 4,012	\$ 24,813	\$ (20,801)
Restricted	-	47,296	-	3,186,226	2,483,151	5,716,673	3,710,555	2,006,118
Committed	-	-	-	-	70,916	70,916	75,079	(4,163)
Assigned	-	-	357,362	159,428	520,556	1,037,346	1,330,899	(293,553)
Unassigned	3,083,695	-	-	-	(2,467)	3,081,228	2,148,741	932,487
<b>Totals</b>	<b>\$ 3,087,707</b>	<b>\$ 47,296</b>	<b>\$ 357,362</b>	<b>\$ 3,345,654</b>	<b>\$ 3,072,156</b>	<b>\$ 9,910,175</b>	<b>\$ 7,290,087</b>	<b>\$ 2,620,088</b>

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase / (Decrease)
General Fund Balances			
Nonspendable	\$ 4,012	\$ 24,813	\$ (20,801)
Assigned	-	404,402	(404,402)
Unassigned	3,083,695	3,162,050	(78,355)
	<b>\$ 3,087,707</b>	<b>\$ 3,591,265</b>	<b>\$ (503,558)</b>
General Fund expenditures	\$ 7,117,249	\$ 6,318,593	
Unassigned as a percent of expenditures	43.3%	50.0%	
Total Fund Balance as a percent of expenditures	43.4%	56.8%	

The fund balance of the City's General fund decreased during the current fiscal year as shown in the table above. The decrease in fund balance can be attributed to increased unbudgeted transfers to other funds.

<b>Major Funds</b>	Fund Balance December 31,		Increase
	2022	2021	(Decrease)
<b>General</b>	\$ 3,087,707	\$ 3,591,265	\$ (503,558)
The General fund balance decreased as noted above during the year. The decrease can mainly be attributed to an to unbudgeted transfers out to other funds during the year.			
<b>Debt Service</b>	\$ 47,296	\$ 56,570	\$ (9,274)
The Debt Service fund has a total fund balance as note above, all of which is restricted for payment of future debt service. The fund balance decreased \$9,274 from the prior year mainly due to scheduled principal payments exceeding current year resources from property taxes and assessments.			
<b>Pavement Management</b>	\$ 357,362	\$ 527,336	\$ (169,974)
The Pavement Management fund balance decreased during the year. The decrease is mainly attributable to an increase transfers and other developer revenues in excess of current year expenditures.			
<b>Park Capital</b>	\$ 3,345,654	\$ 1,646,294	\$ 1,699,360
The Park Capital fund balance increased uring the year mainly due to charges for services, such as park dedication fees in excess of current year expenditures.			

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

	Ending Net Position 2022	Ending Net Position 2021	Increase / (Decrease)
Net Position			
Water	\$ 5,801,684	\$ 4,815,198	\$ 986,486
Sewer	6,599,987	6,268,513	331,474
Storm	65,280	-	65,280
Total	<u>\$ 12,466,951</u>	<u>\$ 11,083,711</u>	<u>\$ 1,383,240</u>

## General Fund Budgetary Highlights

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 7,118,636	\$ 7,299,090	\$ 180,454
Expenditures	7,183,367	7,117,249	66,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,731)</u>	<u>181,841</u>	<u>246,572</u>
Other Financing Sources (Uses)			
Transfers in	454,148	449,092	(5,056)
Transfers out	(389,417)	(1,198,349)	(808,932)
Sale of capital assets	-	63,858	63,858
Total Other Financing Sources (Uses)	<u>64,731</u>	<u>(685,399)</u>	<u>(750,130)</u>
Net Change in Fund Balances	-	(503,558)	(503,558)
Fund Balances, January 1	<u>3,591,265</u>	<u>3,591,265</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,591,265</u>	<u>\$ 3,087,707</u>	<u>\$ (503,558)</u>

The City's General fund budget was not amended during the year and was balanced with revenues and transfers in equal to expenses and transfers out. Actual revenues were over budget and actual expenditures were under budget during the year as shown above.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, is shown below in the capital assets table (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, Infrastructure and Construction in progress. The City's total investment in capital assets increased during the year as shown below.

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

- Public Works Vehicles and Equipment
- Well #1 and 2
- City Hall Remodel and Completion
- City Center Drive and 79<sup>th</sup> Place Improvements
- 66<sup>th</sup> Avenue/Gleason Parkway Improvements
- Water Supply and Treatment Facility
- Siren System

Additional information on the City's capital assets can be found in Note 3B starting on page 55 of this report.



**City of Corcoran's Capital Assets**  
(Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 3,292,827	\$ 3,321,427	\$ (28,600)	\$ 492,784	\$ 492,784	\$ -
Construction in Progress	3,378,929	3,628,916	(249,987)	813,423	-	813,423
Buildings	3,474,149	3,643,962	(169,813)	-	-	-
Equipment	2,373,482	1,789,218	584,264	46,161	50,007	(3,846)
Infrastructure	6,240,691	4,953,198	1,287,493	8,817,897	8,874,207	(56,310)
<b>Total</b>	<b>\$ 18,760,078</b>	<b>\$ 17,336,721</b>	<b>\$ 1,423,357</b>	<b>\$ 10,170,265</b>	<b>\$ 9,416,998</b>	<b>\$ 753,267</b>

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

**City of Corcoran's Outstanding Debt**

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
G.O. Bonds	\$ 8,835,000	\$ 7,655,000	\$ 1,180,000	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	3,255,000	3,505,000	(250,000)
Unamortized Premium on Bonds	231,068	183,253	47,815	76,658	84,633	(7,975)
Notes Payable	-	-	-	229,433	270,057	(40,624)
<b>Total</b>	<b>\$ 9,066,068</b>	<b>\$ 7,838,253</b>	<b>\$ 1,227,815</b>	<b>\$ 3,561,091</b>	<b>\$ 3,859,690</b>	<b>\$ (298,599)</b>

The City's total debt increased during the current fiscal year primarily because of the bonds issued during the current year. Additional information on the City's long-term debt can be found in Note 3D starting on page 58 of this report.

**Economic Factors and Next Year's Budgets and Rates**

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

**Requests for Information**

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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City of Corcoran, Minnesota  
Statement of Net Position  
December 31, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 14,311,835	\$ 6,988,383	\$ 21,300,218
Receivables			
Accounts	71,990	75,746	147,736
Interest	534	-	534
Taxes	80,040	-	80,040
Special assessments	596,631	187,615	784,246
Due from other governments	2,608,758	1,373	2,610,131
Prepaid items	4,012	17,081	21,093
Capital assets			
Land and construction in progress	6,671,756	1,306,207	7,977,963
Depreciable, net of accumulated depreciation	12,088,322	8,864,058	20,952,380
<b>Total Assets</b>	<b>36,433,878</b>	<b>17,440,463</b>	<b>53,874,341</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	2,938,941	-	2,938,941
<b>Liabilities</b>			
Accounts payable	1,338,819	341,830	1,680,649
Due to other governments	40,839	1,032,320	1,073,159
Deposits payable	2,358,064	-	2,358,064
Accrued salaries payable	145,761	-	145,761
Accrued interest payable	84,411	38,271	122,682
Unearned revenue	648,981	-	648,981
Noncurrent liabilities			
Due within one year			
Long-term liabilities	810,195	292,232	1,102,427
Due in more than one year			
Long-term liabilities	8,608,589	3,268,859	11,877,448
Net pension liability	4,719,076	-	4,719,076
Other postemployment benefits liability	350,374	-	350,374
<b>Total Liabilities</b>	<b>19,105,109</b>	<b>4,973,512</b>	<b>24,078,621</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	120,001	-	120,001
<b>Net Position</b>			
Net investment in capital assets	10,778,090	7,122,284	17,900,374
Restricted for			
Debt service	262,788	-	262,788
Park dedication	3,186,226	-	3,186,226
Public safety	243,067	-	243,067
Capital outlay	3,710,494	-	3,710,494
Unrestricted	1,967,044	5,344,667	7,311,711
<b>Total Net Position</b>	<b>\$ 20,147,709</b>	<b>\$ 12,466,951</b>	<b>\$ 32,614,660</b>

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

City of Corcoran, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,926,582	\$ 155,348	\$ 28,046	\$ 1,250
Public safety	3,532,589	1,113,333	228,684	-
Public works	6,820,075	416,758	661,906	4,344,171
Culture and recreation	524,594	1,728,999	40,499	-
Interest on long term debt	226,930	-	-	-
Total Governmental Activities	<u>13,030,770</u>	<u>3,414,438</u>	<u>959,135</u>	<u>4,345,421</u>
<b>Business-type Activities</b>				
Water	593,290	500,287	-	1,300,905
Sewer	488,860	443,623	7,262	613,961
Total Business-type Activities	<u>1,082,150</u>	<u>943,910</u>	<u>7,262</u>	<u>1,914,866</u>
Total	<u>\$ 14,112,920</u>	<u>\$ 4,358,348</u>	<u>\$ 966,397</u>	<u>\$ 6,260,287</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

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



Net Revenues (Expenses) and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,741,938)	\$ -	\$ (1,741,938)
(2,190,572)	-	(2,190,572)
(1,397,240)	-	(1,397,240)
1,244,904	-	1,244,904
(226,930)	-	(226,930)
<u>(4,311,776)</u>	<u>-</u>	<u>(4,311,776)</u>
-	1,207,902	1,207,902
-	575,986	575,986
<u>-</u>	<u>1,783,888</u>	<u>1,783,888</u>
<u>(4,311,776)</u>	<u>1,783,888</u>	<u>(2,527,888)</u>
5,136,686	-	5,136,686
559,718	-	559,718
62,153	-	62,153
40,354	-	40,354
98,669	46,524	145,193
716,523	-	716,523
447,172	(447,172)	-
<u>7,061,275</u>	<u>(400,648)</u>	<u>6,660,627</u>
2,749,499	1,383,240	4,132,739
<u>17,398,210</u>	<u>11,083,711</u>	<u>28,481,921</u>
<u>\$ 20,147,709</u>	<u>\$ 12,466,951</u>	<u>\$ 32,614,660</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Corcoran, Minnesota  
Balance Sheet  
Governmental Funds  
December 31, 2022

	100 General	300's Debt Service	408 Pavement Management	415 Park Capital	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and temporary investments	\$ 6,139,423	\$ 46,428	\$ 794,255	\$ 3,345,772	\$ 3,985,957	\$ 14,311,835
Receivables						
Accounts	69,661	-	-	-	2,329	71,990
Interest	534	-	-	-	-	534
Taxes	80,040	-	-	-	-	80,040
Special assessments	36,802	299,903	259,926	-	-	596,631
Due from other governments	2,607,890	868	-	-	-	2,608,758
Prepaid items	4,012	-	-	-	-	4,012
<b>Total Assets</b>	<b>\$ 8,938,362</b>	<b>\$ 347,199</b>	<b>\$ 1,054,181</b>	<b>\$ 3,345,772</b>	<b>\$ 3,988,286</b>	<b>\$ 17,673,800</b>
<b>Liabilities</b>						
Accounts payable	\$ 640,659	\$ -	\$ 430,893	\$ 118	\$ 267,149	\$ 1,338,819
Due to other governments	40,839	-	-	-	-	40,839
Deposits payable	2,352,064	-	6,000	-	-	2,358,064
Accrued salaries payable	145,761	-	-	-	-	145,761
Unearned revenue	-	-	-	-	648,981	648,981
<b>Total Liabilities</b>	<b>3,179,323</b>	<b>-</b>	<b>436,893</b>	<b>118</b>	<b>916,130</b>	<b>4,532,464</b>
<b>Total Deferred Inflows of Resources</b>						
Unavailable revenues - taxes	80,040	-	-	-	-	80,040
Unavailable revenues - special assessments	36,802	299,903	259,926	-	-	596,631
Unavailable revenues - intergovernmental	2,554,490	-	-	-	-	2,554,490
<b>Total Deferred Inflows of Resources</b>	<b>2,671,332</b>	<b>299,903</b>	<b>259,926</b>	<b>-</b>	<b>-</b>	<b>3,231,161</b>
<b>Fund Balances</b>						
Nonspendable	4,012	-	-	-	-	4,012
Restricted	-	47,296	-	3,186,226	2,483,151	5,716,673
Committed	-	-	-	-	70,916	70,916
Assigned	-	-	357,362	159,428	520,556	1,037,346
Unassigned	3,083,695	-	-	-	(2,467)	3,081,228
<b>Total Fund Balances</b>	<b>3,087,707</b>	<b>47,296</b>	<b>357,362</b>	<b>3,345,654</b>	<b>3,072,156</b>	<b>9,910,175</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,938,362</b>	<b>\$ 347,199</b>	<b>\$ 1,054,181</b>	<b>\$ 3,345,772</b>	<b>\$ 3,988,286</b>	<b>\$ 17,673,800</b>

City of Corcoran, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2022

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

Total Fund Balances - Governmental	\$ 9,910,175
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	26,633,982
Less: accumulated depreciation	(7,873,904)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund statements.	
Long-term liabilities at year-end consist of	
Bonds payable	(8,835,000)
Unamortized premium on bonds	(231,068)
Compensated absences payable	(352,716)
Other postemployment benefits payable	(350,374)
Net pension liability	(4,719,076)
Some receivables are not available soon enough to pay for current period expenditures, and, therefore, are unavailable in the funds.	
Taxes receivable	80,040
Special assessments receivable	596,631
Intergovernmental	2,554,490
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	2,938,941
Deferred inflows of pension resources	(120,001)
Governmental funds do not report a liability for accrued interest until due and payable.	(84,411)
Total Net Position - Governmental Activities	<u>\$ 20,147,709</u>

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

City of Corcoran, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022

	100 General	300's Debt Service	408 Pavement Management	415 Park Capital	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 5,239,856	\$ 559,718	\$ -	\$ -	\$ -	\$ 5,799,574
Licenses and permits	1,202,139	-	-	-	-	1,202,139
Intergovernmental	340,279	-	31,899	-	44,033	416,211
Charges for services	116,601	-	-	1,677,416	30,822	1,824,839
Fines and forfeitures	21,979	-	-	-	-	21,979
Special assessments	-	93,091	35,312	-	-	128,403
Interest on investments	45,356	1,582	5,992	22,297	23,442	98,669
Miscellaneous	332,880	-	4,289,150	-	93,796	4,715,826
Total Revenues	<u>7,299,090</u>	<u>654,391</u>	<u>4,362,353</u>	<u>1,699,713</u>	<u>192,093</u>	<u>14,207,640</u>
<b>Expenditures</b>						
Current						
General government	1,643,963	-	-	-	34,033	1,677,996
Public safety	3,103,590	-	-	-	44,085	3,147,675
Public works	2,110,098	-	-	-	-	2,110,098
Culture and recreation	207,580	-	-	-	-	207,580
Capital outlay						
General government	-	-	-	-	104,423	104,423
Public safety	-	-	-	-	311,892	311,892
Public works	11,519	-	5,268,101	-	684,208	5,963,828
Culture and recreation	40,499	-	-	353	251,668	292,520
Debt service						
Principal	-	620,000	-	-	-	620,000
Interest and other charges	-	151,715	-	-	65,220	216,935
Total Expenditures	<u>7,117,249</u>	<u>771,715</u>	<u>5,268,101</u>	<u>353</u>	<u>1,495,529</u>	<u>14,652,947</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>181,841</u>	<u>(117,324)</u>	<u>(905,748)</u>	<u>1,699,360</u>	<u>(1,303,436)</u>	<u>(445,307)</u>
Other Financing Sources (Uses)						
Transfers in	449,092	63,080	65,217	-	1,072,707	1,650,096
Sale of capital assets	63,858	-	670,557	-	10,708	745,123
Bond issued	-	44,970	-	-	1,755,030	1,800,000
Premium on bonds issued	-	-	-	-	73,100	73,100
Transfers out	(1,198,349)	-	-	-	(4,575)	(1,202,924)
Total Other Financing Sources (Uses)	<u>(685,399)</u>	<u>108,050</u>	<u>735,774</u>	<u>-</u>	<u>2,906,970</u>	<u>3,065,395</u>
Net Change in Fund Balances	(503,558)	(9,274)	(169,974)	1,699,360	1,603,534	2,620,088
Fund Balances, January 1	<u>3,591,265</u>	<u>56,570</u>	<u>527,336</u>	<u>1,646,294</u>	<u>1,468,622</u>	<u>7,290,087</u>
Fund Balances, December 31	<u>\$ 3,087,707</u>	<u>\$ 47,296</u>	<u>\$ 357,362</u>	<u>\$ 3,345,654</u>	<u>\$ 3,072,156</u>	<u>\$ 9,910,175</u>

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



City of Corcoran, Minnesota  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances to the Statement of Activities  
 Governmental Funds  
 For the Year Ended December 31, 2022

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

Total Net Change in Fund Balances - Governmental Funds	\$ 2,620,088
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	2,356,055
Depreciation expense	(904,098)
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.</p>	
	(28,600)
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.</p>	
Disposals	(9,164)
Depreciation on disposals	9,164
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts amortized in the statement of activities.</p>	
Bonds issued	(1,800,000)
Premium on bonds issued	(73,100)
Amortization of bond premium	25,285
Principal repayments	620,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(35,280)
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, they cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(41,017)
Special assessments	(69,969)
Intergovernmental	479,566
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(42,766)
Other postemployment benefits	41,235
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(438,254)
Pension revenue	40,354
Change in Net Position - Governmental Activities	\$ 2,749,499

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



City of Corcoran, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,202,711	\$ 5,202,711	\$ 5,239,856	\$ 37,145
Licenses and permits	1,312,000	1,312,000	1,202,139	(109,861)
Intergovernmental	302,945	302,945	340,279	37,334
Charges for services	67,800	67,800	116,601	48,801
Fines and forfeitures	40,000	40,000	21,979	(18,021)
Interest (loss) on investments	8,000	8,000	45,356	37,356
Miscellaneous	185,180	185,180	332,880	147,700
Total Revenues	<u>7,118,636</u>	<u>7,118,636</u>	<u>7,299,090</u>	<u>180,454</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,593,332	1,593,332	1,643,963	(50,631)
Public safety	3,083,919	3,083,919	3,103,590	(19,671)
Public works	2,184,854	2,184,854	2,110,098	74,756
Culture and recreation	260,262	260,262	207,580	52,682
<b>Capital outlay</b>				
General government	6,000	6,000	-	6,000
Public safety	10,000	10,000	-	10,000
Public works	5,000	5,000	11,519	(6,519)
Culture and recreation	40,000	40,000	40,499	(499)
Total Expenditures	<u>7,183,367</u>	<u>7,183,367</u>	<u>7,117,249</u>	<u>66,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,731)</u>	<u>(64,731)</u>	<u>181,841</u>	<u>246,572</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	454,148	454,148	449,092	(5,056)
Transfers out	(389,417)	(389,417)	(1,198,349)	(808,932)
Sale of capital assets	-	-	63,858	63,858
Total Other Financing Sources (Uses)	<u>64,731</u>	<u>64,731</u>	<u>(685,399)</u>	<u>(750,130)</u>
Net Change in Fund Balances	-	-	(503,558)	(503,558)
Fund Balances, January 1	<u>3,591,265</u>	<u>3,591,265</u>	<u>3,591,265</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,591,265</u>	<u>\$ 3,591,265</u>	<u>\$ 3,087,707</u>	<u>\$ (503,558)</u>

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

City of Corcoran, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water	Sewer	Nonmajor Storm	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and temporary investments	\$ 4,150,268	\$ 2,772,835	\$ 65,280	\$ 6,988,383
Accounts receivable	31,461	44,285	-	75,746
Special assessments receivable	39,076	9,769	-	48,845
Due from other governments	1,098	275	-	1,373
Prepays	-	17,081	-	17,081
Total Current Assets	<u>4,221,903</u>	<u>2,844,245</u>	<u>65,280</u>	<u>7,131,428</u>
<b>Noncurrent Assets</b>				
Special assessments	111,016	27,754	-	138,770
<b>Capital assets</b>				
Land	366,167	126,617	-	492,784
Infrastructure	4,464,146	6,268,541	-	10,732,687
Machinery and equipment	57,700	-	-	57,700
Construction in progress	813,423	-	-	813,423
Less: accumulated depreciation	(808,152)	(1,118,177)	-	(1,926,329)
Net Capital Assets	<u>4,893,284</u>	<u>5,276,981</u>	<u>-</u>	<u>10,170,265</u>
Total Noncurrent Assets	<u>5,004,300</u>	<u>5,304,735</u>	<u>-</u>	<u>10,309,035</u>
Total Assets	<u>9,226,203</u>	<u>8,148,980</u>	<u>65,280</u>	<u>17,440,463</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	340,706	1,124	-	341,830
Due to other governments	739,264	293,056	-	1,032,320
Accrued interest payable	21,566	16,705	-	38,271
Notes payable - current	42,232	-	-	42,232
Bonds payable - current	169,700	80,300	-	250,000
Total Current Liabilities	<u>1,313,468</u>	<u>391,185</u>	<u>-</u>	<u>1,704,653</u>
<b>Noncurrent Liabilities</b>				
Notes payable	187,201	-	-	187,201
Bonds payable	1,923,850	1,157,808	-	3,081,658
Total Noncurrent Liabilities	<u>2,111,051</u>	<u>1,157,808</u>	<u>-</u>	<u>3,268,859</u>
Total Liabilities	<u>3,424,519</u>	<u>1,548,993</u>	<u>-</u>	<u>4,973,512</u>
<b>Net Position</b>				
Net investment in capital assets	3,083,411	4,038,873	-	7,122,284
Unrestricted	2,718,273	2,561,114	65,280	5,344,667
Total Net Position	<u>\$ 5,801,684</u>	<u>\$ 6,599,987</u>	<u>\$ 65,280</u>	<u>\$ 12,466,951</u>

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

City of Corcoran, Minnesota  
Statement of Revenues, Expenses and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water	Sewer	Nonmajor Storm	
Operating Revenues				
Charges for services	\$ 499,127	\$ 443,623	\$ -	\$ 942,750
Operating Expenses				
Supplies	100,391	5,215	-	105,606
Repairs and maintenance	293,893	234,692	-	528,585
Depreciation	142,927	208,951	-	351,878
Total Operating Expenses	<u>537,211</u>	<u>448,858</u>	<u>-</u>	<u>986,069</u>
Operating Income (Loss)	<u>(38,084)</u>	<u>(5,235)</u>	<u>-</u>	<u>(43,319)</u>
Nonoperating Revenues (Expenses)				
Interest on investments	27,970	18,274	280	46,524
Other income	1,160	7,262	-	8,422
Interest expense	(56,079)	(40,002)	-	(96,081)
Total Nonoperating Revenues (Expenses)	<u>(26,949)</u>	<u>(14,466)</u>	<u>280</u>	<u>(41,135)</u>
Loss Before Contributions and Transfers	(65,033)	(19,701)	280	(84,454)
Capital Contributions	1,300,905	613,961	-	1,914,866
Transfers In	-	-	65,000	65,000
Transfers Out	<u>(249,386)</u>	<u>(262,786)</u>	<u>-</u>	<u>(512,172)</u>
Change in Net Position	986,486	331,474	65,280	1,383,240
Net Position, January 1	<u>4,815,198</u>	<u>6,268,513</u>	<u>-</u>	<u>11,083,711</u>
Net Position, December 31	<u>\$ 5,801,684</u>	<u>\$ 6,599,987</u>	<u>\$ 65,280</u>	<u>\$ 12,466,951</u>

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



City of Corcoran, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water	Sewer	Nonmajor Storm	
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 565,602	\$ 530,638	\$ -	\$ 1,096,240
Payments to suppliers	(79,834)	(49,044)	-	(128,878)
Net Cash Provided (Used) by Operating Activities	<u>485,768</u>	<u>481,594</u>	<u>-</u>	<u>967,362</u>
Cash Flows from				
Noncapital Financing Activities				
Transfers in	-	-	65,000	65,000
Transfers out	(249,386)	(262,786)	-	(512,172)
Net Cash Used by Noncapital Financing Activities	<u>(249,386)</u>	<u>(262,786)</u>	<u>65,000</u>	<u>(447,172)</u>
Cash Flows from Capital				
and Related Financing Activities				
Connection fees received	1,501,082	613,219	-	2,114,301
Principal paid on notes payable	(40,624)	-	-	(40,624)
Special assessments received	50,052	12,513	-	62,565
Acquisition of capital assets	(821,468)	-	-	(821,468)
Principal paid on bonds	(169,700)	(80,300)	-	(250,000)
Interest and other paid on bonds	(65,637)	(41,544)	-	(107,181)
Net Cash Provided by Capital and Related Financing Activities	<u>453,705</u>	<u>503,888</u>	<u>-</u>	<u>957,593</u>
Cash Flows from Investing Activities				
Interest received on investments	27,970	18,274	280	46,524
Net Increase (Decrease) in Cash and Cash Equivalents	718,057	740,970	65,280	1,524,307
Cash and Cash Equivalents, January 1	3,432,211	2,031,865	-	5,464,076
Cash and Cash Equivalents, December 31	<u>\$ 4,150,268</u>	<u>\$ 2,772,835</u>	<u>\$ 65,280</u>	<u>\$ 6,988,383</u>
Reconciliation of Operating Income				
to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ (38,084)	\$ (5,235)	\$ -	\$ (43,319)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Other income related to operations	1,160	7,262	-	8,422
Depreciation	142,927	208,951	-	351,878
(Increase) decrease in assets				
Accounts receivable	69,202	80,725	-	149,927
Special assessments receivable	(4,512)	(1,128)	-	(5,640)
Due from other governments	625	156	-	781
Prepaid items	707	(5,438)	-	(4,731)
Increase (decrease) in liabilities				
Accounts payable	14,266	484	-	14,750
Due to other governments	299,477	195,817	-	495,294
Net Cash Provided (Used) By Operating Activities	<u>\$ 485,768</u>	<u>\$ 481,594</u>	<u>\$ -</u>	<u>\$ 967,362</u>
Noncash Capital and Related Financing Activities				
Acquisition of capital assets on account	\$ 283,677	\$ -	\$ -	\$ 283,677
Amortization of bond premium	<u>\$ 7,436</u>	<u>\$ 539</u>	<u>\$ -</u>	<u>\$ 7,975</u>

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



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City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

## **Note 1: Summary of Significant Accounting Policies**

### **A. Reporting Entity**

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

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

#### ***Blended Component Unit***

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

### **B. Government-wide and Fund Financial Statements**

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

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

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

## Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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



**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

***Deposits and Investments***

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

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



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

The City has the following recurring fair value measurements as of December 31, 2022:

- Negotiable Certificates of Deposit of \$1,911,550 are valued using a matrix pricing model (Level 2 inputs)

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

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***Property Taxes***

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

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

### ***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Amounts outstanding at year end are considered fully collectible.

### ***Special Assessments***

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

### ***Prepaid Items***

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

### ***Capital Assets***

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

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



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

***Deferred Outflows of Resources***

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

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

***Compensated Absences***

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

***Postemployment Benefits Other than Pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, on January 1, 2021. The General fund is typically used to liquidate governmental another postemployment benefits payable.

***Pensions***

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

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	PEPFP	
City's proportionate share	\$320,933	\$ 369,188	\$ 690,121
Proportionate share of State's contribution	6,640	27,099	33,739
 Total Pension Expense	 \$327,573	 \$396,287	 \$723,860

**Long-term Obligations**

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

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

**Deferred Inflows of Resources**

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

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



## Note 1: Summary of Significant Accounting Policies (Continued)

### **Fund Balance**

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

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

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

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

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

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

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

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

### **Net Position**

In the government-wide financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position- Consist of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position- All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets"

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

### Comparative Data/Reclassification

The City combined funds presented in the prior year (Asphalt Maintenance, Pulte Encore, Appaloosa Woods, Corcoran Trail East/West, Bridge Project, City Center Drive, CSAH 101 and 105 Avenue, and Park Trail Improvements) to one fund titled Pavement Management in the current fiscal year. The result is no difference in total governmental fund balances from the prior year.

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

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

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

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

**B. Deficit Fund Equity**

For the year ended December 31, 2022, the following funds were in deficit:

Fund	Amount
Nonmajor	
Police Donation	\$ 2,467

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

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

***Deposits***

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

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

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds.
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity.
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service.



City of Corcoran, Minnesota  
Notes to the Financial Statements  
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**Note 3: Detailed Notes on All Funds (Continued)**

- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity.
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$6,970,974 and the bank balance was \$7,652,715. A portion of the bank balance was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the City's name.

**Investments**

As of December 31, 2022, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Money Market Mutual funds	N/A	Less than 1 year	\$ 590,387	\$ -	\$ -	\$ -
4M Money Market Accounts	N/A	Less than 1 year	11,827,307	-	-	-
Non-pooled Investments at Fair Value						
Brokered Certificates of Deposit	N/A	Less than 1 year	1,911,550	-	1,911,550	-
				-	-	-
Total Investments			\$ 14,329,244	\$ -	\$ 1,911,550	\$ -

1. Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

2. Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicated not applicable or unavailable.

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

- **Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 48 of the notes.
- **Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- **Concentration of Credit Risk.** The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years.

**Cash and Investments Summary**

A reconciliation of cash and temporary investments as reported on the statement of net position follows:

Carrying Amount of Deposits	\$ 6,970,974
Investments	<u>14,329,244</u>
Total	<u>\$ 21,300,218</u>
 Cash and Temporary Investments Statement of Net Position	 <u>\$ 21,300,218</u>

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 3,321,427	\$ -	\$ (28,600)	\$ 3,292,827
Construction in progress	<u>3,628,916</u>	<u>1,244,385</u>	<u>(1,494,372)</u>	<u>3,378,929</u>
Total Capital Assets not Being Depreciated	<u>6,950,343</u>	<u>1,244,385</u>	<u>(1,522,972)</u>	<u>6,671,756</u>
Capital Assets Being Depreciated				
Buildings	5,978,382	38,180	-	6,016,562
Equipment	5,189,596	1,073,490	(9,164)	6,253,922
Infrastructure	<u>6,197,370</u>	<u>1,494,372</u>	<u>-</u>	<u>7,691,742</u>
Total Capital Assets Being Depreciated	<u>17,365,348</u>	<u>2,606,042</u>	<u>(9,164)</u>	<u>19,962,226</u>
Less Accumulated Depreciation				
Buildings	(2,334,420)	(207,993)	-	(2,542,413)
Equipment	(3,400,378)	(489,226)	9,164	(3,880,440)
Infrastructure	<u>(1,244,172)</u>	<u>(206,879)</u>	<u>-</u>	<u>(1,451,051)</u>
Total Accumulated Depreciation	<u>(6,978,970)</u>	<u>(904,098)</u>	<u>9,164</u>	<u>(7,873,904)</u>
Total Capital Assets Being Depreciated, Net	<u>10,386,378</u>	<u>1,701,944</u>	<u>-</u>	<u>12,088,322</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,336,721</u>	<u>\$ 2,946,329</u>	<u>\$ (1,522,972)</u>	<u>\$ 18,760,078</u>



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 492,784	\$ -	\$ -	\$ 492,784
Construction in progress	-	1,105,145	(291,722)	813,423
Total Capital Assets not Being Depreciated	492,784	1,105,145	(291,722)	1,306,207
Capital Assets Being Depreciated				
Infrastructure	10,440,964	291,722	-	10,732,686
Machinery and Equipment	57,700	-	-	57,700
Total capital assets being depreciated	10,498,664	291,722	-	10,790,386
Less Accumulated Depreciation				
Infrastructure	(1,566,757)	(348,032)	-	(1,914,789)
Machinery and Equipment	(7,693)	(3,846)	-	(11,539)
Total accumulated depreciation	(1,574,450)	(351,878)	-	(1,926,328)
Total Capital Assets Being Depreciated, Net	8,924,214	(60,156)	-	8,864,058
Business-type Activities Capital Assets, Net	<u>\$ 9,416,998</u>	<u>\$ 1,044,989</u>	<u>\$ (291,722)</u>	<u>\$ 10,170,265</u>

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

<b>Governmental Activities</b>		
General government		\$ 55,272
Public safety		143,155
Public works		679,931
Culture and recreation		25,740
Total Depreciation Expense - Governmental Activities		<u>\$ 904,098</u>
<b>Business-type Activities</b>		
Water		\$ 142,927
Sewer		208,951

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**Construction Commitments**

The City has three active construction projects as of December 31, 2022. At year end, the City's commitments with the contractors are as follows:

Project	Spent to Date	Remaining Commitment
66th Avenue/Gleason Parkway Improvements	\$ 2,042,103	\$ 31,652

**C. Interfund Balances and Transfers**

**Interfund Transfers**

The composition of interfund transfers as of December 31, 2022 is as follows:

Fund	Transfers In					Total
	General	Debt Service	Pavement Management	Stormwater	Nonmajor Governmental	
<b>Transfers Out</b>						
General	\$ -	\$ -	\$ 65,217	\$ 65,000	\$ 1,068,132	\$ 1,198,349
Water	224,546	24,840	-	-	-	249,386
Sewer	224,546	38,240	-	-	-	262,786
Nonmajor Governmental	-	-	-	-	4,575	4,575
<b>Total</b>	<b>\$ 449,092</b>	<b>\$ 63,080</b>	<b>\$ 65,217</b>	<b>\$ 65,000</b>	<b>\$ 1,072,707</b>	<b>\$ 1,715,096</b>

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

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**D. Long-term Debt**

General Obligation Bonds (G.O. Bonds)

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

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificate of 2016A	\$ 290,000	2.00 - 3.00 %	05/01/16	05/01/26	\$ 140,000
G.O. Improvement Bonds Series 2016A	2,625,000	2.00 - 2.40	05/01/16	05/01/32	1,505,000
G.O. Equipment Certificate of 2018A	600,000	3.00 - 3.125	05/31/18	02/01/34	415,000
G.O. Bonds Series 2018A	1,235,000	3.00 - 3.125	05/31/18	02/01/34	1,030,000
G.O. Equipment Certificate of 2020A	805,000	1.60 - 2.35	07/01/20	02/01/30	725,000
G.O. Capital Improvement Bonds Series 2020B	3,365,000	1.20 - 2.00	11/05/20	02/01/38	3,220,000
G.O. Equipment Certificate of 2023A	1,800,000	3.12 - 4.00	06/02/22	02/01/32	<u>1,800,000</u>
Total General Obligation Bonds					<u>\$ 8,835,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 655,000	\$ 215,934	\$ 870,934
2024	835,000	186,833	1,021,833
2025	860,000	165,008	1,025,008
2026	885,000	142,483	1,027,483
2027	865,000	119,733	984,733
2028-2032	3,175,000	321,106	3,496,106
2033-2037	1,315,000	68,520	1,383,520
2038	245,000	1,958	246,958
Total	<u>\$ 8,835,000</u>	<u>\$ 1,221,575</u>	<u>\$ 10,056,575</u>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

G.O. Revenue Bonds

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

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Bonds, Series 2014B	\$ 3,130,000	2.00 - 3.625 %	08/01/14	02/01/35	\$ 2,215,000
G.O. Utility Revenue Bonds, Series 2020A	1,145,000	1.60 - 2.35	07/01/20	02/01/31	1,040,000
Total General Obligation Revenue Bonds					<u>\$ 3,255,000</u>

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

Year Ending December 31,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 250,000	\$ 89,675	\$ 339,675
2024	265,000	83,025	348,025
2025	270,000	76,100	346,100
2026	280,000	68,975	348,975
2027	280,000	61,725	341,725
2028-2032	1,355,000	192,509	1,547,509
2033-2035	555,000	30,541	585,541
Total	<u>\$ 3,255,000</u>	<u>\$ 602,550</u>	<u>\$ 3,857,550</u>

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

	Water	Sewer
Net Operating Revenues	\$ 499,127	\$ 443,623
Principal and Interest	235,337	121,844
Percentage of Revenues	212.1%	364.1%

Notes Payable

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Maple Grove - WAC	\$ 300,000	5.50 %	01/01/14	12/20/27	\$ 170,538
Maple Grove - WAC	117,790	0.0	02/16/16	01/01/27	58,895
Total Notes Payable					<u>\$ 229,433</u>



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

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

Year Ending December 31,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 42,232	\$ 8,951	\$ 51,183
2024	43,931	7,252	51,183
2025	45,723	5,460	51,183
2026	47,617	3,566	51,183
2027	49,930	1,253	51,183
<b>Total</b>	<b>\$ 229,433</b>	<b>\$ 26,482</b>	<b>\$ 255,915</b>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
G.O. bonds payable	\$ 7,655,000	\$ 1,800,000	\$ (620,000)	\$ 8,835,000	\$ 655,000
Unamortized premium on bonds	183,253	73,100	(25,285)	231,068	-
<b>Total Bonds Payable</b>	<b>7,838,253</b>	<b>1,873,100</b>	<b>(645,285)</b>	<b>9,066,068</b>	<b>655,000</b>
Compensated Absences Payable	309,950	249,296	(206,530)	352,716	155,195
<b>Governmental Activity     Long-term Liabilities</b>	<b>\$ 8,148,203</b>	<b>\$ 2,122,396</b>	<b>\$ (851,815)</b>	<b>\$ 9,418,784</b>	<b>\$ 810,195</b>
<b>Business-type Activities</b>					
Bonds Payable					
Revenue bonds payable	\$ 3,505,000	\$ -	\$ (250,000)	\$ 3,255,000	\$ 250,000
Unamortized premium on bonds	84,633	-	(7,975)	76,658	-
<b>Total Bonds Payable</b>	<b>3,589,633</b>	<b>-</b>	<b>(257,975)</b>	<b>3,331,658</b>	<b>250,000</b>
Notes Payable	270,057	-	(40,624)	229,433	42,232
<b>Business-type Activity     Long-term Liabilities</b>	<b>\$ 3,859,690</b>	<b>\$ -</b>	<b>\$ (298,599)</b>	<b>\$ 3,561,091</b>	<b>\$ 292,232</b>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**E. Components of Fund Balance**

At December 31, 2022, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Pavement Management	Park Capital	Nonmajor Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 4,012	\$ -	\$ -	\$ -	\$ -	\$ 4,012
Restricted for						
Debt service	\$ -	\$ 47,296	\$ -	\$ -	\$ -	\$ 47,296
Capital outlay	-	-	-	-	2,240,084	2,240,084
Park dedication fees	-	-	-	3,186,226	-	3,186,226
Lawful gambling	-	-	-	-	230,393	230,393
Police expenditures	-	-	-	-	12,674	12,674
Total Restricted	\$ -	\$ 47,296	\$ -	\$ 3,186,226	\$ 2,483,151	\$ 5,716,673
Committed to						
Emergency sirens	\$ -	\$ -	\$ -	\$ -	\$ 39,239	\$ 39,239
Police expenditures	-	-	-	-	26,465	26,465
Truck safety	-	-	-	-	5,212	5,212
Total Committed	\$ -	\$ -	\$ -	\$ -	\$ 70,916	\$ 70,916
Assigned to						
Long range capital planning	\$ -	\$ -	\$ -	\$ -	\$ 471,015	\$ 471,015
Capital outlay	-	-	357,362	159,428	49,541	566,331
Total Assigned	\$ -	\$ -	\$ 357,362	\$ 159,428	\$ 520,556	\$ 1,037,346

**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Plan Description**

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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



## **Note 4: Defined Benefit Pension Plans – Statewide (Continued)**

### **B. Benefits Provided**

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

#### General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

#### Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

### **C. Contributions**

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

#### General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2022, 2021 and 2020 were \$110,142, \$97,494 and \$79,572, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans – Statewide (Continued)**

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 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021 and 2020 were \$175,464, \$137,660 and \$133,277, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

On December 31, 2022, the City reported a liability of \$1,520,646 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 \$44,439. The net pension liability was measured as of June 30, 2019, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0192 percent which was an increase of 0.0033 percent from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 1,520,646
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	44,439
Total	\$ 1,565,085

For the year ended December 31, 2022, the City recognized pension expense of \$320,933 or its proportionate share of General Employees Plan's pension expense. In addition, the City recognized \$6,640 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, 2022, 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	\$ 12,702	\$ 13,362
Changes in Actuarial Assumptions	286,786	4,735
Net Difference Between Projected and Actual Earnings on Plan Investments	112,680	-
Changes in Proportion	110,163	-
Contributions Paid to PERA Subsequent to the Measurement Date	57,539	-
Total	\$ 579,870	\$ 18,097



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

The \$57,539 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$	208,462
2024		173,423
2025		(15,171)
2026		137,520

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$3,198,430 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the City's proportionate share was 0.0735 percent which was an increase of 0.0147 percent from its proportionate share measured as of June 30, 2021.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$369,188 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$27,099 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$6,615 for the year ended December 31, 2020, 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.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

At December 31, 2022, the City reported its proportionate share of 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	\$ 181,890	\$ 3,735
Changes in Actuarial Assumptions	1,759,559	29,438
Net Difference Between Projected and Actual Earnings on Plan Investments	214,900	-
Changes in Proportion	107,289	68,731
Contributions Paid to PERA Subsequent to the Measurement Date	95,433	-
Total	\$ 2,359,071	\$ 101,904

The \$95,433 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 438,425
2024	432,406
2025	383,122
2026	641,665
2027	266,116

**E. Long-term Expected Return on Investments**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness return on a regular basis of the long-term expected rate of 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	100.00 %	



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

### F. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions occurred in 2022:

#### General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

#### Police and Fire Fund

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 since the prior valuation.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2022 was 6.50 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

**H. Pension Liability Sensitivity**

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

	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 2,401,941	\$ 1,520,646	\$ 797,849
Police and Fire Fund	4,840,413	3,198,430	1,870,984

**I. Pension Plan Fiduciary Net Position**

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



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 5: Postemployment Benefits Other Than Pensions**

**A. Plan Description**

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

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

**B. Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by LOGIS' Board of Directors. For the year ended December 31, 2022, the City's average contribution rate was 0.90 percent of covered-employee payroll. For the year 2022, the City's implicit contributions to the plan totaled \$23,375.

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$350,374 was measured as of December 31, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2020. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.05%	
20-Year Municipal Bond Yield	4.05%	
Inflation Rate	2.50%	
Salary Increases	N/A	
Medical Trend Rate	6.20% in 2022 decreasing 0.30% per year to an ultimate rate of 3.9%	

The discount rate used to measure the total OPEB liability was 3.40 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.

The actuarial assumptions used in the December 31, 2022 valuation was based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 5: Postemployment Benefits other than Pensions (Continued)**

**D. Changes in the Total OPEB Liability**

	Total OPEB Liability (a)
Balances at December 31, 2021	\$ 391,609
Changes for the Year:	
Service cost	25,166
Interest	8,344
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(51,370)
Benefit payments	(23,375)
Net Changes	<u>(41,235)</u>
Balances at December 31, 2022	<u>\$ 350,374</u>

**E. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.06 percent) or 1-percentage-point higher (3.06 percent) than the current discount rate:

1 Percent Decrease (3.05%)	Current (4.05%)	1 Percent Increase (5.05%)
\$ 375,246	\$ 350,374	\$ 327,329

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.75 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.75 percent increasing to 4.90 percent) than the current discount rate:

1 Percent Decrease (5.2% Decreasing 0.30% Per Year)	Healthcare Cost Trend Rates (6.2% Decreasing 0.50% Per Year)	1 Percent Increase (7.2% Decreasing 0.30% Per Year)
\$ 315,915	\$ 350,374	\$ 389,833

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$41,235. At December 31, 2022, there are no deferred outflows of resources or deferred inflows of resources related to OPEB.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 6: Other Information**

**A. Risk Management**

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

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

**B. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no outstanding debt subject to the limit.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022



City of Corcoran, Minnesota  
 Required Supplementary Information  
 For the Year Ended December 31, 2022

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0192 %	\$ 1,520,646	\$ 44,439	\$ 1,565,085	\$ 1,405,282	108.2 %	76.7 %
06/30/21	0.0159	679,001	20,754	699,755	1,136,701	59.7	87.0
06/30/20	0.0147	881,332	27,082	908,414	1,032,335	85.4	79.0
06/30/19	0.0133	735,327	22,832	758,159	941,564	78.1	80.2
06/30/18	0.0130	721,187	23,786	744,973	876,976	82.2	79.5
06/30/17	0.0111	708,617	8,921	717,538	715,840	99.0	75.9
06/30/16	0.0106	860,667	11,305	871,972	658,533	130.7	68.9
06/30/15	0.0102	528,617	-	528,617	306,733	172.3	78.2

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

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 110,142	\$ 110,142	\$ -	\$ 1,468,560	7.5 %
12/31/21	97,494	97,494	-	1,299,920	7.5
12/31/20	79,572	79,572	-	1,060,960	7.5
12/31/19	74,497	74,497	-	993,293	7.5
12/31/18	68,497	68,497	-	913,292	7.5
12/31/17	59,070	59,070	-	787,600	7.5
12/31/16	52,496	52,496	-	699,947	7.5
12/31/15	46,319	46,319	-	617,587	7.5

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

City of Corcoran, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - General Employee Fund**

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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



City of Corcoran, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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



City of Corcoran, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2022

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0735 %	\$ 3,198,430	\$ 139,705	\$ 3,338,135	\$ 900,268	355.3 %	70.5 %
06/30/21	0.0588	453,874	20,390	474,264	701,855	64.7	93.7
06/30/20	0.0691	910,812	21,449	932,261	780,391	116.7	87.2
06/30/19	0.0692	736,704	-	736,704	729,156	101.0	89.3
06/30/18	0.0655	698,163	-	698,163	689,830	101.2	88.8
06/30/17	0.0620	837,074	-	837,074	631,383	132.6	85.4
06/30/16	0.0510	2,046,719	-	2,046,719	656,142	311.9	63.9
06/30/15	0.0560	636,291	-	636,291	475,475	133.8	86.6

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

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

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

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

City of Corcoran, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

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

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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



City of Corcoran, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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



City of Corcoran, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2022

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

	2021	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 25,166	\$ 25,258	\$ 21,963	\$ 16,254	\$ 16,488
Interest	8,344	8,966	10,358	12,423	10,632
Differences between expected and actual experience	-	(20,208)	1	(29,562)	-
Changes in assumptions	(51,370)	(12,838)	21,220	81,749	(17,796)
Benefit payments	<u>(23,375)</u>	<u>(14,507)</u>	<u>(9,362)</u>	<u>(15,182)</u>	<u>(13,650)</u>
Net Change in Total OPEB Liability	(41,235)	(13,329)	44,180	65,682	(4,326)
Total OPEB Liability - Beginning	<u>391,609</u>	<u>404,938</u>	<u>360,758</u>	<u>295,076</u>	<u>299,402</u>
Total OPEB Liability - Ending	<u>\$ 350,374</u>	<u>\$ 391,609</u>	<u>\$ 404,938</u>	<u>\$ 360,758</u>	<u>\$ 295,076</u>
Covered - Employee Payroll	\$ 2,600,000	\$ 2,300,000	\$ 1,700,000	\$ 1,700,000	\$ 1,300,000
City's total OPEB liability as a percentage of covered employee payroll	13.5 %	17.0 %	23.8 %	21.2 %	22.7 %

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Corcoran, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2022

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and temporary investments	\$ 959,857	\$ 3,026,100	\$ 3,985,957
Accounts receivable	2,329	-	2,329
Total Assets	\$ 962,186	\$ 3,026,100	\$ 3,988,286
<b>Liabilities</b>			
Accounts payable	\$ 1,689	\$ 265,460	\$ 267,149
Unearned revenue	648,981	-	648,981
Total Liabilities	650,670	265,460	916,130
<b>Fund Balances</b>			
Restricted	243,067	2,240,084	2,483,151
Committed	70,916	-	70,916
Assigned	-	520,556	520,556
Unassigned	(2,467)	-	(2,467)
Total Fund Balance	311,516	2,760,640	3,072,156
Total Liabilities and Fund Balances	\$ 962,186	\$ 3,026,100	\$ 3,988,286



City of Corcoran, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2022

	Special Revenue	Capital Projects	Total
Revenues			
Intergovernmental	\$ 34,033	\$ 10,000	\$ 44,033
Charges for services	30,822	-	30,822
Interest on investments	2,235	21,207	23,442
Miscellaneous	66,411	27,385	93,796
Total Revenues	<u>133,501</u>	<u>58,592</u>	<u>192,093</u>
Expenditures			
Current			
General government	34,033	-	34,033
Public safety	44,085	-	44,085
Capital outlay			
General government	-	104,423	104,423
Public safety	35,930	275,962	311,892
Public works	-	684,208	684,208
Culture and recreation	-	251,668	251,668
Debt service			
Interest and other charges	-	65,220	65,220
Total Expenditures	<u>114,048</u>	<u>1,381,481</u>	<u>1,495,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,453</u>	<u>(1,322,889)</u>	<u>(1,303,436)</u>
Other Financing Sources (Uses)			
Transfers in	29,293	1,043,414	1,072,707
Bond issued	-	1,755,030	1,755,030
Premium on bonds issued	-	73,100	73,100
Transfers out	(4,575)	-	(4,575)
Sale of capital assets	-	10,708	10,708
Total Other Financing Sources (Uses)	<u>24,718</u>	<u>2,882,252</u>	<u>2,906,970</u>
Net Change in Fund Balances	44,171	1,559,363	1,603,534
Fund Balances, January 1	<u>267,345</u>	<u>1,201,277</u>	<u>1,468,622</u>
Fund Balances, December 31	<u>\$ 311,516</u>	<u>\$ 2,760,640</u>	<u>\$ 3,072,156</u>

City of Corcoran, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2022

	<b>201</b> Reserve Donation	<b>202</b> Police Donation	<b>204</b> Firearms Safety	<b>205</b> DWI Forfeiture
<b>Assets</b>				
Cash and temporary investments	\$ 14,398	\$ (778)	\$ 12,067	\$ 9,913
Accounts receivable	-	-	-	-
Total Assets	<u>\$ 14,398</u>	<u>\$ (778)</u>	<u>\$ 12,067</u>	<u>\$ 9,913</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,689	\$ -	\$ -
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,689</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	-	-	-	9,913
Committed	14,398	-	12,067	-
Unassigned	-	(2,467)	-	-
Total Fund Balances	<u>14,398</u>	<u>(2,467)</u>	<u>12,067</u>	<u>9,913</u>
Total Liabilities and Fund Balances	<u>\$ 14,398</u>	<u>\$ (778)</u>	<u>\$ 12,067</u>	<u>\$ 9,913</u>

<b>206</b> Drug Forfeiture	<b>207</b> Truck Safety	<b>208</b> Lawful Gambling	<b>209</b> Emergency Sirens	<b>210</b> ARPA	Total
\$ 2,761	\$ 5,212	\$ 228,064	\$ 39,239	\$ 648,981	\$ 959,857
-	-	2,329	-	-	2,329
<u>\$ 2,761</u>	<u>\$ 5,212</u>	<u>\$ 230,393</u>	<u>\$ 39,239</u>	<u>\$ 648,981</u>	<u>\$ 962,186</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,689
-	-	-	-	648,981	648,981
-	-	-	-	648,981	650,670
2,761	-	230,393	-	-	243,067
-	5,212	-	39,239	-	70,916
-	-	-	-	-	(2,467)
<u>2,761</u>	<u>5,212</u>	<u>230,393</u>	<u>39,239</u>	<u>-</u>	<u>311,516</u>
<u>\$ 2,761</u>	<u>\$ 5,212</u>	<u>\$ 230,393</u>	<u>\$ 39,239</u>	<u>\$ 648,981</u>	<u>\$ 962,186</u>



City of Corcoran, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2022

	<b>201</b> Reserve Donation	<b>202</b> Police Donation	<b>204</b> Firearms Safety	<b>205</b> DWI Forfeiture
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	9,187	-	435	-
Interest on investments	20	-	52	68
Miscellaneous	-	11,300	8,945	2,750
Total Revenues	<u>9,207</u>	<u>11,300</u>	<u>9,432</u>	<u>2,818</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	2,801	16,457	24,827	-
Capital outlay				
Public safety	-	-	-	-
Total Expenditures	<u>2,801</u>	<u>16,457</u>	<u>24,827</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,406</u>	<u>(5,157)</u>	<u>(15,395)</u>	<u>2,818</u>
Other Financing Sources (Uses)				
Transfers in	4,575	11,468	13,250	-
Transfers out	-	(4,575)	-	-
Total Other Financing Sources (Uses)	<u>4,575</u>	<u>6,893</u>	<u>13,250</u>	<u>-</u>
Net Change in Fund Balances	10,981	1,736	(2,145)	2,818
Fund Balances, January 1	<u>3,417</u>	<u>(4,203)</u>	<u>14,212</u>	<u>7,095</u>
Fund Balances, December 31	<u>\$ 14,398</u>	<u>\$ (2,467)</u>	<u>\$ 12,067</u>	<u>\$ 9,913</u>

206 Drug Forfeiture	207 Truck Safety	208 Lawful Gambling	209 Emergency Sirens	210 ARPA	Total
\$ -	\$ -	\$ -		\$ 34,033	\$ 34,033
-	-	-	21,200	-	30,822
19	35	1,521	296	224	2,235
-	1,400	42,016	-	-	66,411
<u>19</u>	<u>1,435</u>	<u>43,537</u>	<u>21,496</u>	<u>34,257</u>	<u>133,501</u>
-	-	-	-	34,033	34,033
-	-	-	-	-	44,085
-	-	-	35,930	-	35,930
-	-	-	<u>35,930</u>	<u>34,033</u>	<u>114,048</u>
<u>19</u>	<u>1,435</u>	<u>43,537</u>	<u>(14,434)</u>	<u>224</u>	<u>19,453</u>
-	-	-	-	-	29,293
-	-	-	-	-	(4,575)
-	-	-	-	-	24,718
19	1,435	43,537	(14,434)	224	44,171
<u>2,742</u>	<u>3,777</u>	<u>186,856</u>	<u>53,673</u>	<u>(224)</u>	<u>267,345</u>
<u>\$ 2,761</u>	<u>\$ 5,212</u>	<u>\$ 230,393</u>	<u>\$ 39,239</u>	<u>\$ -</u>	<u>\$ 311,516</u>

City of Corcoran, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2022

	<b>400</b>	<b>401</b>	<b>411</b>	<b>416</b>
	City Hall Remodel	Long Range Capital Planning	Public Works Facility	Capital Equip-Cert
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Assets				
Cash and temporary investments	\$ -	\$ 471,015	\$ 49,541	\$ 1,311,864
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 227,784
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances				
Restricted	-	-	-	1,084,080
Assigned	-	471,015	49,541	-
Total Fund Balance	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	471,015	49,541	1,084,080
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ -	\$ 471,015	\$ 49,541	\$ 1,311,864
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



419	420	425	
Hackamore Upgrade	Wetland Restoration	Pulte Encore	Total
<u>\$ 892,175</u>	<u>\$ 104,327</u>	<u>\$ 197,178</u>	<u>\$ 3,026,100</u>
<u>\$ 37,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,460</u>
854,499	104,327	197,178	2,240,084
<u>-</u>	<u>-</u>	<u>-</u>	<u>520,556</u>
<u>854,499</u>	<u>104,327</u>	<u>197,178</u>	<u>2,760,640</u>
<u>\$ 892,175</u>	<u>\$ 104,327</u>	<u>\$ 197,178</u>	<u>\$ 3,026,100</u>

City of Corcoran, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and  
 and Changes in Fund Balances  
 Changes in Fund Balances  
 For the Year Ended December 31, 2022

	<b>400</b>	<b>401</b>	<b>416</b>
	City Hall Remodel	Long Range Capital Planning	Capital Equip-Cert
Revenues			
Intergovernmental	\$ -	\$ -	\$ 10,000
Interest on investments	75	2,018	8,564
Miscellaneous	-	-	27,385
Total Revenues	<u>75</u>	<u>2,018</u>	<u>45,949</u>
Expenditures			
Capital outlay			
General government	6,556	-	97,867
Public safety	-	-	275,962
Public works	-	-	541,131
Culture and recreation	-	-	251,668
Debt service			
Interest and other charges	-	-	65,220
Total Expenditures	<u>6,556</u>	<u>-</u>	<u>1,231,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,481)</u>	<u>2,018</u>	<u>(1,185,899)</u>
Other Financing Sources (Uses)			
Transfers in	74,417	468,997	500,000
Bond issued	-	-	1,755,030
Premium on bonds issued	-	-	73,100
Sale of capital assets	-	-	10,708
Total Other Financing Sources (Uses)	<u>74,417</u>	<u>468,997</u>	<u>2,338,838</u>
Net Change in Fund Balances	67,936	471,015	1,152,939
Fund Balances, January 1	<u>(67,936)</u>	<u>-</u>	<u>(68,859)</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 471,015</u>	<u>\$ 1,084,080</u>

411	419	420	425	
Public Works Facility	Hackamore Upgrade	Wetland Restoration	Pulte Encore	Total
\$ -	\$ -	\$ -	\$ -	\$ 10,000
341	8,135	718	1,356	21,207
-	-	-	-	27,385
<u>341</u>	<u>8,135</u>	<u>718</u>	<u>1,356</u>	<u>58,592</u>
-	-	-	-	104,423
-	-	-	-	275,962
-	143,077	-	-	684,208
-	-	-	-	251,668
-	-	-	-	65,220
<u>-</u>	<u>143,077</u>	<u>-</u>	<u>-</u>	<u>1,381,481</u>
<u>341</u>	<u>(134,942)</u>	<u>718</u>	<u>1,356</u>	<u>(1,322,889)</u>
-	-	-	-	1,043,414
-	-	-	-	1,755,030
-	-	-	-	73,100
-	-	-	-	10,708
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,882,252</u>
341	(134,942)	718	1,356	1,559,363
49,200	989,441	103,609	195,822	1,201,277
<u>\$ 49,541</u>	<u>\$ 854,499</u>	<u>\$ 104,327</u>	<u>\$ 197,178</u>	<u>\$ 2,760,640</u>



City of Corcoran, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Continued on the Following Pages)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 5,149,711	\$ 5,149,711	\$ 5,177,703	\$ 27,992	\$ 4,481,789
Cable franchise fees	53,000	53,000	62,153	9,153	56,691
Total taxes	<u>5,202,711</u>	<u>5,202,711</u>	<u>5,239,856</u>	<u>37,145</u>	<u>4,538,480</u>
Licenses and permits					
Business	16,000	16,000	16,251	251	14,550
Nonbusiness	1,296,000	1,296,000	1,185,888	(110,112)	1,472,323
Total licenses and permits	<u>1,312,000</u>	<u>1,312,000</u>	<u>1,202,139</u>	<u>(109,861)</u>	<u>1,486,873</u>
Intergovernmental					
State					
Police state aid	87,100	87,100	86,037	(1,063)	192,833
State aid for streets	150,000	150,000	157,694	7,694	150,864
Other	41,845	41,845	40,499	(1,346)	38,810
County					
Recycling	14,000	14,000	13,846	(154)	13,962
Other	10,000	10,000	42,203	32,203	1,500
Total intergovernmental	<u>302,945</u>	<u>302,945</u>	<u>340,279</u>	<u>37,334</u>	<u>397,969</u>
Charges for services					
General government	45,150	45,150	77,194	32,044	63,170
Public safety	9,400	9,400	14,131	4,731	8,507
Streets and highways	5,000	5,000	18,198	13,198	59,497
Recycling	8,250	8,250	4,462	(3,788)	7,576
Parks	-	-	2,616	2,616	-
Total charges for services	<u>67,800</u>	<u>67,800</u>	<u>116,601</u>	<u>48,801</u>	<u>138,750</u>
Fines and forfeitures	<u>40,000</u>	<u>40,000</u>	<u>21,979</u>	<u>(18,021)</u>	<u>7,558</u>
Special assessments	-	-	-	-	34,802
Interest (loss) on investments	<u>8,000</u>	<u>8,000</u>	<u>45,356</u>	<u>37,356</u>	<u>(1,542)</u>
Miscellaneous					
Contributions and donations	-	-	1,250	1,250	998
Other	185,180	185,180	331,630	146,450	115,326
Total miscellaneous	<u>185,180</u>	<u>185,180</u>	<u>332,880</u>	<u>147,700</u>	<u>116,324</u>
Total Revenues	<u>7,118,636</u>	<u>7,118,636</u>	<u>7,299,090</u>	<u>180,454</u>	<u>6,719,214</u>

City of Corcoran, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Continued)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City council					
Personal services	\$ 20,735	\$ 20,735	\$ 20,733	\$ 2	\$ 17,778
Supplies	9,500	9,500	3,429	6,071	5,003
Other services and charges	-	-	102	(102)	-
Total city council	<u>30,235</u>	<u>30,235</u>	<u>24,264</u>	<u>5,971</u>	<u>22,781</u>
Newspaper/newsletter					
Other services and charges	<u>15,000</u>	<u>15,000</u>	<u>8,434</u>	<u>6,566</u>	<u>11,148</u>
Administrator					
Personal services	181,637	181,637	167,625	14,012	177,914
Supplies	5,500	5,500	2,439	3,061	1,838
Other services and charges	2,600	2,600	23,106	(20,506)	1,257
Total administrator	<u>189,737</u>	<u>189,737</u>	<u>193,170</u>	<u>(3,433)</u>	<u>181,009</u>
Administration					
Personal services	311,547	311,547	188,540	123,007	368,863
Supplies	7,000	7,000	964	6,036	5,381
Other services and charges	20,455	20,455	22,309	(1,854)	3,803
Total administration	<u>339,002</u>	<u>339,002</u>	<u>211,813</u>	<u>127,189</u>	<u>378,047</u>
Elections					
Supplies	<u>2,000</u>	<u>2,000</u>	<u>5,090</u>	<u>(3,090)</u>	<u>2,224</u>
Finance					
Personal services	228,633	228,633	211,991	16,642	-
Supplies	4,000	4,000	1,720	2,280	-
Other services and charges	43,750	43,750	49,659	(5,909)	45,360
Total finance	<u>276,383</u>	<u>276,383</u>	<u>263,370</u>	<u>13,013</u>	<u>45,360</u>
Assessor					
Supplies	1,000	1,000	13	987	-
Other services and charges	101,000	101,000	118,000	(17,000)	94,000
Total assessor	<u>102,000</u>	<u>102,000</u>	<u>118,013</u>	<u>(16,013)</u>	<u>94,000</u>
Legal services					
Other services and charges	<u>38,000</u>	<u>38,000</u>	<u>51,931</u>	<u>(13,931)</u>	<u>51,972</u>
Planning and zoning					
Personal services	134,418	134,418	125,536	8,882	81,397
Supplies	1,500	1,500	843	657	2,549
Other services and charges	51,407	51,407	102,053	(50,646)	102,170
Total planning and zoning	<u>187,325</u>	<u>187,325</u>	<u>228,432</u>	<u>(41,107)</u>	<u>186,116</u>
Information technology					
Supplies	61,500	61,500	99,205	(37,705)	62,664
Other services and charges	115,000	115,000	140,284	(25,284)	89,019
Total information technology	<u>176,500</u>	<u>176,500</u>	<u>239,489</u>	<u>(62,989)</u>	<u>151,683</u>

City of Corcoran, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Continued)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Central services					
Supplies	\$ 37,250	\$ 37,250	\$ 74,480	\$ (37,230)	\$ 65,134
Other services and charges	199,900	199,900	225,477	(25,577)	233,909
Total central services	<u>237,150</u>	<u>237,150</u>	<u>299,957</u>	<u>(62,807)</u>	<u>299,043</u>
Total general government	<u>1,593,332</u>	<u>1,593,332</u>	<u>1,643,963</u>	<u>(50,631)</u>	<u>1,423,383</u>
Public safety					
Police					
Personal services	1,740,938	1,740,938	1,752,530	(11,592)	1,333,800
Supplies	102,250	102,250	140,809	(38,559)	117,615
Other services and charges	163,800	163,800	325,293	(161,493)	262,495
Total police	<u>2,006,988</u>	<u>2,006,988</u>	<u>2,218,632</u>	<u>(211,644)</u>	<u>1,713,910</u>
Fire					
Other services and charges	<u>427,000</u>	<u>427,000</u>	<u>445,934</u>	<u>(18,934)</u>	<u>384,241</u>
Code enforcement					
Personal services	-	-	354	(354)	-
Other services and charges	20,000	20,000	23,451	(3,451)	33,776
Total code enforcement	<u>20,000</u>	<u>20,000</u>	<u>23,805</u>	<u>(3,805)</u>	<u>33,776</u>
Building inspection					
Personal services	159,931	159,931	158,845	1,086	133,517
Other services and charges	470,000	470,000	256,374	213,626	567,722
Total police	<u>629,931</u>	<u>629,931</u>	<u>415,219</u>	<u>214,712</u>	<u>701,239</u>
Total public safety	<u>3,083,919</u>	<u>3,083,919</u>	<u>3,103,590</u>	<u>(19,671)</u>	<u>2,833,166</u>
Public works					
Streets and highways					
Personal services	1,233,254	1,233,254	962,695	270,559	798,005
Supplies	461,000	461,000	518,983	(57,983)	588,951
Other services and charges	364,100	364,100	482,633	(118,533)	198,915
Total streets and highways	<u>2,058,354</u>	<u>2,058,354</u>	<u>1,964,311</u>	<u>94,043</u>	<u>1,585,871</u>
Snow and ice removal					
Supplies	<u>53,000</u>	<u>53,000</u>	<u>45,351</u>	<u>7,649</u>	<u>40,350</u>
Engineering					
Other services and charges	<u>60,000</u>	<u>60,000</u>	<u>87,926</u>	<u>(27,926)</u>	<u>126,538</u>



City of Corcoran, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Continued)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Recycling					
Supplies	\$ 3,500	\$ 3,500	\$ 3,987	\$ (487)	\$ 2,980
Other services and charges	10,000	10,000	8,523	1,477	7,483
Total recycling	<u>13,500</u>	<u>13,500</u>	<u>12,510</u>	<u>990</u>	<u>10,463</u>
Total public works	<u>2,184,854</u>	<u>2,184,854</u>	<u>2,110,098</u>	<u>74,756</u>	<u>1,763,222</u>
Culture and recreation					
Parks					
Personal services	150,982	150,982	110,256	40,726	121,524
Supplies	86,980	86,980	65,902	21,078	73,825
Other services and charges	22,300	22,300	31,422	(9,122)	25,508
Total parks	<u>260,262</u>	<u>260,262</u>	<u>207,580</u>	<u>52,682</u>	<u>220,857</u>
Total current	<u>7,122,367</u>	<u>7,122,367</u>	<u>7,065,231</u>	<u>57,136</u>	<u>6,240,628</u>
Capital outlay					
General government	6,000	6,000	-	6,000	-
Public safety	10,000	10,000	-	10,000	-
Public works	5,000	5,000	11,519	(6,519)	20,930
Culture and recreation	40,000	40,000	40,499	(499)	57,035
Total capital outlay	<u>61,000</u>	<u>61,000</u>	<u>52,018</u>	<u>8,982</u>	<u>77,965</u>
Total Expenditures	<u>7,183,367</u>	<u>7,183,367</u>	<u>7,117,249</u>	<u>66,118</u>	<u>6,318,593</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,731)</u>	<u>(64,731)</u>	<u>181,841</u>	<u>246,572</u>	<u>400,621</u>
Other Financing Sources (Uses)					
Transfers in	454,148	454,148	449,092	(5,056)	269,164
Transfers out	(389,417)	(389,417)	(1,198,349)	(808,932)	-
Sale of capital assets	-	-	63,858	63,858	-
Total Other Financing Sources (Uses)	<u>64,731</u>	<u>64,731</u>	<u>(685,399)</u>	<u>(750,130)</u>	<u>269,164</u>
Net Change in Fund Balances	-	-	(503,558)	(503,558)	669,785
Fund Balances, January 1	<u>3,591,265</u>	<u>3,591,265</u>	<u>3,591,265</u>	<u>-</u>	<u>2,921,480</u>
Fund Balances, December 31	<u>\$ 3,591,265</u>	<u>\$ 3,591,265</u>	<u>\$ 3,087,707</u>	<u>\$ (503,558)</u>	<u>\$ 3,591,265</u>



City of Corcoran, Minnesota  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 December 31, 2022

	309 G.O. Equipment Certificates	311 2020B G.O. Bonds	312 2016A G.O. Bonds	313 2018A G.O. Bonds	Total
<b>Assets</b>					
Cash and temporary investments	\$ 156,721	\$ 141,467	\$ (365,022)	\$ 113,262	\$ 46,428
Special assessments receivable	-	-	299,903	-	299,903
Due from other governments	-	-	868	-	868
<b>Total Assets</b>	<u>\$ 156,721</u>	<u>\$ 141,467</u>	<u>\$ (64,251)</u>	<u>\$ 113,262</u>	<u>\$ 347,199</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - special assessments	-	-	299,903	-	299,903
<b>Fund Balances</b>					
Restricted for debt service	<u>156,721</u>	<u>141,467</u>	<u>(364,154)</u>	<u>113,262</u>	<u>47,296</u>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 156,721</u>	<u>\$ 141,467</u>	<u>\$ (64,251)</u>	<u>\$ 113,262</u>	<u>\$ 347,199</u>

City of Corcoran, Minnesota  
 Nonmajor Debt Service Funds  
 Combining Schedule of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2022

	309 G.O. Equipment Certificates	311 2020B G.O. Bonds	312 2016A G.O. Bonds	313 2018A G.O. Bonds	Total
Revenues					
Taxes	\$ 225,488	\$ 222,484	\$ -	\$ 111,746	\$ 559,718
Special assessments	-	-	93,091	-	93,091
Interest on investments	479	606	-	497	1,582
Total Revenues	<u>225,967</u>	<u>223,090</u>	<u>93,091</u>	<u>112,243</u>	<u>654,391</u>
Expenditures					
Debt service					
Principal	175,000	145,000	230,000	70,000	620,000
Interest and other charges	31,825	53,835	33,580	32,475	151,715
Total Expenditures	<u>206,825</u>	<u>198,835</u>	<u>263,580</u>	<u>102,475</u>	<u>771,715</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,142</u>	<u>24,255</u>	<u>(170,489)</u>	<u>9,768</u>	<u>(117,324)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	63,080	-	63,080
Bonds issued	44,970	-	-	-	44,970
Total Other Financing Sources (Uses)	<u>44,970</u>	<u>-</u>	<u>63,080</u>	<u>-</u>	<u>108,050</u>
Net Change in Fund Balances	64,112	24,255	(107,409)	9,768	(9,274)
Fund Balances, January 1	<u>92,609</u>	<u>117,212</u>	<u>(256,745)</u>	<u>103,494</u>	<u>56,570</u>
Fund Balances, December 31	<u>\$ 156,721</u>	<u>\$ 141,467</u>	<u>\$ (364,154)</u>	<u>\$ 113,262</u>	<u>\$ 47,296</u>

City of Corcoran, Minnesota  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For the Years Ended December 31, 2022 and 2021

	Total		Percent Increase (Decrease)
	2022	2021	
<b>Revenues</b>			
Taxes	\$ 5,799,574	\$ 5,136,066	12.92 %
Licenses and permits	1,202,139	1,486,873	(19.15)
Intergovernmental	416,211	398,516	4.44
Charges for services	1,824,839	979,371	86.33
Fines and forfeitures	21,979	11,758	86.93
Special assessments	128,403	176,304	(27.17)
Interest on investments	98,669	1,237	7,876.48
Miscellaneous	4,715,826	2,361,737	99.68
<b>Total Revenues</b>	<b>\$ 14,207,640</b>	<b>\$ 10,551,862</b>	<b>34.65 %</b>
Per Capita	\$ 2,124	\$ 1,706	24.52 %
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 1,677,996	\$ 1,457,129	15.16 %
Public safety	3,147,675	2,826,992	11.34
Public works	2,110,098	1,763,222	19.67
Culture and recreation	207,580	220,887	(6.02)
<b>Capital outlay</b>			
General government	104,423	589,661	(82.29)
Public safety	311,892	138,921	124.51
Public works	5,963,828	4,242,680	40.57
Culture and recreation	292,520	95,089	207.63
<b>Debt service</b>			
Principal	620,000	3,995,000	(84.48)
Interest and other charges	216,935	196,272	10.53
<b>Total Expenditures</b>	<b>\$ 14,652,947</b>	<b>\$ 15,525,853</b>	<b>(5.62) %</b>
Per Capita	\$ 2,191	\$ 2,510	(12.72) %
<b>Total Long-term Indebtedness</b>	<b>\$ 9,066,068</b>	<b>\$ 7,838,253</b>	<b>15.66 %</b>
Per Capita	1,356	1,267	
<b>General Fund Balance - December 31</b>	<b>\$ 3,087,707</b>	<b>\$ 3,591,265</b>	<b>(14.02) %</b>
Per Capita	462	581	

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

OTHER REQUIRED REPORT

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022



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**INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Corcoran, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Corcoran, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 15, 2024.

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

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

**Abdo**  
Minneapolis, Minnesota  
January 15, 2024