

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 21, 2022**

**NEW ISSUE  
NOT BANK QUALIFIED**

**BOOK ENTRY ONLY  
MOODY'S RATING "Aa3"**

*In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Certificates or arising with respect to ownership of the Certificates. See "Tax Exemption" herein for additional information.*

**CITY OF CORCORAN, MINNESOTA  
\$1,860,000\***

**General Obligation Equipment Certificates of Indebtedness, Series 2022A**

**Dated Date: Date of Delivery (Estimated to be June 2, 2022)**

**Interest Due: Each February 1 and August 1  
Commencing February 1, 2023**

<u>Amount*</u>	<u>Rate</u>	<u>Maturity*</u>	<u>Yield</u>	<u>Price</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity*</u>	<u>Yield</u>	<u>Price</u>
\$190,000	_____ %	2/1/2024	_____ %	_____	\$210,000	_____ %	2/1/2029	_____ %	_____
195,000	_____	2/1/2025	_____	_____	215,000	_____	2/1/2030	_____	_____
200,000	_____	2/1/2026	_____	_____	220,000	_____	2/1/2031	_____	_____
200,000	_____	2/1/2027	_____	_____	225,000	_____	2/1/2032	_____	_____
205,000	_____	2/1/2028	_____	_____					

The General Obligation Equipment Certificates of Indebtedness, Series 2022A (the "Certificates" or the "Issue") are being issued by the City of Corcoran, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapter 475 and Sections 410.32 and 412.301, as amended. Proceeds of the Certificates will be used to finance the purchase of equipment and to pay costs associated with issuance of the Certificates. See *Authority and Purpose* herein for additional information.

The Certificates are valid and binding general obligations of the City and are payable from ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See *Security/Sources and Uses of Funds* herein for additional information.

The Certificates maturing on February 1, 2031 and thereafter are subject to redemption, in whole or in part, on February 1, 2030 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Certificates is payable annually on February 1, commencing February 1, 2024. Interest due with respect to the Certificates is payable semiannually on February 1 and August 1, commencing February 1, 2023. The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Certificates. See "Book-Entry System" in *Description of the Certificates* herein for additional information. The Paying Agent/Registrar will be Northland Trust Services Inc., Minneapolis, Minnesota.

**Proposals: Thursday, April 28, 2022 10:00 A.M., Central Time**

**Award: Thursday, April 28, 2022 7:00 P.M., Central Time**

Bids may contain a maturity schedule providing for any combination of serial or term Certificates. All term certificates shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$1,834,890 (98.65%) and accrued interest on the total principal amount of the Certificates. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* A Good Faith Deposit (the "Deposit") in the amount of \$37,200, in the form of a federal wire transfer payable to the order of the City, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Certificates will be on the basis of True Interest Cost (TIC).

\* Preliminary, subject to change.



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THE CERTIFICATES ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE CERTIFICATES BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE CERTIFICATES. CLOSING DATE IS ESTIMATED TO BE JUNE 2, 2022.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERS MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER(S). NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER(S).

WITHIN THE MEANING OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12, THE INFORMATION INCLUDED IN THE PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL BY THE ISSUER AS OF ITS DATE AND IS ACCURATE AND COMPLETE IN ALL MATERIAL RESPECTS, EXCEPT FOR THE OMISSION OF THE OFFERING PRICE(S), INTEREST RATE(S), SELLING COMPENSATION, AGGREGATE PRINCIPAL AMOUNT, PRINCIPAL AMOUNT PER MATURITY, DELIVERY DATE, RATING(S), OTHER TERMS OF THE ISSUE DEPENDING ON SUCH MATTERS, AND THE IDENTITY OF THE UNDERWRITER(S).

## SUMMARY OF OFFERING

**City of Corcoran, Minnesota**  
**\$1,860,000 \***  
**General Obligation Equipment Certificates of Indebtedness, Series 2022A**  
*(Book-Entry Only)*

AMOUNT -	\$1,860,000																								
ISSUER -	City of Corcoran, Minnesota (the “City” or the “Issuer”)																								
AWARD DATE -	April 28, 2022																								
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920																								
TYPE OF ISSUE -	General Obligation Equipment Certificates of Indebtedness, Series 2022A (the “Certificates” or the “Issue”)																								
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Equipment Certificates of Indebtedness, Series 2022A (the “Certificates”) are being issued by the City of Corcoran, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapter 475 and Sections 410.32 and 412.301, as amended. Proceeds of the Certificates will be used to finance the purchase of equipment and to pay costs associated with issuance of the Certificates. The Certificates are valid and binding general obligations of the City and are payable from ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																								
DATE OF ISSUE -	Date of Delivery (Estimated to be June 2, 2022)																								
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing February 1, 2023, to registered owners of the Certificates appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).																								
MATURITIES* -																									
	<table><tr><td>2/1/2024</td><td>\$190,000</td><td>2/1/2027</td><td>\$200,000</td><td>2/1/2029</td><td>\$210,000</td><td>2/1/2031</td><td>\$220,000</td></tr><tr><td>2/1/2025</td><td>195,000</td><td>2/1/2028</td><td>205,000</td><td>2/1/2030</td><td>215,000</td><td>2/1/2032</td><td>225,000</td></tr><tr><td>2/1/2026</td><td>200,000</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	2/1/2024	\$190,000	2/1/2027	\$200,000	2/1/2029	\$210,000	2/1/2031	\$220,000	2/1/2025	195,000	2/1/2028	205,000	2/1/2030	215,000	2/1/2032	225,000	2/1/2026	200,000						
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2/1/2025	195,000	2/1/2028	205,000	2/1/2030	215,000	2/1/2032	225,000																		
2/1/2026	200,000																								
REDEMPTION -	The Certificates maturing on February 1, 2031 and thereafter are subject to redemption, in whole or in part, on February 1, 2030 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Certificates</i> herein for additional information.																								
BOOK-ENTRY -	The Certificates will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Certificates.																								
PAYING AGENT/REGISTRAR -	Northland Trust Services Inc., Minneapolis, Minnesota																								
TAX DESIGNATIONS -	<u>NOT Private Activity Certificates</u> - The Certificates are not “private activity Certificates” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). <u>Not Bank Qualified Tax-Exempt Obligations</u> - The City will not designate the Certificates as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.																								
LEGAL OPINION -	Kennedy & Graven, Chartered, Minneapolis, Minnesota (“Bond Counsel”)																								
CERTIFICATE RATING -	The City received an underlying rating of “Aa3” from Moody’s Investors Service (“Moody’s”). See <i>Certificate Rating</i> herein for additional information																								
CLOSING -	Estimated to be June 2, 2022																								
PRIMARY CONTACTS -	Maggie Ung, Finance Manager, City of Corcoran, Minnesota 763-400-7032 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964																								

\* Preliminary, subject to change.

**CITY OF CORCORAN, MINNESOTA**

**PRINCIPAL CITY OFFICIALS**

**Elected Officials**

**City Council**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tom Mckee	Mayor	12/31/22
Jonathan Bottema	Council Member	12/31/24
Jeremy Nichols	Council Member	12/31/22
Alan Schultz	Council Member	12/31/22
Dean Vehrenkamp	Council Member (Appointed)	11/30/22

**Primary Contacts**

Jessica Beise	City Administrator
Maggie Ung	Finance Manager
Carson, Clelland & Schreder	City Attorney

**BOND COUNSEL**

Kennedy & Graven, Chartered  
Minneapolis, Minnesota

**MUNICIPAL ADVISOR**

Northland Securities, Inc.  
Minneapolis, Minnesota

## **NOTICE OF SALE**

\$1,860,000\*

GENERAL OBLIGATION EQUIPMENT CERTIFICATES OF INDEBTEDNESS, SERIES 2022A

CITY OF CORCORAN, MINNESOTA  
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Certificates will be offered for sale according to the following terms:

### **TIME AND PLACE:**

Proposals (also referred to herein as “bids”) will be opened by the City Administrator, or designee, on Thursday, April 28, 2022, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the City’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Thursday, April 28, 2022 at 7:00 P.M., CT.

### **SUBMISSION OF PROPOSALS**

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) faxed to Northland Securities, Inc. at 612-851-5918,
- c) emailed to PublicSale@northlandsecurities.com,
- d) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4968, or
- e) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Thursday, April 28, 2022. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

Neither the City nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Certificates regardless of the manner in which the Proposal is submitted.

### **BOOK-ENTRY SYSTEM**

The Certificates will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Certificates will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Certificates maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Certificates.

Individual purchases of the Certificates may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the City through Northland Trust Services, Inc. Minneapolis, Minnesota (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Certificates. Transfer of principal and interest

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\* The City reserves the right to increase or decrease the principal amount of the Certificates. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Certificates, will be required to deposit the bond certificates with DTC. The City will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

**DATE OF ORIGINAL ISSUE OF CERTIFICATES**

Date of Delivery (Estimated to be June 2, 2022)

**AUTHORITY/PURPOSE/SECURITY**

The Certificates are being issued pursuant to Minnesota Statutes, Chapter 475 and Sections 410.32 and 412.301, as amended. Proceeds will be used to finance the purchase of equipment and to pay costs associated with the issuance of the Certificates. The Certificates are payable from ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

**INTEREST PAYMENTS**

Interest is due semiannually on each February 1 and August 1, commencing February 1, 2023, to registered owners of the Certificates appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding such interest payment date.

**MATURITIES**

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$190,000	2027	\$200,000	2030	215,000
2025	195,000	2028	205,000	2031	220,000
2026	200,000	2029	210,000	2032	225,000

Proposals for the Certificates may contain a maturity schedule providing for any combination of serial certificates and term certificates, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

**INTEREST RATES**

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* All Certificates of the same maturity must bear a single uniform rate from date of issue to maturity.

**ESTABLISHMENT OF ISSUE PRICE**

**(HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)**

The winning bidder shall assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City’s Municipal Advisor and any notice or report to be provided to the City may be provided to the City’s Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the “competitive sale requirements”) because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal certificates who have established industry reputations for underwriting new issuances of municipal certificates; and
- (4) the City anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.**

In the event that the competitive sale requirements are not satisfied, the City shall promptly so advise the winning bidder. The City may then determine to treat the initial offering price to the public as of the award date of the Certificates as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the “Hold-the-Offering-Price Rule”). Bids will **not** be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to the Certificates. **Bidders should prepare their bids on the assumption that the Certificates will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Certificates.**

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Certificates and ending on the **earlier** of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the award date; or
- (2) the date on which the underwriters have sold at least 10% of a maturity of the Certificates to the public at a price that is no higher than the Initial Offering Price to the public (the “10% Test”), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Certificates, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Certificates, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Certificates.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement

and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Certificates that to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public, and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

*Notes: Sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:*

- (1) "public" means any person other than an underwriter or a related party,*
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public).*
- (3) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- (4) "sale date" means the date that the Certificates are awarded by the City to the winning bidder.*



## **ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS**

The City reserves the right to increase or decrease the principal amount of the Certificates. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the City and shall be at the sole discretion of the City. The successful bidder may not withdraw or modify its Proposal once submitted to the City for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

## **OPTIONAL REDEMPTION**

Certificates maturing on February 1, 2031 and 2032 are subject to redemption and prepayment at the option of the City on February 1, 2030 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Certificates subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Certificates having a common maturity date are called for prepayment, the specific Certificates to be prepaid shall be chosen by lot by the Bond Registrar.

## **CUSIP NUMBERS**

If the Certificates qualify for assignment of CUSIP numbers such numbers will be printed on the Certificates, but neither the failure to print such numbers on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Certificates in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

## **DELIVERY**

Delivery of the Certificates will be within thirty-five days after award, subject to an approving legal opinion by Kennedy & Graven, Chartered, Bond Counsel. The legal opinion will be paid by the City and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

## **TYPE OF PROPOSAL**

Proposals of not less than \$1,834,890 (98.65%) and accrued interest on the principal sum of \$1,860,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Certificates should be delivered to Northland Securities, Inc. and addressed to:

Maggie Ung, Finance Manager  
Corcoran City Hall  
8200 County Road 116  
Corcoran, MN 55340

A good faith deposit (the "Deposit") in the amount of \$37,200 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Certificates to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The City will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the City. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the City scheduled for award of the Certificates is adjourned, recessed, or continued to another date without award of the Certificates having been made.

### **AWARD**

The Certificates will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The City's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Certificates will be awarded by lot. The City will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Certificates, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the City determines to have failed to comply with the terms herein.

### **INFORMATION FROM SUCCESSFUL BIDDER**

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Certificates necessary to compute the yield on the Certificates pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

### **OFFICIAL STATEMENT**

By awarding the Certificates to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Certificates are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

### **FULL CONTINUING DISCLOSURE UNDERTAKING**

The City will covenant in the resolution awarding the sale of the Certificates and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the City, and notices of certain material events, as required by SEC Rule 15c2-12.

### **NOT BANK QUALIFIED**

The City will not designate the Certificates as bank qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **CERTIFICATE INSURANCE AT UNDERWRITER'S OPTION**

If the Certificates qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Certificates. Any increase in the costs of issuance of the Certificates resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Certificates from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Certificates have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Certificates.

The City reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: February 24, 2022

BY ORDER OF THE CORCORAN CITY COUNCIL

/s/ Jessica Beise  
City Administrator

Additional information may be obtained from:

Northland Securities, Inc.

150 South 5<sup>th</sup> Street, Suite 3300

Minneapolis, Minnesota 55402

Telephone No.: 612-851-5900

## EXHIBIT A

### *(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)*

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the [“Purchaser”] [“Representative,” on behalf of itself and other underwriters listed below (collectively, the “Underwriting Group”)], with respect to the sale and issuance of the General Obligation Equipment Certificates of Indebtedness, Series 2022A (the “Certificates”), issued by the City of Corcoran, Minnesota (the “Issuer”), in the original aggregate principal amount of \$ \_\_\_\_\_, certifies as follows:

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Certificates to the Public by the [Purchaser] [Underwriting Group] are the prices listed in EXHIBIT A attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices of the Maturities of the Certificates used by the [Purchaser] [Underwriting Group] in formulating its bid to purchase the Certificates. Attached hereto as EXHIBIT B is a true and correct copy of the bid provided by the [Purchaser] [Underwriting Group] to purchase the Certificates.

(b) The [Purchaser] [Underwriting Group] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the [Purchaser] [Underwriting Group] constituted a firm offer to purchase the Certificates.

(d) Capitalized terms that are used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Certificates for an aggregate purchase price of \$ \_\_\_\_\_ (par amount of Certificates of \$ \_\_\_\_\_, plus original issue premium of \$ \_\_\_\_\_, less original issue discount of \$ \_\_\_\_\_, less [a Purchaser’s] [an underwriter’s] discount of \$ \_\_\_\_\_), plus accrued interest in the amount of \$ \_\_\_\_\_.

3. Receipt of Certificates. The undersigned hereby acknowledges receipt of \$ \_\_\_\_\_ in original aggregate principal amount of the Certificates from the Issuer, fully executed and authenticated. [The [Purchaser] [Representative] has paid to [NAME OF INSURER] the sum of \$ \_\_\_\_\_ as a premium for an insurance policy for the Certificates.]

4. Representations. The representations set forth in this Certificate of Purchaser (the “Certificate”) are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Certificates; and (ii) Kennedy & Graven, Chartered, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Information Return for Tax-Exempt Governmental Certificates, Form 8038-G (Rev. October 2021), and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

5. Defined Terms.

(a) “Maturity” means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party”

for purposes of this Certificate means, with respect to a purchaser of the Certificates, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is April 28, 2022.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

**[PURCHASER] [REPRESENTATIVE]**

By \_\_\_\_\_

Name \_\_\_\_\_

Its \_\_\_\_\_

[Account Members:]

*(ISSUE PRICE CERTIFICATE – HOLD THE PRICE)*

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the [“Purchaser”] [“Representative,” on behalf of itself and other underwriters listed below (collectively, the “Underwriting Group”)]), with respect to the sale and issuance of the General Obligation Equipment Certificates of Indebtedness, Series 2022A (the “Certificates”), by the City of Corcoran, Minnesota (the “Issuer”), in the original aggregate principal amount of \$ \_\_\_\_\_, certifies as follows:

1. Initial Offering Price for the Certificates.

(a) The [Purchaser] [Underwriting Group] offered each Maturity of the Certificates to the Public for purchase at the respective initial offering prices listed in EXHIBIT A attached hereto (the “Initial Offering Prices”). A copy of the pricing wire or equivalent communication for the Certificates is attached hereto as EXHIBIT A. Capitalized terms used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

(b) As set forth in the Notice of Sale and the bid award, the [Purchaser has] [members of the Underwriting Group have] agreed in writing that, (i) for each Maturity of the Certificates, [it] [they] would neither offer nor sell any of the Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and

any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Certificates at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Certificates for an aggregate purchase price of \$\_\_\_\_\_ (par amount of Certificates of \$\_\_\_\_\_, plus original issue premium of \$\_\_\_\_\_, less original issue discount of \$\_\_\_\_\_, less [a Purchaser's] [an underwriter's] discount of \$\_\_\_\_\_).

3. Receipt of Certificates. The undersigned hereby acknowledges receipt of \$\_\_\_\_\_ in original aggregate principal amount of the Certificates from the Issuer, fully executed and authenticated.

4. Representations. The representations set forth in this Certificate of Purchaser (the "Certificate") are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Certificates; and (ii) Kennedy & Graven, Chartered, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Information Return for Tax-Exempt Governmental Certificates, Form 8038 G (Rev. October 2021), and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

5. Defined Terms.

(a) "Holding Period" means, with respect to each Maturity of the Certificates, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the [Purchaser has] [Underwriters have] sold at least ten percent (10%) of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) "Maturity" means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate means, with respect to a purchaser of the Certificates, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is April 28, 2022.

(e) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

**[PURCHASER] [REPRESENTATIVE]**

By \_\_\_\_\_

Name \_\_\_\_\_

Its \_\_\_\_\_

## **AUTHORITY AND PURPOSE**

The General Obligation Equipment Certificates of Indebtedness, Series 2022A (the “Certificates” or the “Issue”) are being issued by the City of Corcoran, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapter 475 and Sections 410.32 and 412.301, as amended. Proceeds from issuance of the Certificates will be used to finance the purchase of equipment and to pay costs associated with issuance of the Certificates.

## **SECURITY/SOURCES AND USES OF FUNDS**

### **Security**

The Certificates are valid and binding general obligations of the City and are payable from ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount.

### **Sources and Uses of Funds**

Following are the sources and uses of funds in connection with the issuance of the Certificates.

#### *Sources of Funds*

Par Amount of Certificates	\$ <u>1,860,000*</u>
Total Sources of Funds:	\$ <u>1,860,000</u>

#### *Uses of Funds*

Deposit to Construction Fund	\$ 1,760,000
Costs of Issuance/Underwriter’s Discount	69,245
Capitalized Interest Fund	28,980
Rounding Amount	<u>1,775</u>
Total Uses of Funds:	\$ <u>1,860,000</u>

## **CERTIFICATEHOLDERS’ RISKS**

An investment in the Certificates involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Certificates are an appropriate investment.

### **COVID-19 Pandemic**

On March 11, 2020, the World Health Organization proclaimed the novel strain of Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. As the federal, state and local governments, including the Issuer, continue efforts to contain and limit the spread of COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the Issuer and its ability to fund debt obligations, including the Certificates in accordance with their terms. The Issuer is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the Issuer or its ongoing financial

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\* Preliminary, subject to change.



position.

### City's Response to the COVID-19 Pandemic

The City of Corcoran closed City Hall to the public on March 18, 2020 due to the COVID-19 pandemic. Most services were adapted to be done virtually. The City Council adopted a resolution declaring a local emergency on March 20, 2020. An Emergency Operations Center ("EOC") was activated on March 23, 2020. The City adopted a COVID-19 Preparedness Plan, which it is currently implementing. City Hall is currently open from 9:00 a.m. to 1:00 p.m., Monday through Friday. City Hall will open for regular hours at the beginning of the absentee voting period.

In 2020, staff hiring was temporarily frozen, as were major expenditures. The Recreation Coordinator transitioned into the EOC Manager role to coordinate activities throughout the organization. The early and aggressive response by the City allowed for the City to take quick action to obtain the necessary personal protective equipment and align operations to continue business as usual. Hiring has returned to normal at the end of the emergency declaration on July 1<sup>st</sup>, 2021 and the EOC Manager returned to the role of Recreation Coordinator.

There have been minimal organizational impacts financially and revenues are exceeding expectations, primarily led by new home construction. In 2021, the City received nearly \$440,000 in CARES funding which covered a significant amount of necessary costs related to the COVID-19 response. Additionally, the City received ARPA grant of \$341,507. Effective January 28, 2022 through December 31, 2022, the City of Corcoran has reinstated the COVID-19 Pay program.

### Impact of COVID-19 on the City's Finances

Currently, property tax revenue and all other revenues are on budget or higher than anticipated.

### Impact of COVID -19 on the City's Major Employers and Largest Taxpayers

Three local bars closed during the pandemic, two of which have since re-opened for business. All other businesses have remained open during the pandemic.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that such Certificates can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, any secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Certificates.

### **Ratings Loss**

Moody's Investors Service has assigned a rating of "Aa3" to the Certificates. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Certificates.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Certificates.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Certificates.

## **Tax Exemption, Bank Qualification and Loss of Tax Exemption**

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Certificates may fall for purposes of resale. Noncompliance following the issuance of the Certificates with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and post-issuance tax covenants of the Issuer may result in the inclusion of interest on the Certificates in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Certificates, or for an increase in the interest rate on the Certificates, in the event that interest on the Certificates becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

It is also possible that actions of the Issuer after the closing of the Certificates will alter the tax status of the Certificates, and, in the extreme, remove the tax exempt status from the Certificates. In that instance, the Certificates are not subject to mandatory prepayment, and the interest rate on the Certificates does not increase or otherwise reset.

## **Pending Federal and State Tax Legislation**

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Certificates or otherwise prevent holders of the Certificates from realizing the full benefit of the tax exemption of interest on the Certificates. Further, such proposals may impact the marketability or market value of the Certificates simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Certificates. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates would be impacted thereby.

## **Tax Levy Procedures**

The Certificates are general obligations of the Issuer, payable in part from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Certificates for a particular fiscal year may cause Certificateholders to experience delay in the receipt of distributions of principal of and/or interest on the Certificates. In the event of a default in the payment of principal of or interest on the Certificates, there is no provision for acceleration of maturity of the principal of the Certificates. Consequently, the remedies of the owners of the Certificates (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Certificates) may have to be enforced from year to year.

## **Economy, State Aids**

A combination of economic, climatic, political or civil disruptions outside of the control of the Issuer, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Certificates in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

## **Cybersecurity**

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

## **Suitability of Investment**

The interest rate borne by the Certificates is intended to compensate the investor for assuming the risk of investing in the Certificates. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Certificates are an appropriate investment for such investor.

## **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Certificates. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **DESCRIPTION OF THE CERTIFICATES**

### **Details of Certain Terms**

The Certificates will be dated, as originally issued, as of the date of delivery (estimated to be June 2, 2022), and will be issued as fully registered Certificates in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Certificates, if applicable, will be payable annually February 1, commencing February 1, 2024. Interest on the Certificates will be payable semiannually on each February 1 and August 1, commencing February 1, 2023. The Certificates when issued, will be registered in the name of Cede & Co. (the “Registered Holder”), as nominee of The Depository Trust Company, New York, New York (“DTC”), the initial custodian for the Certificates, to which principal and interest payments on the Certificates will be made so long as Cede & Co. is the Registered Holder of the Certificates. See “Book-Entry System” in *Description of the Certificates* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Certificates will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof (“Authorized Denominations”). Individual purchasers (“Beneficial Owners”) of the Certificates will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Certificates with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Certificates will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Certificates will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such

appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).

### **Registration, Transfer and Exchange**

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Certificates may be transferred upon surrender of the Certificates at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Certificates, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Certificates of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Certificates being exchanged. The Bond Registrar will require the payment by the Certificate holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Certificate during a period beginning at the opening of business fifteen days before any selection of Certificates of a particular stated maturity for redemption in accordance with the provisions of the Certificate resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Certificates or portion thereof selected for redemption.

### **Optional Redemption**

The Certificates maturing on February 1, 2031 and thereafter are subject to redemption, in whole or in part, on February 1, 2030 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Certificates to be prepaid shall be at the discretion of the City. Notice of redemption shall be given by written notice to the registered owner of the Certificates not less than 30 days prior to such redemption date.

### **Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Certificates (the “Certificates”). The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtcc.org](http://www.dtcc.org).

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificates ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City of Corcoran takes no responsibility for the accuracy thereof.

## **FULL CONTINUING DISCLOSURE**

In order to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (the “Rule”), pursuant to a resolution awarding the Issue and a Continuing Disclosure Certificate (the “Certificate”) to be executed on behalf of the City on or before Certificate closing, the City has and will covenant for the benefit of holders of the Certificates to annually provide certain financial and operating data, relating to the City to the Municipal Securities Rulemaking Board (“MSRB”) in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events (including the two new events) is set forth in the Continuing Disclosure Certificate in substantially the form attached hereto as Appendix B.

To the best of its knowledge, the City has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events within the past five years. A failure by the City to comply with the Certificate will not constitute an event of default on the Certificates (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price. Please see *Appendix B – Continuing Disclosure Certificate* herein for additional information.

## **MUNICIPAL ADVISOR**

The City has retained Northland Securities, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Certificates. Northland Securities, Inc. is registered as a municipal advisor with both the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources that have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

## **FUTURE FINANCING**

The City anticipates issuing approximately \$18,000,000 General Obligation Water Revenue Bonds within the next four months, which will be secured primarily by the net revenues of the City’s water system.

## **CERTIFICATE RATING**

The City received an underlying rating of “Aa3” from Moody’s Investors Service (“Moody’s”). No application will be made to any other rating agency for the purpose of obtaining an additional rating on the Certificates. This rating reflects only the opinion of Moody’s and any explanation of the significance of this rating may be obtained only from Moody’s. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of Moody’s, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates. This rating is not a recommendation to buy, sell or hold the Certificates, and such rating may be subject to revision or withdrawal at any time by the rating agency.

## **LITIGATION**

As of the date of this Official Statement, the City is not aware of any threatened or pending litigation that questions the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Certificates or otherwise questioning the validity of the Certificates.

## CERTIFICATION

The City will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The City has always promptly met all payments of principal and interest on its indebtedness when due.

## LEGALITY

Legal matters incident to the authorization and issuance of the Certificates are subject to the approving opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota (“Bond Counsel”) as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Certificates. See *Appendix A – Form of Legal Opinion*.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto.

## TAX EXEMPTION

### **General**

In the opinion of Bond Counsel, under federal and Minnesota laws, regulations, rulings and decisions in effect on the date of issuance of the Certificates, interest on the Certificates is excludable from gross income for federal income tax purposes, and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Certificates is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”), however, impose continuing requirements that must be met after the issuance of the Certificates in order for interest thereon to be and remain excludable from federal gross income and, to the same extent, from Minnesota taxable net income. Noncompliance with such requirements by the City may cause the interest on the Certificates to be includable in gross income for purposes of federal income taxation and, to the same extent, includable in taxable net income for purposes of Minnesota income taxation, retroactive to the date of issuance of the Certificates, irrespective in some cases of the date on which such noncompliance is ascertained. No provision has been made for redemption of Certificates or for an increase in the interest rate on the Certificates in the event that interest on the Certificates becomes includable in federal gross income or Minnesota taxable income.

### **Other Federal and State Tax Considerations**

Interest on the Certificates is not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax or the Minnesota alternative minimum tax applicable to individuals, estates and trusts. Interest on the Certificates may be includable in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to the applicable percentage of the interest on the Certificates that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code. Section 86 of the Code requires recipients of certain Social Security and railroad retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Certificates.

Passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for a Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than a certain percentage of the gross receipts of such Subchapter S corporation is passive investment income.

The above is not a comprehensive list of all federal tax consequences that may arise from the receipt of interest on the Certificates. The receipt of interest on the Certificates may otherwise affect the federal or State of Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Certificates are advised to consult their own tax advisors as the tax consequences of, or tax considerations for, purchasing or holding the Certificates.

### **Proposed Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Certificates or otherwise prevent holders of the Certificates from realizing the full benefit of the tax exemption of interest on the Certificates or otherwise prevent holders of the Certificates from realizing the full benefit of the tax exemption of interest on the Certificates. Further, such proposals may impact the marketability or market value of the Certificates simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Certificates. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates would be impacted thereby.

### **Not Qualified Tax-Exempt Obligations**

The City will not designate the Certificates as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code related to the ability of financial institutions to deduct from income for federal tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. “Qualified tax-exempt obligations” are treated as acquired by a financial institution before August 8, 1986. Interest allocable to such obligations remains subject to the 20% disallowance under prior law.



# CITY OF CORCORAN, MINNESOTA

## GENERAL INFORMATION

### Location/Access/Transportation

Corcoran, situated in northwestern Hennepin County, is part of the Minneapolis/St. Paul Metropolitan Area. The City is bordered by Maple Grove to the East, Greenfield to the West, Medina to the South, and Rogers to the North. Access to the City is provided via County Roads 10, 30, 50, and 116 as well as Highway 55 in the southwest. In addition, Interstate Highway 94 lies 5 miles west of the City. The Dayton Parkway Interchange is under construction which will provide new access to Interstate 94 less than one mile from the Corcoran northeast border. The City covers 23,040 acres or 36 square miles.

### Population

2000 Census	5,630	2020 Census	6,185
2010 Census	5,379	2022 City Estimate	6,346

### Labor Force Data<sup>1</sup>

Comparative average labor force and unemployment rate figures for year-end 2021 and 2020 are listed below. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	2021		2020	
	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>
Hennepin County	693,226	3.6%	706,189	6.2%
Minnesota	3,024,835	3.6	3,094,701	6.2

### Income Data<sup>2</sup>

Comparative income levels are listed below for the City, the State of Minnesota and the United States.

	<i>Corcoran</i>	<i>State of Minnesota</i>	<i>United States</i>
Median Family Income	\$147,361	\$92,692	\$80,069
Per Capita Income	60,449	38,881	35,384

### City Government

Corcoran is a City with a Home Rule Charter form of government that follows Minnesota State Statute requirements for a Plan A city. It has a mayor elected at large for a two-year term and four council members also elected at large for four-year terms. The professional staff is council appointed and includes an Interim Administrator, Administrative Services Director, Deputy Clerk, Code Compliance Official, Accountant, Administrative Assistant, Public Works Director, Public Works Crew Leader, Maintenance Workers, Director of Public Safety, Lieutenant, Detective, Police Officers, Police Administrative Assistant, and part-time Police Technician. In addition, contracted staff includes City Attorney, City Engineer, City Planner, and Building Official.

### Municipal Enterprise Services

The Water Utility System: The City currently purchases its water from the City of Maple Grove, Minnesota.

The Sewer Utility System: Treatment is provided by the Metropolitan Council Environmental Services.

<sup>1</sup> Source: Minnesota Department of Employment and Economic Development

<sup>2</sup> Source: 2016-2020 American Community Survey, U.S. Census Bureau.

## **Bargaining Units/Labor Contracts**

The labor unions representing certain City employee groups are shown below.

<u>Employee Group</u>	<u>Contract Expiration Date</u>
Minnesota Teamsters Public and Law Enforcement Employees' Union Local No. 320	December 31, 2022

## **Employee Pension Programs**

The City employs 35 people, 27 full-time and 6 part-time and 2 seasonal. The pension plan covers 31 of the City's employees as of December 31, 2021.

The City participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute and vest after three years of credited service. State Statute requires the City to fund current service pension cost as it accrues. Defined retirement 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly "PERF") and PEPFF. That report may be obtained at [www.mnpera.org](http://www.mnpera.org), or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Effective January 1, 2016, the City makes annual contributions to the pension plans equal to the amount required by state statutes. Coordinated Plan members are required to contribute 6.50% of their annual covered salary. The City is required to contribute 7.50% for Coordinated Plan members. PEPFF members are required to contribute 11.80% of their annual covered salary and the employer contribution is 17.70%.

Audited City contributions to GERF and PEPFF have been as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 212,849
2019	205,725
2018	182,398
2017	165,365
2016	145,914

## **Postemployment Benefits Other Than Pensions (OPEB)**

The City provides post-employment insurance benefits to certain eligible employees through its OPEB plan, a single-employer defined benefit plan administered by LOGIS, an agent multiple-employer postemployment healthcare plan. LOGIS is a consortium of Minnesota local governments 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. As of December 31, 2020, the City had 2 inactive plan members and 22 active plan members.

*Changes in Total OPEB Liability*

December 31, 2020

Total OPEB Liability beginning of year,	\$ <u>360,758</u>
Changes for the year:	
Service Cost	\$ 21,963
Interest	10,358
Differences between expected and actual experience	1
Changes in assumptions	21,220
Benefit Payments	<u>(9,362)</u>
Net Change in OPEB Liability	\$ <u>44,180</u>
Net OPEB Liability	\$ <u>404,938</u>

Additional information regarding the City's OPEB obligations is provided in the City's Comprehensive Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 5.

**Estimated Cash and Investment Balances as of January 31, 2022 (unaudited)**

*Fund Name*

General Fund	\$ 3,441,596
Special Revenue Fund	590,035
Debt Service Fund	(1,244,924)
Capital Fund	4,285,079
Enterprise Fund	<u>4,839,637</u>
Estimated Cash and Investment Balances	<u>\$11,911,423</u>

## General Fund Budget Summary

	<u>2021 Budget</u>	<u>2021 Estimated</u>	<u>2022 Budget</u>
Revenues:			
Property Taxes	\$4,447,791	\$4,540,659	\$5,139,711
Licenses and Permits	834,000	1,487,793	1,312,000
Intergovernmental Revenue	328,745	273,657	312,945
Charges for Services	229,300	160,939	243,980
Fines and Forfeits	45,000	20,755	40,000
Franchise Fees	53,000	56,691	53,000
Miscellaneous	27,500	62,317	17,000
Transfers In	<u>269,164</u>	<u>269,164</u>	<u>454,148</u>
Total Revenues	\$6,234,500	\$6,871,975	\$7,572,784
Expenditures:			
General Government	1,624,065	1,472,105	1,988,749
Public Safety	2,583,080	2,693,940	3,093,919
Parks & Recreation	0	263,067	77,673
Public Works	<u>2,027,355</u>	<u>1,909,571</u>	<u>2,412,443</u>
Total Expenditures	\$6,234,500	\$6,338,683	\$7,572,784
Revenues Over (Under) Expenditures	<u>\$0</u>	<u>\$533,292</u>	<u>\$0</u>
Beginning Fund Balance (January 1)	<u>\$2,176,413</u>	<u>\$2,176,413</u>	<u>\$2,709,705</u>
Ending Fund Balance (December 31)	<u><u>\$2,176,413</u></u>	<u><u>\$2,709,705</u></u>	<u><u>\$2,709,705</u></u>

## Residential Development

There are approximately 2,321 single-family homes located within the City. In addition, there have been 294 single-family homes constructed within the past 12 months (January 1, 2021 – December 31, 2021).

Subdivisions planned or constructed within the past three years are as follows:

<i>Subdivision Name</i>	<i>Total Number of Lots/Units</i>	<i>Number of Lots/Units Completed</i>	<i>Remaining Lots/Units Available</i>	<i>Year</i>
Bellwether 2nd	52	52	0	2019
Ravinia 11th	14	13	1	2019
Ravinia 12 <sup>th</sup>	0	0	0	2019
Ravinia 13 <sup>th</sup>	54	51	3	2019
Strehler 1 <sup>st</sup> Addition	2	2	0	2019
Bellwether 3 <sup>rd</sup>	29	29	0	2019
Rolling Hills Acres	4	4	0	2019
Ravinia 14 <sup>th</sup>	33	33	0	2019
Bellwether 4 <sup>th</sup>	74	68	6	2020
Bellwether 5 <sup>th</sup>	46	40	6	2020
Rush Creek Reserve	80	65	15	2020
Ravinia 15 <sup>th</sup>	44	22	22	2020
Kariniemi Acres	4	3	1	2020
Tavera	33	29	4	2020
Tessmer	3	1	2	2020
Franzen Estates	3	2	1	2021
Tavera 2 <sup>nd</sup>	46	0	46	2021
Amberly	25	0	25	2021
Bellwether 6 <sup>th</sup>	62	0	62	2021
Tavera 3 <sup>rd</sup>	143	0	143	2021
Magnan	2	1	1	2021
Bellwether 7 <sup>th</sup>	17	0	17	2021
Bellwether 8 <sup>th</sup>	95	0	95	2022
Amberly 2 <sup>nd</sup>	51	0	51	2022
Rush Creek Reserve 2 <sup>nd</sup>	108	0	108	2022
Bellwether 9 <sup>th</sup>	37	0	37	2022

## Commercial/Industrial Development

Building construction and commercial/industrial development completed within the past three years have been as follows:

<u>Name</u>	<u>Product/Service</u>	<u>Description of Construction</u>	<u>Year</u>
D&D Services	Contractor yard – underground utilities	One story and mezzanine with offices and storage, type II-B	2022
Extra Space Storage	Self-storage	One and two story with office, type II-B	2021
Nelson International	Commercial truck sales, leasing, and repair	One and two story with repair and office, type III-B	2021
Bellwether Clubhouse	Amenity Center	One story building, common space, kitchen, indoor and outdoor pool	2019

## Building Permits

Building permits issued for the past five years and to-date in 2022 have been as follows:

<u>Valuation</u>	<u>Commercial/Industrial Number of Permits</u>	<u>Residential Number of Permits</u>	<u>Total Number of Permits</u>	<u>Total Valuation of Permits</u>
2021	56	1182	1239	\$133,606,418
2020	32	907	939	91,283,758
2019	45	649	694	63,927,254
2018	45	347	392	34,078,797
2017	27	383	410	40,920,412

## Financial Institutions

Banking and financial services are provided within the City by Farmers State Bank of Hamel.

## Education

The City is served by five school districts: Independent School District No. 279, Osseo; Independent School District No. 284, Wayzata; Independent School District No. 877, Buffalo-Hanover-Montrose; Independent School District No. 879, Delano; and Independent School District No. 883, Rockford. The primary district is ISD No. 883, Rockford, which operates an elementary school, grades kindergarten through five, a middle school, grades six through eight, as well as a high school, grades nine through twelve.

## Major Employers<sup>1</sup>

Following are some of the largest employers within the City of Corcoran and surrounding Cities of Hamel and Medina:

<u>Name</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Rockler COS., Inc (Medina)	Woodworking Equipment	500
Polaris Industries (Medina)	Snowmobiles	400
Loram Maintenance of Way, Inc. (Hamel)	Railroad Equipment Supplier	400
Polaris Acceptance Inc.	Financing	325
Medina Golf & Country Club (Hamel)	Golf Course	300
Hennepin County Public Works (Hamel)	Transportation Services	260
Open Systems International (Medina)	Data Warehousing	201
Airheart Brake (Medina)	Manufacturer	140
Target (Medina)	Retail	135
Medina Entertainment Center (Medina)	Restaurants	120

## Largest Taxpayers<sup>2</sup>

Following are ten of the largest taxpayers within the City:

<u>Name</u>	<u>Classification</u>	<u>2021/2022 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$13,094,306)<sup>3</sup></u>
CenterPoint Energy	Utility	\$288,832	2.21%
Northern Natural Gas	Utility	130,856	1.00
ESS Properties LLC	Commercial	85,250	0.65
Hay Holding Company, LLC	Residential	76,620	0.59
SSI Partnership, LLC	Commercial	42,850	0.33
Visionary Land Company	Commercial	39,550	0.30
HWY 55 Properties, LLC	Commercial	37,650	0.29
Corcoran Industrial Property	Commercial	35,650	0.27
Brothers Real Estate LLC	Industrial	30,910	0.24
R&W Holdings LLC	Industrial	27,730	0.21
		<u>\$795,898</u>	<u>6.08%</u>

<sup>1</sup> Sources: Reference USA and the City. The numbers above do not reflect ongoing changes in employment related to the COVID-19 pandemic.

<sup>2</sup> As reported by Hennepin County.

<sup>3</sup> Before tax increment adjustment.

## MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

### **Market Value**

State Law defines the “market value” of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's-length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called “estimated market value”. This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five years.

### **Taxable Market Value**

The “taxable market value” is the amount used for calculating property taxes. The taxable market value may differ from the estimated market value due to the application of special programs that exclude value from taxation. These programs currently include, but are not limited to, Homestead Market Value Exclusion and Green Acres.

### **Market Value Exclusion**

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$30,400 at \$76,000 of market value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or more, there is no valuation exclusion.

### **Sales Ratio**

The Minnesota Department of Revenue conducts the Assessment Sales Ratio Study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the state. There are three different sales ratio studies that cover three distinct time periods. The 12-month study includes sales that occur from October 1st of a given year to September 30th of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the sales ratio used to calculate indicated and economic market values.

### **Economic and Indicated Market Value**

“Economic market value” and “indicated market value” reflect adjustments made to account for the effects of the sales ratio. The economic market value is determined by dividing the estimated market value of the jurisdiction by the sales ratio. Economic market value provides an estimation of the full value of property if it were valued at 100% of its value in the marketplace (prior to the application of legislatively mandated exclusions). The indicated market value is determined by dividing the taxable market value of the jurisdiction by the sales ratio. This value represents an estimation of the “full value” of property for taxation, after the deduction of legislative exclusions.

### **Net Tax Capacity**

Property taxes are calculated on the basis of the “net tax capacity value”. Net tax capacity is calculated by multiplying the taxable market value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revisions by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.



## **Tax Cycle**

Minnesota local government ad valorem property taxes are extended and collected by the various counties within the state. The process begins in the fall of every year with the certification, to the county auditor, of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its net tax capacity. One percentage point of local tax rate represents one dollar of tax per \$100 net tax capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

### **Tax Levies for General Obligation Certificates (Minnesota Statutes, Section 475.61)**

State Law requires the governing body of any municipality issuing general obligations, prior to delivery of the obligations, to levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full will, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, produce at least five percent in excess of the amount needed to meet the principal and interest payments on the obligations when due.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations.

The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected and remitted, and the amount therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the tax capacity value of taxable property in that part of the municipality located in the county bears to the tax capacity value of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of that levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

## **Levy Limits**

The State Legislature periodically enacts limitations on the ability of cities and counties to levy property taxes. Levy limits were reenacted in 2013 and applied to all counties with a population over 5,000 and all cities with a population over 2,500 for taxes payable in 2014 only. Levies “to pay the costs of the principal and interest on bonded indebtedness” and “to provide for the bonded indebtedness portion of payments made to another political subdivision of the State of Minnesota” are designated special levies and can be levied in addition to the amount allowed by levy limitations.

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The following is a partial summary of these factors:

*Property Tax Classifications*

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2019/ 2020</u>	<u>2020/ 2021</u>	<u>2021/ 2022</u>
1a	<u>Residential Homestead</u> : First \$500,000 Over \$500,000	1.00% 1.25	1.00% 1.25	1.00% 1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000 <sup>†</sup>	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$1,880,000	0.50		
	Over \$1,880,000	1.00		
	First \$1,890,000			0.50
	Over \$1,890,000			1.00
	First \$1,900,000		0.50	
	Over \$1,900,000		1.00	
	<u>Agricultural Homestead Land</u> <sup>1</sup>	1.00	1.00	1.00
2a	<u>Non-Homestead Agricultural Productive Land</u> <sup>*</sup>	1.00	1.00	1.00
2b	<u>Non-Homestead Rural Vacant Land</u> <sup>2</sup>	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000 <sup>†</sup>	1.50	1.50	1.50
	Over \$150,000 <sup>†</sup>	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
	<u>Residential Non-Homestead</u> (Single Unit)			
4bb(1)	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial</u> <sup>†</sup> (Resort): First \$500,000 Over \$500,000	1.00 1.25	1.00 1.25	1.00 1.25
4c(12)	<u>Seasonal Residential Recreational</u> <sup>†</sup> Non-Commercial (Cabin): First \$500,000* Over \$500,000*	1.00 1.25	1.00 1.25	1.00 1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$150,000	.75		
	Over \$150,000	.25		
	First \$162,000		.75	
	Over \$162,000		.25	
	First \$174,000			.75
	Over \$174,000			.25

<sup>†</sup> Subject to the state general property tax.

\* Exempt from referendum market value-based taxes.

<sup>1</sup> Homestead remainder & non-homestead; includes structures.

<sup>2</sup> Homestead remainder & non-homestead; includes minor ancillary structures.

**CITY OF CORCORAN, MINNESOTA**

**ECONOMIC AND FINANCIAL INFORMATION<sup>1</sup>**

**Valuations**

	<i>Estimated Market Value 2021/2022</i>	<i>Net Tax Capacity 2021/2022</i>
Real Property	\$ 1,230,498,900	\$ 12,591,754
Personal Property	25,754,100	502,552
10% of 200KV Transmission Lines	---	( 2,577)
Fiscal Disparities <sup>2</sup>		
(Contribution to Pool)	---	( 571,958)
Distribution from Pool	<u>---</u>	<u>670,784</u>
Total Adjusted Valuation	<u>\$ 1,256,253,000</u>	<u>\$ 13,190,555</u>

**Valuation Trends (Real and Personal Property)**

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
2021/2022	\$	%	\$1,256,253,000	\$1,241,450,815	\$13,094,306	\$13,190,555
2020/2021	1,231,408,454	97.37	1,097,038,800	1,080,368,389	11,448,696	11,570,962
2019/2020	1,164,944,022	90.15	984,173,500	968,512,150	10,212,430	10,352,151
2018/2019	996,153,405	96.38	904,756,700	888,969,887	9,358,223	9,437,675
2017/2018	955,357,108	94.00	844,129,000	827,211,245	8,727,018	8,778,154

**Breakdown of Valuations**

2021/2022 Tax Capacity, Real and Personal Property (before tax increment and fiscal disparities adjustments):

Residential Homestead	\$ 10,337,759	78.95%
Agricultural	1,129,602	8.63
Commercial & Industrial	1,006,848	7.69
Public Utility	7,102	0.05
Residential Non-Homestead	86,718	0.66
Other	23,725	0.18
Personal Property	<u>502,552</u>	<u>3.84</u>
Totals:	<u>\$ 13,094,306</u>	<u>100.00%</u>

<sup>1</sup> Property valuations, tax rates, and tax levies and collections are provided by Hennepin County. Economic market value and sales ratio are provided by the Minnesota Department of Revenue.

<sup>2</sup> Fiscal Disparities Law

The 1971 Legislature enacted a “fiscal disparities law” which allows all the Twin City Metropolitan Area Municipalities to share in commercial/industrial growth, regardless of where the growth occurred geographically. Forty percent (40%) of every metropolitan municipality’s growth in commercial/industrial assessed valuation is pooled then redistributed to all municipalities on the basis of population and per capita valuation *after* the tax increment and fiscal disparity adjustments.

## Tax Capacity Rates

Tax capacity rates for a City resident within ISD No. 833, over the past five-assessable/collection years have been as follows:

<i>Levy Year/ Collection Year</i>	<i>2017/18 Tax Capacity Rates</i>	<i>2018/19 Tax Capacity Rates</i>	<i>2019/20 Tax Capacity Rates</i>	<i>2020/21 Tax Capacity Rates</i>	<i>2021/22 Tax Capacity Rates</i>
Hennepin County	42.808%	41.861%	41.084%	38.210%	38.535%
City of Corcoran	45.357	45.160	45.013	43.522	43.192
ISD No. 883, Rockford	43.442	41.682	38.800	36.514	34.350
Metro Mosquito	0.456	0.427	0.412	0.381	0.377
Metro Council	0.844	0.659	0.616	0.631	0.659
Three Rivers Park District	3.161	2.961	2.859	2.793	2.787
Park Museum	0.710	0.705	0.710	0.707	0.722
HCRRA	1.962	1.807	1.388	1.323	1.329
Hennepin HRA	<u>0.457</u>	<u>0.535</u>	<u>0.801</u>	<u>0.722</u>	<u>0.771</u>
Totals:	<u>142.137%</u>	<u>139.197%</u>	<u>135.797%</u>	<u>131.683%</u>	<u>122.722%</u>
<i>Market Value Rates:</i>	<i>2017/2018</i>	<i>2018/2019</i>	<i>2019/2020</i>	<i>2020/2021</i>	<i>2021/2022</i>
ISD No. 883 (Rockford)	0.13999	0.24499	0.23695	0.21358	0.20762

## Tax Levies and Collections<sup>1</sup>

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 1/1/22</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2021/2022	\$5,699,429		In Process of Collection		
2020/2021	5,037,747	\$5,005,053	99.35%	\$5,005,053	99.35%
2019/2020	4,637,255	4,595,875	99.11	4,625,484	99.75
2018/2019	4,240,523	4,221,312	99.55	4,236,644	99.91
2017/2018	3,969,910	3,947,677	99.44	3,949,809	99.49

<sup>1</sup> 2021/2022 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Hennepin County.

## SUMMARY OF DEBT AND DEBT STATISTICS

### Statutory Debt Limit<sup>1</sup>

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

Computation of Legal Debt Margin as of April 2, 2022:

2021/2022 Estimated Market Value	\$ 1,256,253,000
Multiplied by 3%	<u>          x .03</u>
Statutory Debt Limit	<u>\$ 37,687,590</u>
Less outstanding debt applicable to debt limit:	
\$2,915,000 General Obligation Bonds, Series 2016A	\$ 140,000
\$1,835,000 General Obligation Bonds, Series 2018A	415,000
\$1,950,000 General Obligation Bonds, Series 2020A	725,000
\$3,365,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2020B	3,220,000
\$1,860,000 General Obligation Equipment Certificates of Indebtedness, Series 2022A (this Issue)	<u>1,860,000</u>
Total Debt applicable to debt limit:	\$ 6,360,000
Legal debt margin	<u>\$ 31,327,590</u>

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<sup>1</sup> Effective June 2, 1997 and pursuant to Minnesota Statutes 465.71, any lease revenue or public project revenue bond issues/agreements of \$1,000,000 or more are subject to the statutory debt limit. Lease revenue or public project revenue bond issues/agreements less than \$1,000,000 are not subject to the statutory debt limit.

**CITY OF CORCORAN, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM TAXES**  
**(As of April 2, 2022, Plus This Issue)**

<b>Purpose:</b>	<b>G.O. Bonds, Series 2016A</b>	<b>G.O. Bonds Series 2018A</b>	<b>G.O. Bonds Series 2020A</b>	<b>G.O. Capital Improvement Plan Refunding Bonds, Series 2020B</b>	
<b>Dated:</b>	05/01/16	05/31/18	07/08/20	11/05/20	
<b>Original Amount:</b>	\$290,000	\$600,000	\$805,000	\$3,365,000	
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb	
<b>Interest Rates:</b>	2.000-2.40%	3.00%	2.00%	1.00-2.00%	
2022	\$0	\$0	\$0	\$0	2022
2023	35,000	65,000	85,000	160,000	2023
2024	35,000	65,000	85,000	165,000	2024
2025	35,000	70,000	90,000	175,000	2025
2026	35,000	70,000	90,000	180,000	2026
2027	0	70,000	90,000	185,000	2027
2028	0	75,000	95,000	190,000	2028
2029	0	0	95,000	190,000	2029
2030	0	0	95,000	200,000	2030
2031	0	0	0	205,000	2031
2032	0	0	0	210,000	2032
2033	0	0	0	215,000	2033
2034	0	0	0	220,000	2034
2035	0	0	0	220,000	2035
2036	0	0	0	225,000	2036
2037	0	0	0	235,000	2037
2038	0	0	0	245,000	2038
	<b>\$140,000</b>	<b>\$415,000</b>	<b>\$725,000</b>	<b>\$3,220,000</b>	
	(1)	(2)	(3)	(4)	

**GENERAL OBLIGATION DEBT PAYABLE FROM TAXES CONTINUED**

	<b>This Issue</b>			
<b>Purpose:</b>	<b>G.O. Equipment Certificates of Indebtedness, Series 2022A</b>			
<b>Dated:</b>	06/02/22			
<b>Original Amount:</b>	\$1,860,000			
<b>Maturity:</b>	1-Feb			
<b>Interest Rates:</b>		<b>TOTAL</b>	<b>TOTAL</b>	
		<b>PRINCIPAL:</b>	<b>PRIN &amp; INT:</b>	
2022	\$0	\$0	\$40,820	2022
2023	0	345,000	473,672	2023
2024	190,000	540,000	652,113	2024
2025	195,000	565,000	665,434	2025
2026	200,000	575,000	663,135	2026
2027	200,000	545,000	620,835	2027
2028	205,000	565,000	628,401	2028
2029	210,000	495,000	546,595	2029
2030	215,000	510,000	551,535	2030
2031	220,000	425,000	457,808	2031
2032	225,000	435,000	459,364	2032
2033	0	215,000	233,613	2033
2034	0	220,000	235,785	2034
2035	0	220,000	232,705	2035
2036	0	225,000	234,368	2036
2037	0	235,000	240,800	2037
2038	0	245,000	246,960	2038
	<u>\$1,860,000</u>	<u>\$6,360,000</u>	<u>\$7,183,940</u>	

**NOTE: 72% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.**

- (1) This schedule represents a portion of the \$2,915,000 General Obligation Bonds, Series 2016A, dated May 1, 2016, consisting of \$1,805,000 payable from special assessments, \$820,000 payable from net revenues of the municipal utility system, and \$290,000 payable from taxes.
- (2) This schedule represents a portion of the \$1,835,000 General Obligation Bonds, Series 2018A, dated May 31, 2018, consisting of \$1,235,000 payable from tax abatements and \$600,000 payable from taxes.
- (3) This schedule represents a portion of the \$1,950,000 General Obligation Bonds, Series 2020A, dated July 8, 2020, consisting of \$805,000 payable from taxes and \$1,145,000 payable from net revenues of the municipal water system.
- (4) These bonds current refunded the February 1, 2022 through February 1, 2038 maturities of the City's General Obligation Capital Improvement Bonds, Series 2012B on February 1, 2021 at a price of par plus accrued interest.



**CITY OF CORCORAN, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS**  
**(As of April 2, 2022)**

<b>Purpose:</b>	G.O. Bonds Series Series 2016A			
<b>Dated:</b>	05/01/16			
<b>Original Amount:</b>	\$1,800,000			
<b>Maturity:</b>	1-Feb	<b>TOTAL</b>	<b>TOTAL</b>	
<b>Interest Rates:</b>	2.000-2.40%	<b>PRINCIPAL:</b>	<b>PRIN &amp; INT:</b>	
2022	\$0	\$0	\$9,350	2022
2023	180,000	180,000	196,900	2023
2024	185,000	185,000	198,250	2024
2025	185,000	185,000	194,550	2025
2026	190,000	190,000	195,800	2026
2027	195,000	195,000	196,950	2027
	\$935,000	\$935,000	\$991,800	
	(1)			

**NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.**

(1) This schedule represents a portion of the \$2,915,000 General Obligation Bonds, Series 2016A, dated May 1, 2016, consisting of \$1,805,000 payable from special assessments, \$820,000 payable from net revenues of the municipal utility system, and \$290,000 payable from taxes.

**CITY OF CORCORAN, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS**  
**(As of April 2, 2022)**

<b>Purpose:</b>	<b>G.O. Bonds Series Series 2018A</b>			
<b>Dated:</b>	05/31/18			
<b>Original Amount:</b>	\$1,235,000			
<b>Maturity:</b>	1-Feb			
<b>Interest Rates:</b>	3.00-3.125%			
		<b>TOTAL</b>	<b>TOTAL</b>	
		<b>PRINCIPAL:</b>	<b>PRIN &amp; INT:</b>	
2022	\$0	\$0	\$15,713	2022
2023	75,000	75,000	105,300	2023
2024	75,000	75,000	103,050	2024
2025	75,000	75,000	100,800	2025
2026	80,000	80,000	103,475	2026
2027	80,000	80,000	101,075	2027
2028	85,000	85,000	103,600	2028
2029	85,000	85,000	101,050	2029
2030	90,000	90,000	103,380	2030
2031	90,000	90,000	100,590	2031
2032	95,000	95,000	102,723	2032
2033	100,000	100,000	104,688	2033
2034	100,000	100,000	101,563	2034
	\$1,030,000	<u>\$1,030,000</u>	<u>\$1,247,005</u>	
	(1)			

**NOTE: 75% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS**

(1) This schedule represents a portion of the \$1,835,000 General Obligation Bonds, Series 2018A, dated May 31, 2018, consisting of \$1,235,000 payable from tax abatements and \$600,000 payable from taxes.

**CITY OF CORCORAN, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES**  
(As of April 2, 2022)

Purpose:	G.O. Utility Revenue Bonds, Series 2014B	G.O. Bonds Series 2016A	G.O. Bonds Series 2020A			
<b>Dated:</b>	08/01/14	05/01/16	07/08/20			
<b>Original Amount:</b>	\$3,130,000	\$820,000	\$1,145,000			
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	<b>TOTAL</b>	<b>TOTAL</b>	
<b>Interest Rates:</b>	2.000-3.625%	2.000-2.40%	2.00%	<b>PRINCIPAL:</b>	<b>PRIN &amp; INT:</b>	
2022	0	\$0	\$0	\$0	\$52,740	2022
2023	145,000	55,000	105,000	305,000	406,705	2023
2024	155,000	55,000	110,000	320,000	413,955	2024
2025	160,000	55,000	110,000	325,000	410,930	2025
2026	165,000	55,000	115,000	335,000	412,705	2026
2027	165,000	55,000	115,000	335,000	404,355	2027
2028	170,000	55,000	120,000	345,000	405,770	2028
2029	175,000	55,000	120,000	350,000	401,656	2029
2030	180,000	55,000	120,000	355,000	397,168	2030
2031	170,000	65,000	125,000	360,000	392,484	2031
2032	175,000	65,000	0	240,000	263,852	2032
2033	180,000	0	0	180,000	196,856	2033
2034	185,000	0	0	185,000	195,241	2034
2035	190,000	0	0	190,000	193,444	2035
	\$2,215,000	\$570,000	\$1,040,000	<u>\$3,825,000</u>	<u>\$4,547,860</u>	
	(1)	(1) (2)	(3) (4)			

**NOTE: 79% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.**

- (1) These bonds are payable primarily from net revenues of the municipal sewer and water utility systems and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (2) This schedule represents a portion of the \$2,915,000 General Obligation Bonds, Series 2016A, dated May 1, 2016, consisting of \$1,805,000 payable from special assessments, \$820,000 payable from net revenues of the municipal utility system, and \$290,000 payable from taxes.
- (3) These bonds are payable primarily from net revenues of the municipal water utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (4) This schedule represents a portion of the \$1,950,000 General Obligation Bonds, Series 2020A, dated July 8, 2020, consisting of \$805,000 payable from taxes and \$1,145,000 payable from net revenues of the municipal water system.

**Indirect Debt\***

<i>Issuer</i>	<i>2021/2022 Tax Capacity Value<sup>(1)</sup></i>	<i>2021/2022 Tax Capacity Value in City<sup>(1)</sup></i>	<i>Percentage Applicable in City</i>	<i>Outstanding General Obligation Debt<sup>(2)</sup></i>	<i>Taxpayers' Share of Debt</i>
Hennepin County	\$ 2,336,109,435	\$13,190,555	0.56%	\$1,065,595,000	\$ 5,967,332
ISD No. 279, Osseo	238,096,648	1,400,833	0.59	139,030,000	820,277
ISD No. 284, Wayzata	182,970,224	2,518,451	1.38	205,420,000	2,834,796
ISD No. 877, Buffalo	44,276,456	4,009,280	9.06	44,780,000	4,057,068
ISD No. 879, Delano	19,920,567	1,208,354	6.07	61,565,000	3,736,996
ISD No. 883, Rockford	15,242,093	4,053,637	26.60	26,478,000	7,043,148
Metropolitan Council	2,256,552,411	13,190,555	0.58	6,120,000 <sup>(3)</sup>	35,496
Metro Transit	2,150,849,636	13,190,555	0.61	187,200,000 <sup>(4)</sup>	1,141,920
Three Rivers Park District	1,563,969,505	13,190,555	0.84	51,230,000	430,332
Hennepin County Railroad Authority	2,261,068,019	13,190,555	0.58	90,580,000	<u>525,364</u>
				<i>Total Indirect Debt:</i>	<u><b>\$ 26,592,001</b></u>

*(Remainder of page intentionally left blank)*

\* Only those taxing jurisdictions with general obligation debt outstanding are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(1) Tax Capacity Value is after tax increment deduction and fiscal disparity adjustments. The values for Metropolitan Council and Metro Transit are for 2020/2021; the 2021/2022 values are not yet available.

(2) As of April 2, 2022, as reported by the County, unless noted otherwise.

(3) Metropolitan Council has \$6,120,000 of general obligation debt outstanding as of December 31, 2021. This debt is payable from ad valorem taxes levied on all taxable property within the Metropolitan Taxing District. This amount excludes \$1,210,258,968 of general obligation debt payable from wastewater and sewer revenues, and lease agreements.

(4) Metropolitan Transit has \$187,200,000 of property tax supported general obligation debt outstanding as of December 31, 2021. Transit debt is issued by the Metropolitan Council for public transit operations and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District.

**General Obligation Debt**

Bonds secured by taxes (includes this issue)	\$ 6,360,000
Bonds secured by special assessments	935,000
Bonds secured by tax abatements	1,030,000
Bonds secured by water/sewer revenues	<u>3,825,000</u>
Subtotal	\$ 12,150,000
Less bonds secured by water/sewer revenues	( <u>3,825,000</u> )
<i>Direct General Obligation Debt</i>	8,325,000
Add taxpayers' share of indirect debt	<u>26,592,001</u>
<i>Direct and Indirect Debt</i>	<u>\$ 34,917,001</u>

**Facts for Ratio Computations**

2020/2021 Economic Market Value (real and personal property)	\$1,231,408,454
Population (2022 City estimate)	6,346

**Debt Ratios Excluding Revenue-Supported Debt**

	<i>Direct <u>Debt</u></i>	<i>Indirect <u>Debt</u></i>	<i>Direct and <u>Indirect Debt</u></i>
To Economic Market Value	0.68%	2.16%	2.84%
Per Capita	\$1,312	\$4,190	\$5,502

## **APPENDIX A**

### **Form of Legal Opinion**



Offices in 150 South Fifth Street, Suite 700  
Minneapolis Minneapolis, MN 55402  
(612) 337-9300 telephone  
Saint Paul (612) 337-9310 fax  
www.kennedy-graven.com  
St. Cloud Affirmative Action, Equal Opportunity Employer

§ \_\_\_\_\_  
City of Corcoran, Minnesota  
General Equipment Certificates of Indebtedness  
Series 2022A

We have acted as bond counsel to the City of Corcoran, Hennepin County, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Equipment Certificates of Indebtedness, Series 2022A (the “Certificates”), originally dated the date hereof, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Certificates have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.
2. The principal of and interest on the Certificates are payable from ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.
3. Interest on the Certificates is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Certificates to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Certificates. We express no opinion regarding tax consequences arising with respect to the Certificates other than as expressly set forth herein.
4. The rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated \_\_\_\_\_, 2022 at Minneapolis, Minnesota.



## **APPENDIX B**

### **Continuing Disclosure Certificate**

§ \_\_\_\_\_  
City of Corcoran, Minnesota  
General Equipment Certificates of Indebtedness  
Series 2022A

**CONTINUING DISCLOSURE CERTIFICATE**

\_\_\_\_\_, 2022

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Corcoran, Minnesota (the “Issuer”) in connection with the issuance of its General Equipment Certificates of Indebtedness, Series 2022A (the “Certificates”) in the original aggregate principal amount of \$ \_\_\_\_\_. The Certificates are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Certificates are being delivered to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Certificates in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Certificates that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Certificates” means the General Equipment Certificates of Indebtedness, Series 2022A, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed final Official Statement, dated \_\_\_\_\_, 2022, which constitutes the final official statement delivered in connection with the Certificates, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of Corcoran, Minnesota, which is the obligated person with respect to the Certificates.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Certificates (including the Purchaser) required to comply with the Rule in connection with the offering of the Certificates.

“Purchaser” means \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

### Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2021, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Economic and Financial Information – “Valuations,” “Tax Capacity Rates,” and “Tax Levies and Collections”
2. Summary of Debt and Debt Statistics

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Certificates:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Certificates or payment in full of all Certificates.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Certificates. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Certificates, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this

Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Certificates and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Certificates, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

**CITY OF CORCORAN, MINNESOTA**

(SEAL)

---

Mayor

---

City Administrator

## **APPENDIX C**

### **City's Financial Report**

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2020. The complete financial report for the year 2020 and the prior two years are available for inspection at the Corcoran City Hall and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.



# Annual Financial Report

City of Corcoran  
Corcoran, Minnesota

For the Year Ended  
December 31, 2020

City of Corcoran, Minnesota  
 Annual Financial Report  
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 For the Year Ended December 31, 2020

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City of Corcoran, Minnesota  
Annual Financial Report  
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INTRODUCTORY SECTION

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of Corcoran, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2020

**ELECTED**

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Ron Thomas	12/31/20	Mayor
Jonathan Bottema	12/31/20	Council Member
Jeremy Nichols	12/31/22	Council Member
Tom Anderson	12/31/20	Council Member
Alan Schultz	12/31/22	Council Member

**APPOINTED**

Brad Martens	City Administrator
Jessica Beise	Administrative Services Director
Joe Rotz	Accountant

FINANCIAL SECTION  
CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Corcoran, Minnesota

### **Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

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, 2020, 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.

## Other Matters

### *Required Supplementary Information*

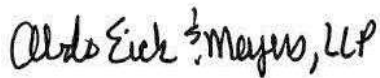
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, the related note disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's OPEB Liability starting on page 74 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section and 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.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
June 3, 2021



## 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, 2020.

### Financial Highlightspage

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,795,546 (*net position*). Of this amount, \$6,367,023 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$916,617. Governmental activities increased by \$629,383 and business-type activities increased by \$287,234. The increase in governmental activities is mainly due to an increase in operating grants and contributions during the year and increase charges for services in business-type.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,889,974, an increase of \$3,720,872 in comparison with the prior year mainly due to the issuance of refunding bonds in the amount of \$3,365,000.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$2,493,780 or 41.4 percent of total General fund expenditures and transfer out.
- The City's total long-term liabilities increased \$4,544,109 during the current fiscal year primarily as a result of the issuance of 2020A and 2020B bonds.

## Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements

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

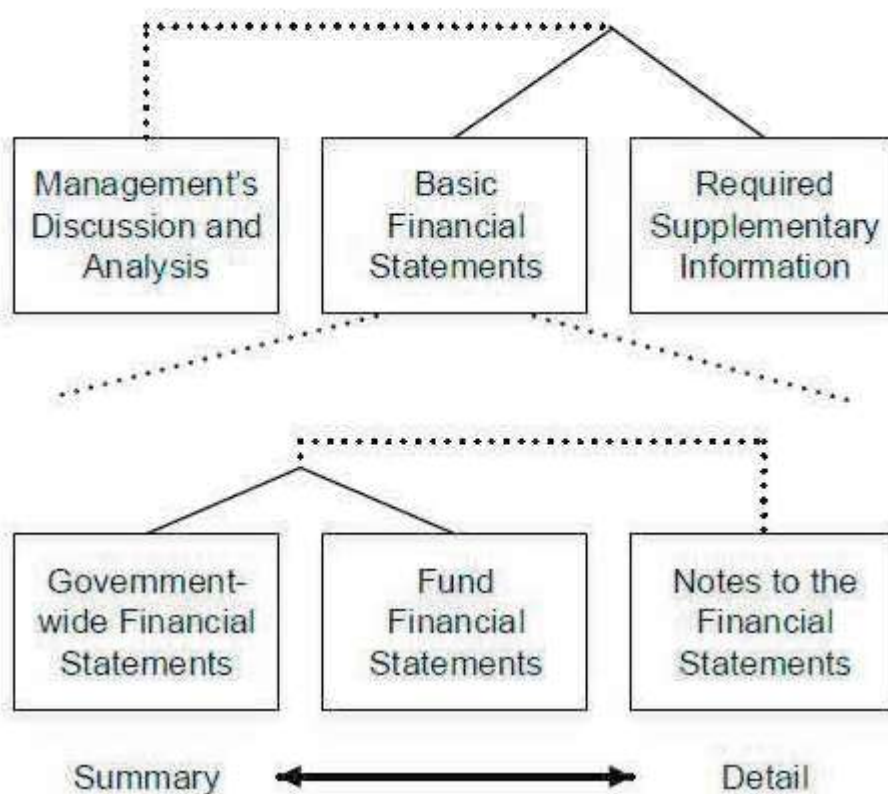


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
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 in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the City include water 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 and Debt Service 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 and Sewer 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 74 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 82 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 exceeded liabilities and deferred inflows by \$21,795,546 at the close of the most recent fiscal year.

The largest portion of the City's net position (38.2 percent) 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			2020 Total
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)	
<b>Assets</b>							
Current and other assets	\$ 14,123,038	\$ 10,550,597	\$ 3,572,441	\$ 5,821,628	\$ 4,400,540	\$ 1,421,088	\$ 19,944,666
Capital assets	13,685,102	13,115,591	569,511	9,627,065	8,801,577	825,488	23,312,167
Total Assets	27,808,140	23,666,188	4,141,952	15,448,693	13,202,117	2,246,576	43,256,833
Deferred Outflows of Resources	906,163	1,147,151	(240,988)	-	-	-	906,163
<b>Liabilities</b>							
Noncurrent liabilities outstanding	14,336,466	10,435,341	3,901,125	4,047,612	3,006,513	1,041,099	18,384,078
Other liabilities	1,633,801	1,687,590	(53,789)	1,631,034	135,274	1,495,760	3,264,835
Total Liabilities	15,970,267	12,122,931	3,847,336	5,678,646	3,141,787	2,536,859	21,648,913
Deferred Inflows of Resources	718,537	1,294,292	(575,755)	-	-	-	718,537
<b>Net Position</b>							
Net investment in capital assets	2,044,963	4,767,377	(2,722,414)	6,272,593	6,809,024	(536,431)	8,317,556
Restricted	7,110,967	4,761,202	2,349,765	-	-	-	7,110,967
Unrestricted	2,869,569	1,867,537	1,002,032	3,497,454	3,251,306	246,148	6,367,023
<b>Total Net Position</b>	<b>\$ 12,025,499</b>	<b>\$ 11,396,116</b>	<b>\$ 629,383</b>	<b>\$ 9,770,047</b>	<b>\$ 10,060,330</b>	<b>\$ (290,283)</b>	<b>\$ 21,795,546</b>

An additional portion of the City's net position (32.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,367,023) may be used to meet the City's ongoing obligations to citizens and creditors.

**Governmental and Business-type Activities.** Governmental activities increased the City's net position by \$629,383 and business-type activities increased the City's net position by \$287,234. Significant changes from prior year are noted below:

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,468,704	\$ 1,430,502	\$ 38,202	\$ 518,537	\$ 281,289	\$ 237,248
Operating grants and contributions	865,703	362,108	503,595	-	-	-
Capital grants and contributions	109,601	3,302,037	(3,192,436)	920,716	1,518,793	(598,077)
General Revenues						
Property taxes	4,650,838	4,248,801	402,037	-	-	-
Other taxes	50,059	47,583	2,476	-	-	-
Grants and contributions not restricted to specific programs	15,175	31,085	(15,910)	-	-	-
Unrestricted investment earnings	59,504	147,319	(87,815)	32,345	61,506	(29,161)
Gain on sale of capital assets	20,400	205,141	(184,741)	-	-	-
Total Revenues	<u>7,239,984</u>	<u>9,774,576</u>	<u>(2,534,592)</u>	<u>1,471,598</u>	<u>1,861,588</u>	<u>(389,990)</u>
Expenses						
General government	1,586,110	1,364,971	221,139	-	-	-
Public safety	2,700,736	2,397,580	303,156	-	-	-
Public works	1,966,605	2,175,840	(209,235)	-	-	-
Culture and recreation	367,006	258,054	108,952	-	-	-
Interest on long-term debt	274,096	199,644	74,452	-	-	-
Water	-	-	-	571,568	346,375	225,193
Sewer	-	-	-	328,844	233,066	95,778
Total Expenses	<u>6,894,553</u>	<u>6,396,089</u>	<u>498,464</u>	<u>900,412</u>	<u>579,441</u>	<u>320,971</u>
Change in Net Position Before Transfers	345,431	3,378,487	(3,033,056)	571,186	1,282,147	(710,961)
Transfers	283,952	271,910	12,042	(283,952)	(271,910)	(12,042)
Transfer of Capital Assets	-	(2,875,554)	2,875,554	-	2,875,554	(2,875,554)
Change in Net Position	629,383	774,843	(145,460)	287,234	3,885,791	(3,598,557)
Net Position, January 1, as restated	<u>11,396,116</u>	<u>10,621,273</u>	<u>774,843</u>	<u>9,482,813</u>	<u>6,174,539</u>	<u>3,308,274</u>
Net Position, December 31	<u>\$ 12,025,499</u>	<u>\$ 11,396,116</u>	<u>\$ 629,383</u>	<u>\$ 9,770,047</u>	<u>\$ 10,060,330</u>	<u>\$ (290,283)</u>

Property taxes represent 64.24 percent of total revenues in 2020 in governmental activities.

Significant revenues items included:

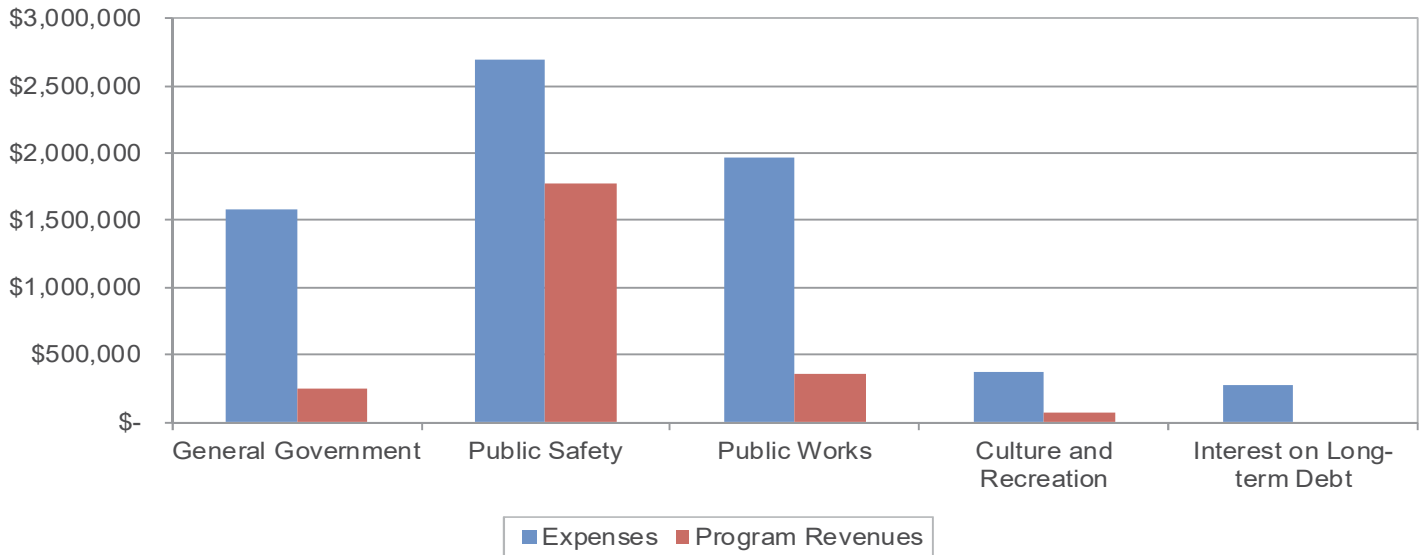
- Capital grants and contributions decreased \$3,192,436 from prior year. In 2019 the City received nearly 3 million dollars in development agreements and amounts received less than prior years.
- Operating grants and contributions increased \$503,595 in 2020 as a result of the CARES and other grant revenue received during the year.

Significant expenses items included:

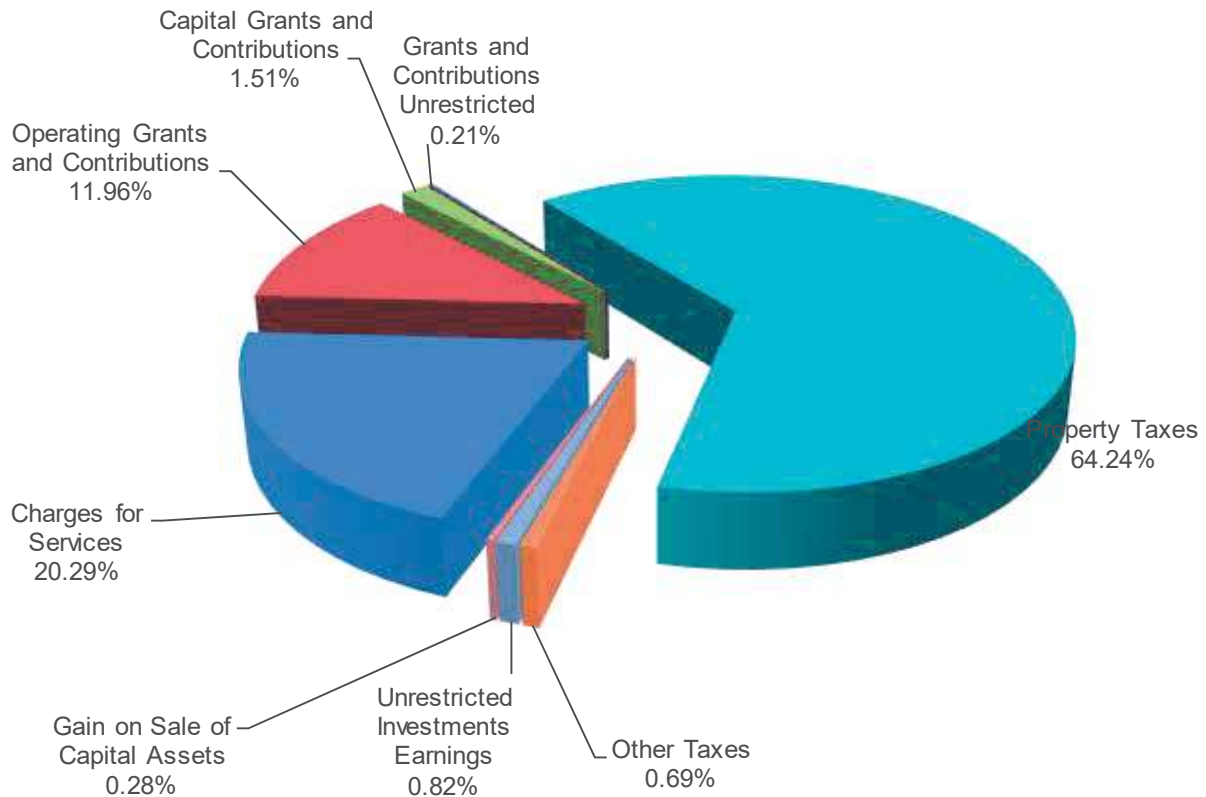
- Public safety expenses increased \$303,156 due to increased personal service and building inspection expenditures.
- Public Works expenses decreased \$209,235 due to less road maintenance costs during the year.

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

### Expenses and Program Revenue - Governmental Activities

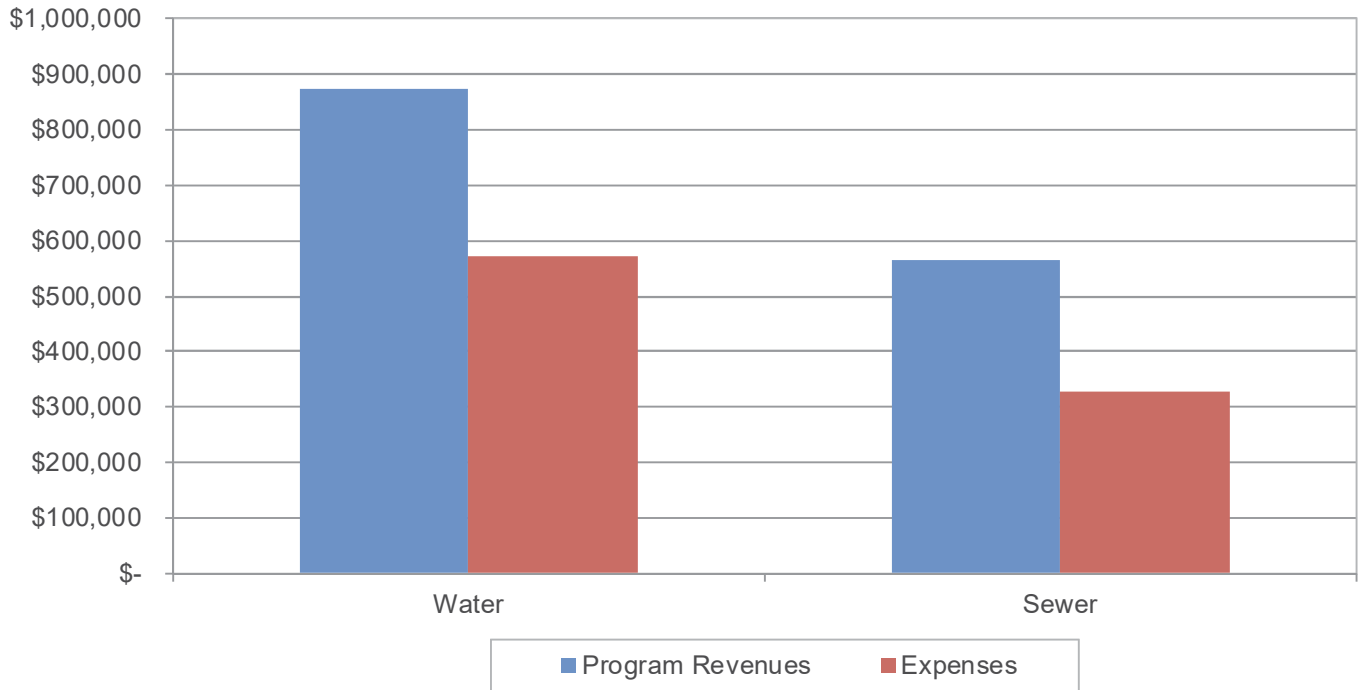


### Revenues by Source - Governmental Activities

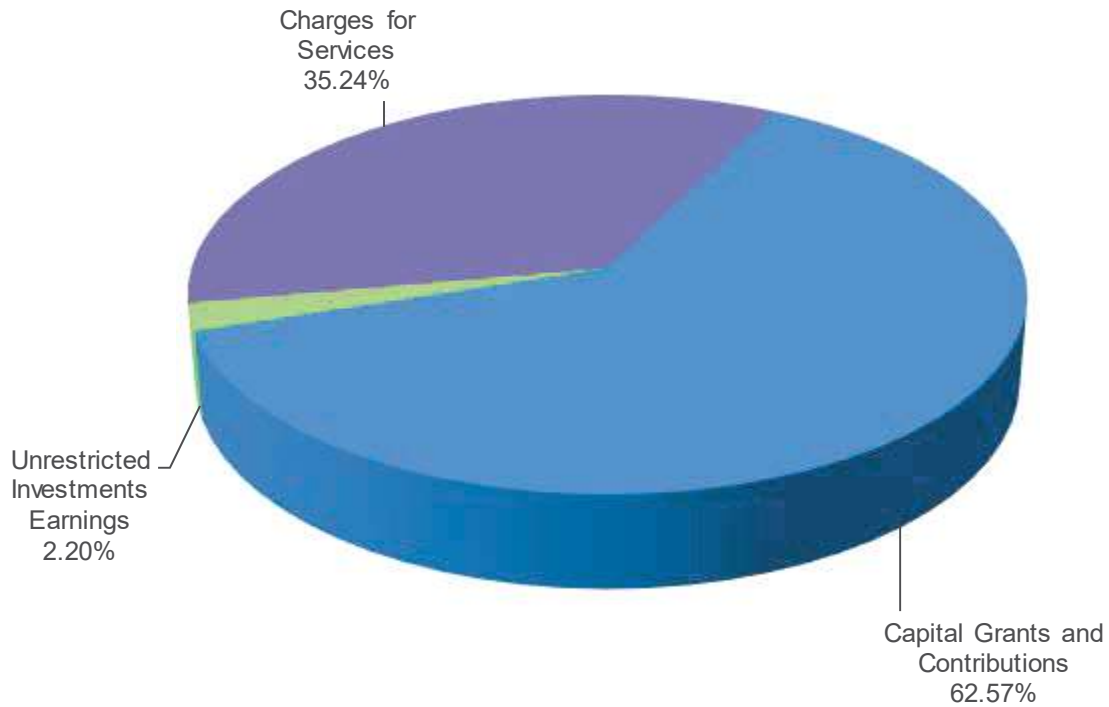


**Business-type Activities.** Business-type activities increased the City's net position by \$287,234. Key elements of this increase are as follows:

### 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,889,974, an increase of \$3,720,872 in comparison with the prior year. Approximately 21.0 percent of this total amount (\$2,493,780) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$9,396,194) is not available for new spending because it is either 1) nonspendable (\$33,638), 2) restricted (\$6,963,719), 3) committed (\$73,875), or 4) assigned (\$2,324,962). For further classification refer to Note 3E on page 62 of this report.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
<b>General</b>	\$ 2,921,480	\$ 2,271,010	\$ 650,470
The General fund balance increased \$650,470 during the year. The increase can mainly be attributed to an increase in building permit and grant activity.			
<b>Debt Service</b>	\$ 3,554,789	\$ 451,731	\$ 3,103,058
The Debt Service fund has a total fund balance of \$3,549,744, all of which is restricted for payment of future debt service. The fund balance increased \$3,098,013 from 2019 mainly due to bond proceeds for refunding bonds received near year end. The fund balance is expected to decrease similarly in 2021 when bonds are refunded.			

### General Fund Budgetary Highlights

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

Revenues were over budget by \$1,224,184. The largest positive variances was licenses and permits which had a positive budget variance of \$777,057. Expenditures were over budget by \$373,714 primarily due to the negative budget variance in public safety \$302,134. The variances can both be attributed to increased building activity in the City along with conservative budgeting related to growth.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental type activities and business-type activities as of December 31, 2020, amounts to \$23,312,167 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment, park facilities, roads, and highways. The City's investment in capital assets for the current fiscal year increased 6.4 percent.

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

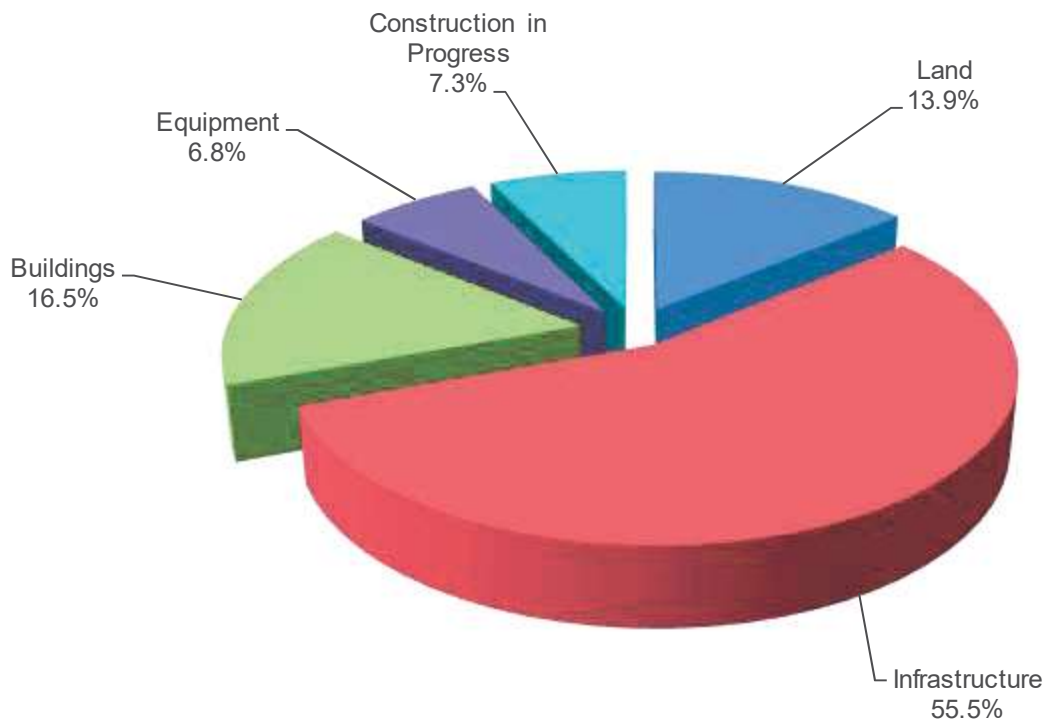
- Public Works Vehicles and Equipment
- Public Safety Vehicles and Equipment
- City Hall Card System
- City Computer Server
- Southeast Trunk Watermain Improvements
- Stieg Road Improvements
- City Hall and Police Department Remodel

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 2,870,956	\$ 2,870,956	\$ -	\$ 361,762	\$ 361,762	\$ -
Construction in Progress	622,905	883,379	(260,474)	1,083,200	-	1,083,200
Buildings	3,849,406	4,063,088	(213,682)	-	-	-
Equipment	1,540,702	1,471,460	69,242	53,853	-	53,853
Infrastructure	4,801,133	3,826,708	974,425	8,128,250	8,439,815	(311,565)
<b>Total</b>	<b>\$ 13,685,102</b>	<b>\$ 13,115,591</b>	<b>\$ 569,511</b>	<b>\$ 9,627,065</b>	<b>\$ 8,801,577</b>	<b>\$ 825,488</b>

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

### Capital Assets



Additional information on the City's capital assets can be found in Note 3B starting on page 56 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$15,898,836, which is made up of general obligation improvement bonds and general obligation revenue bonds.

### City of Corcoran’s Outstanding Debt

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
G.O. Bonds	\$ 11,650,000	\$ 8,264,000	\$ 3,386,000	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	3,645,000	2,640,000	1,005,000
Unamortized Premium on Bonds	201,224	84,214	117,010	93,454	19,697	73,757
Notes Payable	-	-	-	309,158	346,816	(37,658)
<b>Total</b>	<b>\$ 11,851,224</b>	<b>\$ 8,348,214</b>	<b>\$ 3,503,010</b>	<b>\$ 4,047,612</b>	<b>\$ 3,006,513</b>	<b>\$ 1,041,099</b>

The City’s total debt increased \$4,544,109 during the current fiscal year primarily as a result of refunding bonds issued.

Additional information on the City’s long-term debt can be found in Note 3D starting on page 59 of this report.

#### **Economic Factors and Next Year’s Budgets and Rates**

The City’s property tax rate decreased slightly from 45.160 percent to 45.013 percent in 2020. 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 200 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, 2020

City of Corcoran, Minnesota  
Statement of Net Position  
December 31, 2020

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 13,274,213	\$ 5,498,437	\$ 18,772,650
Receivables			
Accounts	51,359	41,817	93,176
Interest	9,458	-	9,458
Taxes	113,927	-	113,927
Special assessments	575,340	278,379	853,719
Due from other governments	65,103	2,995	68,098
Prepaid items	33,638	-	33,638
Capital assets			
Land and construction in progress	3,493,861	1,444,962	4,938,823
Depreciable, net of accumulated depreciation	10,191,241	8,182,103	18,373,344
Total Assets	<u>27,808,140</u>	<u>15,448,693</u>	<u>43,256,833</u>
<b>Deferred Outflows of Resources</b>			
Deferred other postemployment benefit resources	88,843	-	88,843
Deferred pension resources	817,320	-	817,320
Total Deferred Outflows of Resources	<u>906,163</u>	<u>-</u>	<u>906,163</u>
<b>Liabilities</b>			
Accounts payable	527,705	393,285	920,990
Due to other governments	24,136	1,193,384	1,217,520
Deposits payable	951,081	-	951,081
Accrued salaries payable	40,875	-	40,875
Accrued interest payable	90,004	44,365	134,369
Noncurrent liabilities			
Due within one year			
Long-term liabilities	4,076,790	179,101	4,255,891
Due in more than one year			
Long-term liabilities	8,062,594	3,868,511	11,931,105
Net pension liability	1,792,144	-	1,792,144
Other postemployment benefits liability	404,938	-	404,938
Total Liabilities	<u>15,970,267</u>	<u>5,678,646</u>	<u>21,648,913</u>
<b>Deferred Inflows of Resources</b>			
Deferred other postemployment benefit resources	38,924	-	38,924
Deferred pension resources	679,613	-	679,613
Total Deferred Inflows of Resources	<u>718,537</u>	<u>-</u>	<u>718,537</u>
<b>Net Position</b>			
Net investment in capital assets	2,044,963	6,272,593	8,317,556
Restricted for			
Debt service	3,913,122	-	3,913,122
Park dedication fees	704,149	-	704,149
Police expenditures	8,793	-	8,793
Lawful gambling	154,422	-	154,422
Capital outlay	2,330,481	-	2,330,481
Unrestricted	2,869,569	3,497,454	6,367,023
Total Net Position	<u>\$ 12,025,499</u>	<u>\$ 9,770,047</u>	<u>\$ 21,795,546</u>

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,586,110	\$ 68,890	\$ 176,796	\$ -
Public safety	2,700,736	1,288,293	483,453	-
Public works	1,966,605	110,324	180,577	72,259
Culture and recreation	367,006	1,197	24,877	37,342
Interest on long term debt	274,096	-	-	-
Total Governmental Activities	<u>6,894,553</u>	<u>1,468,704</u>	<u>865,703</u>	<u>109,601</u>
<b>Business-type Activities</b>				
Water	571,568	287,892	-	584,599
Sewer	328,844	230,645	-	336,117
Total Business-type Activities	<u>900,412</u>	<u>518,537</u>	<u>-</u>	<u>920,716</u>
Total	<u>\$ 7,794,965</u>	<u>\$ 1,987,241</u>	<u>\$ 865,703</u>	<u>\$ 1,030,317</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

Prior Period Adjustment

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
\$ (1,340,424)	\$ -	\$ (1,340,424)
(928,990)	-	(928,990)
(1,603,445)	-	(1,603,445)
(303,590)	-	(303,590)
(274,096)	-	(274,096)
<u>(4,450,545)</u>	<u>-</u>	<u>(4,450,545)</u>
-	300,923	300,923
<u>-</u>	<u>237,918</u>	<u>237,918</u>
-	538,841	538,841
<u>(4,450,545)</u>	<u>538,841</u>	<u>(3,911,704)</u>
4,095,023	-	4,095,023
555,815	-	555,815
50,059	-	50,059
15,175	-	15,175
59,504	32,345	91,849
20,400	-	20,400
283,952	(283,952)	-
<u>5,079,928</u>	<u>(251,607)</u>	<u>4,828,321</u>
629,383	287,234	916,617
11,396,116	10,060,330	21,456,446
<u>-</u>	<u>(577,517)</u>	<u>(577,517)</u>
<u>\$ 12,025,499</u>	<u>\$ 9,770,047</u>	<u>\$ 21,795,546</u>

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

FUND FINANCIAL STATEMENTS

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020



City of Corcoran, Minnesota  
Balance Sheet  
Governmental Funds  
December 31, 2020

	<b>100</b>	<b>300's</b>	Other	Total
	General	Debt Service	Governmental Funds	Governmental Funds
<b>Assets</b>				
Cash and temporary investments	\$ 4,244,063	\$ 3,550,535	\$ 5,479,615	\$ 13,274,213
Receivables				
Accounts	51,359	-	-	51,359
Interest	9,458	-	-	9,458
Taxes	113,927	-	-	113,927
Special assessments	119,147	448,337	7,856	575,340
Due from other governments	60,849	4,254	-	65,103
Prepaid items	23,454	-	10,184	33,638
	<u>4,622,257</u>	<u>4,003,126</u>	<u>5,497,655</u>	<u>14,123,038</u>
<b>Liabilities</b>				
Accounts payable	\$ 462,568	\$ -	\$ 65,137	\$ 527,705
Due to other governments	13,179	-	10,957	24,136
Deposits payable	951,081	-	-	951,081
Accrued salaries payable	40,875	-	-	40,875
Total Liabilities	<u>1,467,703</u>	<u>-</u>	<u>76,094</u>	<u>1,543,797</u>
<b>Total Deferred Inflows of Resources</b>				
Unavailable revenues - taxes	113,927	-	-	113,927
Unavailable revenues - special assessments	119,147	448,337	7,856	575,340
Total Deferred Inflows of Resources	<u>233,074</u>	<u>448,337</u>	<u>7,856</u>	<u>689,267</u>
<b>Fund Balances</b>				
Nonspendable	23,454	-	10,184	33,638
Restricted	-	3,554,789	3,408,930	6,963,719
Committed	-	-	73,875	73,875
Assigned	404,246	-	1,920,716	2,324,962
Unassigned	2,493,780	-	-	2,493,780
Total Fund Balances	<u>2,921,480</u>	<u>3,554,789</u>	<u>5,413,705</u>	<u>11,889,974</u>
	<u>\$ 4,622,257</u>	<u>\$ 4,003,126</u>	<u>\$ 5,497,655</u>	<u>\$ 14,123,038</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				

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

City of Corcoran, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2020

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

Total Fund Balances - Governmental	\$ 11,889,974
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,085,784
Less: accumulated depreciation	(6,400,682)
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	
G.O. bonds payable	(11,650,000)
Unamortized premium on bonds	(201,224)
Compensated absences payable	(288,160)
Other postemployment benefits payable	(404,938)
Net pension liability	(1,792,144)
Some receivables are not available soon enough to pay for current period expenditures, and, therefore, are unavailable in the funds.	
Taxes receivable	113,927
Special assessments receivable	575,340
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	817,320
Deferred outflows of other postemployment benefit resources	88,843
Deferred inflows of pension resources	(679,613)
Deferred inflows of other postemployment benefit resources	(38,924)
Governmental funds do not report a liability for accrued interest until due and payable.	(90,004)
Total Net Position - Governmental Activities	\$ 12,025,499

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  
Governmental Funds  
For the Year Ended December 31, 2020

	<b>100</b>	<b>300's</b>	Other	Total
	General	Debt Service	Governmental Funds	Governmental Funds
<b>Revenues</b>				
Taxes	\$ 4,137,826	\$ 555,815	\$ -	\$ 4,693,641
Licenses and permits	1,245,432	-	-	1,245,432
Intergovernmental	748,951	-	-	748,951
Charges for services	220,439	-	29,450	249,889
Fines and forfeitures	18,118	-	711	18,829
Special assessments	-	109,922	4,464	114,386
Interest on investments	16,945	1,157	41,402	59,504
Miscellaneous	68,307	-	95,341	163,648
Total Revenues	<u>6,456,018</u>	<u>666,894</u>	<u>171,368</u>	<u>7,294,280</u>
<b>Expenditures</b>				
Current				
General government	1,504,781	-	-	1,504,781
Public safety	2,353,179	-	19,522	2,372,701
Public works	1,383,551	-	-	1,383,551
Culture and recreation	191,178	-	-	191,178
Capital outlay				
General government	5,967	-	208,540	214,507
Public safety	-	-	268,592	268,592
Public works	9,452	-	1,000,298	1,009,750
Culture and recreation	39,312	-	106,673	145,985
Debt service				
Principal	-	784,000	-	784,000
Interest and other charges	-	287,298	-	287,298
Total Expenditures	<u>5,487,420</u>	<u>1,071,298</u>	<u>1,603,625</u>	<u>8,162,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>968,598</u>	<u>(404,404)</u>	<u>(1,432,257)</u>	<u>(868,063)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	218,872	65,080	1,028,922	1,312,874
Bond issued	-	3,365,000	805,000	4,170,000
Premium on bonds issued	-	77,382	57,601	134,983
Transfers out	(537,000)	-	(491,922)	(1,028,922)
Total Other Financing Sources (Uses)	<u>(318,128)</u>	<u>3,507,462</u>	<u>1,399,601</u>	<u>4,588,935</u>
Net Change in Fund Balances	650,470	3,103,058	(32,656)	3,720,872
Fund Balances, January 1	<u>2,271,010</u>	<u>451,731</u>	<u>5,446,361</u>	<u>8,169,102</u>
Fund Balances, December 31	<u>\$ 2,921,480</u>	<u>\$ 3,554,789</u>	<u>\$ 5,413,705</u>	<u>\$ 11,889,974</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, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$ 3,720,872
<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	1,477,059
Depreciation expense	(834,634)
<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>	
	20,400
<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	(123,937)
Depreciation on disposals	30,623
<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	(4,170,000)
Premium on bonds issued	(134,983)
Amortization of bond premium	17,973
Principal repayments	784,000
<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>	
	(4,771)
<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	7,256
Special assessments	(97,127)
<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	(33,822)
Other postemployment benefits costs	(27,335)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(17,366)
Pension revenue	15,175
Change in Net Position - Governmental Activities	\$ 629,383

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,169,744	\$ 4,169,744	\$ 4,137,826	\$ (31,918)
Licenses and permits	468,375	468,375	1,245,432	777,057
Intergovernmental	280,145	280,145	748,951	468,806
Charges for services	105,700	105,700	220,439	114,739
Fines and forfeitures	60,000	60,000	18,118	(41,882)
Interest on investments	16,500	16,500	16,945	445
Miscellaneous	131,370	131,370	68,307	(63,063)
Total Revenues	<u>5,231,834</u>	<u>5,231,834</u>	<u>6,456,018</u>	<u>1,224,184</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,300,319	1,300,319	1,504,781	(204,462)
Public safety	2,051,045	2,051,045	2,353,179	(302,134)
Public works	1,504,549	1,504,549	1,383,551	120,998
Culture and recreation	201,793	201,793	191,178	10,615
<b>Capital outlay</b>				
General government	6,000	6,000	5,967	33
Public works	15,000	15,000	9,452	5,548
Culture and recreation	35,000	35,000	39,312	(4,312)
Total Expenditures	<u>5,113,706</u>	<u>5,113,706</u>	<u>5,487,420</u>	<u>(373,714)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>118,128</u>	<u>118,128</u>	<u>968,598</u>	<u>850,470</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	218,872	218,872	218,872	-
Transfers out	(337,000)	(337,000)	(537,000)	(200,000)
Total Other Financing Sources (Uses)	<u>(118,128)</u>	<u>(118,128)</u>	<u>(318,128)</u>	<u>(200,000)</u>
Net Change in Fund Balances	-	-	650,470	650,470
Fund Balances, January 1	<u>2,271,010</u>	<u>2,271,010</u>	<u>2,271,010</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,271,010</u>	<u>\$ 2,271,010</u>	<u>\$ 2,921,480</u>	<u>\$ 650,470</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, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 4,254,564	\$ 1,243,873	\$ 5,498,437
Accounts receivable	16,623	25,194	41,817
Special assessments receivable	42,858	10,714	53,572
Due from other governments	2,396	599	2,995
<b>Total Current Assets</b>	<u>4,316,441</u>	<u>1,280,380</u>	<u>5,596,821</u>
<b>Noncurrent Assets</b>			
Special assessments	179,845	44,962	224,807
<b>Capital assets</b>			
Land	235,145	126,617	361,762
Infrastructure	3,078,433	6,268,541	9,346,974
Machinery and equipment	57,700	-	57,700
Construction in progress	1,083,200	-	1,083,200
Less: accumulated depreciation	(522,297)	(700,274)	(1,222,571)
<b>Net Capital Assets</b>	<u>3,932,181</u>	<u>5,694,884</u>	<u>9,627,065</u>
<b>Total Noncurrent Assets</b>	<u>4,112,026</u>	<u>5,739,846</u>	<u>9,851,872</u>
<b>Total Assets</b>	<u>8,428,467</u>	<u>7,020,226</u>	<u>15,448,693</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	307,731	85,554	393,285
Due to other governments	1,193,384	-	1,193,384
Accrued interest payable	25,688	18,677	44,365
Notes payable - current	39,101	-	39,101
Bonds payable - current	62,500	77,500	140,000
<b>Total Current Liabilities</b>	<u>1,628,404</u>	<u>181,731</u>	<u>1,810,135</u>
<b>Noncurrent Liabilities</b>			
Notes payable, net of current portion	270,057	-	270,057
Bonds payable, net of premium	2,278,926	1,319,528	3,598,454
<b>Total Noncurrent Liabilities</b>	<u>2,548,983</u>	<u>1,319,528</u>	<u>3,868,511</u>
<b>Total Liabilities</b>	<u>4,177,387</u>	<u>1,501,259</u>	<u>5,678,646</u>
<b>Net Position</b>			
Net investment in capital assets	1,974,737	4,297,856	6,272,593
Unrestricted	2,276,343	1,221,111	3,497,454
<b>Total Net Position</b>	<u>\$ 4,251,080</u>	<u>\$ 5,518,967</u>	<u>\$ 9,770,047</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, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating Revenues			
Charges for services	\$ 287,892	\$ 206,037	\$ 493,929
Operating Expenses			
Supplies	112,547	7,872	120,419
Repairs and maintenance	273,766	67,648	341,414
Depreciation	106,461	208,951	315,412
Total Operating Expenses	<u>492,774</u>	<u>284,471</u>	<u>777,245</u>
Operating Loss	<u>(204,882)</u>	<u>(78,434)</u>	<u>(283,316)</u>
Nonoperating Revenues (Expenses)			
Interest on investments	24,849	7,496	32,345
Other income	-	24,608	24,608
Interest expense	<u>(78,794)</u>	<u>(44,373)</u>	<u>(123,167)</u>
Total Nonoperating Revenues (Expenses)	<u>(53,945)</u>	<u>(12,269)</u>	<u>(66,214)</u>
Loss Before Contributions and Transfers	(258,827)	(90,703)	(349,530)
Capital Contributions	584,599	336,117	920,716
Transfers Out	<u>(135,076)</u>	<u>(148,876)</u>	<u>(283,952)</u>
Change in Net Position	190,696	96,538	287,234
Net Position, January 1	4,637,901	5,422,429	10,060,330
Prior Period Adjustment	<u>(577,517)</u>	-	<u>(577,517)</u>
Net Position, December 31	<u>\$ 4,251,080</u>	<u>\$ 5,518,967</u>	<u>\$ 9,770,047</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, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 272,141	\$ 219,603	\$ 491,744
Payments to suppliers	(409,302)	(47,563)	(456,865)
Net Cash Provided (Used) by Operating Activities	(137,161)	172,040	34,879
Cash Flows from Noncapital Financing Activities			
Transfers out	(135,076)	(148,876)	(283,952)
Cash Flows from Capital and Related Financing Activities			
Connection fees received	1,214,496	334,276	1,548,772
Principal paid on notes payable	(37,658)	-	(37,658)
Special assessments received	61,570	15,393	76,963
Acquisition of capital assets	(874,476)	-	(874,476)
Proceeds of bonds issued, net of issuance	1,200,759	-	1,200,759
Principal paid on bonds	(62,500)	(77,500)	(140,000)
Interest paid on bonds	(49,975)	(45,602)	(95,577)
Net Cash Provided by Capital and Related Financing Activities	1,452,216	226,567	1,678,783
Cash Flows from Investing Activities			
Interest received on investments	24,849	7,496	32,345
Net Increase in Cash and Cash Equivalents	1,204,828	257,227	1,462,055
Cash and Cash Equivalents, January 1	3,049,736	986,646	4,036,382
Cash and Cash Equivalents, December 31	\$ 4,254,564	\$ 1,243,873	\$ 5,498,437
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities			
Operating loss	\$ (204,882)	\$ (78,434)	\$ (283,316)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Other income related to operations	-	24,608	24,608
Depreciation	106,461	208,951	315,412
(Increase) decrease in assets			
Accounts receivable	(6,037)	(8,614)	(14,651)
Special assessments receivable	(7,332)	(1,833)	(9,165)
Due from other governments	(2,382)	(595)	(2,977)
Increase (decrease) in liabilities			
Accounts payable	18,105	27,957	46,062
Due to other governments	(41,094)	-	(41,094)
Net Cash Provided (Used) By Operating Activities	\$ (137,161)	\$ 172,040	\$ 34,879
Noncash Capital and Related Financing Activities			
Acquisition of capital assets on account	\$ 266,424	\$ -	\$ 266,424
Amortization of bond premium	\$ 8,240	\$ 581	\$ 8,821

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



## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

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

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

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

The Economic Development Authority (the EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the Board of Commissioners. The activity of the EDA are 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.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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 City reports the following major proprietary funds:

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

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

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

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.

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

### 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.

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, 2020:

- Negotiable Certificates of Deposit of \$1,982,821 are valued using a matrix pricing model (Level 2 inputs)

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

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.

### ***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 are 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 activities 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.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

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 backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

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

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

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 and deferred other postemployment benefit 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 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, at January 1, 2019. The General fund is typically used to liquidate governmental other postemployment benefits payable.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

***Pensions***

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

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

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	PEPFP	
Pension Expense	\$ 94,763	\$ 137,125	\$ 231,888

***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 or not 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 two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit 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.



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2020, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 5,113,706	\$ 5,487,420	\$ 373,714

The excess expenditures were funded by revenues in excess of budget.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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 market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$2,690,153 and the bank balance was \$2,586,444. A portion of the bank balance (\$514,241) was covered by federal depository insurance. The remaining balance was covered by collateral help by the pledging financial institution's trust department in the City's name.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**Investments**

As of December 31, 2020, 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	\$ 2,428,891	\$ -	\$ -	\$ -
4M Money Market Accounts	N/A	Less than 1 year	11,670,785	-	-	-
Non-pooled Investments at Fair Value						
Brokered Certificates of Deposit	N/A	Less than 1 year	249,500	-	249,500	-
Brokered Certificates of Deposit	N/A	1 to 5 years	1,733,321	-	1,733,321	-
				-	-	-
Total Investments			<u>\$ 16,082,497</u>	<u>\$ -</u>	<u>\$ 1,982,821</u>	<u>\$ -</u>

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.
- **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	\$ 2,690,153
Investments	<u>16,082,497</u>
Total	<u>\$ 18,772,650</u>
Cash and Temporary Investments	
Statement of Net Position	<u>\$ 18,772,650</u>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 2,870,956	\$ -	\$ -	\$ 2,870,956
Construction in progress	883,379	908,566	(1,169,040)	622,905
Total Capital Assets not Being Depreciated	<u>3,754,335</u>	<u>908,566</u>	<u>(1,169,040)</u>	<u>3,493,861</u>
Capital Assets Being Depreciated				
Buildings	5,978,382	-	-	5,978,382
Equipment	4,310,158	588,894	(123,937)	4,775,115
Infrastructure	4,669,387	1,169,039	-	5,838,426
Total Capital Assets Being Depreciated	<u>14,957,927</u>	<u>1,757,933</u>	<u>(123,937)</u>	<u>16,591,923</u>
Less Accumulated Depreciation				
Buildings	(1,915,294)	(213,682)	-	(2,128,976)
Equipment	(2,838,698)	(426,338)	30,623	(3,234,413)
Infrastructure	(842,679)	(194,614)	-	(1,037,293)
Total Accumulated Depreciation	<u>(5,596,671)</u>	<u>(834,634)</u>	<u>30,623</u>	<u>(6,400,682)</u>
Total Capital Assets Being Depreciated, Net	<u>9,361,256</u>	<u>923,299</u>	<u>(93,314)</u>	<u>10,191,241</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,115,591</u>	<u>\$ 1,831,865</u>	<u>\$ (1,262,354)</u>	<u>\$ 13,685,102</u>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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	\$ 361,762	\$ -	\$ -	\$ 361,762
Construction in progress	-	1,083,200	-	1,083,200
Total Capital Assets not Being Depreciated	<u>361,762</u>	<u>1,083,200</u>	<u>-</u>	<u>1,444,962</u>
Capital Assets Being Depreciated				
Infrastructure	9,346,975	-	-	9,346,975
Machinery and Equipment	-	57,700	-	57,700
Total capital assets being depreciated	<u>9,346,975</u>	<u>57,700</u>	<u>-</u>	<u>9,404,675</u>
Less Accumulated Depreciation				
Infrastructure	(907,160)	(311,565)	-	(1,218,725)
Machinery and Equipment	-	(3,847)	-	(3,847)
Total accumulated depreciation	<u>(907,160)</u>	<u>(315,412)</u>	<u>-</u>	<u>(1,222,572)</u>
Total Capital Assets Being Depreciated, Net	<u>8,439,815</u>	<u>(257,712)</u>	<u>-</u>	<u>8,182,103</u>
Business-type Activities Capital Assets, Net	<u>\$ 8,801,577</u>	<u>\$ 825,488</u>	<u>\$ -</u>	<u>\$ 9,627,065</u>

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

<b>Governmental Activities</b>		
General government		\$ 55,361
Public safety		125,633
Public works		623,797
Culture and recreation		<u>29,843</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 834,634</u>
<b>Business-type Activities</b>		
Water		\$ 106,461
Sewer		<u>208,951</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 315,412</u>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**Construction Commitments**

The City has three active construction projects as of December 31, 2020. At year end, the City's commitments with the contractors are as follows:

Project	Spent to Date	Remaining Commitment
100th Ave Turn Lane	\$ 305,953	\$ 37,582
City Hall and Police Remodel	65,801	330,699
SE Trunk Sewer	755,611	284,609
Total	<u>\$ 1,127,365</u>	<u>\$ 652,890</u>

**C. Interfund Balances and Transfers**

**Interfund Transfers**

The composition of interfund transfers as of December 31, 2020 is as follows

Fund	Transfers In			Total
	General	Debt Service	Nonmajor Governmental	
Transfers Out				
General	\$ -	\$ -	\$ 537,000	\$ 537,000
Water	109,436	25,640	-	135,076
Sewer	109,436	39,440	-	148,876
Nonmajor Governmental	-	-	491,922	491,922
Total	<u>\$ 218,872</u>	<u>\$ 65,080</u>	<u>\$ 1,028,922</u>	<u>\$ 1,312,874</u>

- Transfers of \$109,436 were completed from both the Water and Sewer funds to the General fund to cover staff administrative costs.
- A transfer of \$187,000 was completed from the General fund to the City Hall Remodel fund for future project costs. A transfer of \$200,000 from the General fund to the Asphalt Maintenance fund was made for future capital expenditures.
- A budgeted transfer of \$150,000 from the General fund to the Capital Equipment was made to cover current and future capital purchases. The
- The Water and Sewer fund transferred \$25,640 and \$39,440, respectively for utility debt service payments.
- A transfer of \$491,922 from the Downtown Improvement fund to the Asphalt Maintenance fund was made to close out the Downtown Improvement fund for future street maintenance costs.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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. Capital Improvement Bonds Series 2012B	\$ 4,000,000	2.00 - 3.00 %	11/01/12	02/01/38	\$ 3,520,000
G.O. Equipment Certificate of 2012A	410,000	0.65 - 1.75	11/01/12	11/01/22	90,000
G.O. Equipment Certificate of 2016A	290,000	2.00 - 3.00	05/01/16	05/01/26	200,000
G.O. Improvement Bonds Series 2016A	2,625,000	2.00 - 2.40	05/01/16	05/01/32	1,960,000
G.O. Equipment Certification of 2018A	600,000	3.00 - 3.125	05/31/18	02/01/34	540,000
G.O. Bonds Series 2018A	1,235,000	3.00 - 3.125	05/31/18	02/01/34	1,170,000
G.O. Equipment Certification of 2020A	805,000	1.60 - 2.35	07/01/20	02/01/30	805,000
G.O. Capital Improvement Bonds Series 2020B	3,365,000	1.20 - 2.00	11/05/20	02/01/38	<u>3,365,000</u>
Total General Obligation Bonds					<u>\$ 11,650,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 3,950,000	\$ 195,536	\$ 4,145,536
2022	665,000	152,007	817,007
2023	655,000	137,095	792,095
2024	665,000	122,495	787,495
2025	685,000	107,570	792,570
2026 - 2030	2,740,000	329,815	3,069,815
2031 - 2035	1,585,000	119,815	1,704,815
2036 - 2038	<u>705,000</u>	<u>17,128</u>	<u>722,128</u>
Total	<u>\$ 11,650,000</u>	<u>\$ 1,181,461</u>	<u>\$ 12,831,461</u>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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. Annual principal and interest payments on the bonds are expected to require 159 and 191 percent of revenues from the Water and Sewer funds, respectively. For 2020, principal and interest paid and total operating revenues for the Water fund were \$112,475 and \$287,892, respectively. For 2020, principal and interest paid and total operating revenues for the Sewer fund were \$123,102 and \$206,037, respectively.

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	\$ 2,500,000
G.O. Utility Revenue Bonds, Series 2020A	1,145,000	1.60 - 2.35	07/01/20	02/01/31	1,145,000
Total General Obligation Revenue Bonds					<u>\$ 3,645,000</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
2021	\$ 140,000	\$ 102,913	\$ 242,913
2022	250,000	96,125	346,125
2023	250,000	89,675	339,675
2024	265,000	83,025	348,025
2025	270,000	76,100	346,100
2026 - 2030	1,445,000	269,994	1,714,994
2031 - 2035	1,025,000	83,756	1,108,756
Total	<u>\$ 3,645,000</u>	<u>\$ 801,588</u>	<u>\$ 4,446,588</u>

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
Notes Payable	\$ 300,000	5.50 %	01/01/14	12/20/27	\$ 226,705
Notes Payable	117,790	0.0	02/16/16	01/01/27	82,453
Total Notes Payable					<u>\$ 309,158</u>



City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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
2021	\$ 39,101	\$ 12,082	\$ 51,183
2022	40,624	10,559	51,183
2023	42,232	8,951	51,183
2024	43,931	7,252	51,183
2025	45,723	5,460	51,183
2026 - 2027	97,547	4,819	102,366
<b>Total</b>	<b>\$ 309,158</b>	<b>\$ 49,123</b>	<b>\$ 358,281</b>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
G.O. bonds payable	\$ 8,264,000	\$ 4,170,000	\$ (784,000)	\$ 11,650,000	\$ 3,950,000
Unamortized premium on bonds	84,214	134,983	(17,973)	201,224	-
Total Bonds Payable	8,348,214	4,304,983	(801,973)	11,851,224	3,950,000
Compensated Absences Payable	254,338	191,959	(158,137)	288,160	126,790
Governmental Activity Long-term Liabilities	<u>\$ 8,602,552</u>	<u>\$ 4,496,942</u>	<u>\$ (960,110)</u>	<u>\$ 12,139,384</u>	<u>\$ 4,076,790</u>
<b>Business-type Activities</b>					
Bonds Payable					
Revenue bonds payable	\$ 2,640,000	\$ 1,145,000	\$ (140,000)	\$ 3,645,000	\$ 140,000
Unamortized premium on bonds	19,697	82,578	(8,821)	93,454	-
Total Bonds Payable	2,659,697	1,227,578	(148,821)	3,738,454	140,000
Notes Payable	346,816	-	(37,658)	309,158	39,101
Business-type Activity Long-term Liabilities	<u>\$ 3,006,513</u>	<u>\$ 1,227,578</u>	<u>\$ (186,479)</u>	<u>\$ 4,047,612</u>	<u>\$ 179,101</u>

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**E. Components of Fund Balance**

At December 31, 2020, 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	Nonmajor Governmental Funds	Total
Nonspendable				
Prepaid items	\$ 23,454	\$ -	\$ 10,184	\$ 33,638
Restricted for				
Debt service	\$ -	\$ 3,554,789	\$ -	\$ 3,554,789
Capital outlay	-	-	2,541,566	2,541,566
Park dedication fees	-	-	704,149	704,149
Lawful gambling	-	-	154,422	154,422
Police expenditures	-	-	8,793	8,793
Total Restricted	\$ -	\$ 3,554,789	\$ 3,408,930	\$ 6,963,719
Committed to				
Emergency sirens	\$ -	\$ -	\$ 46,331	\$ 46,331
Police expenditures	-	-	23,769	23,769
Truck safety	-	-	3,775	3,775
Total Committed	\$ -	\$ -	\$ 73,875	\$ 73,875
Assigned to				
Long range planning	\$ 404,246	\$ -	\$ -	\$ 404,246
Capital outlay	-	-	1,920,716	1,920,716
Total Assigned	\$ 404,246	\$ -	\$ 1,920,716	\$ 2,324,962

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

**A. Plan Description**

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

**B. Benefits Provided**

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be 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. For 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.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3-0 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. Beginning in 2019, the postretirement increase will be 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, 2020, 2019 and 2018 were \$79,572, \$74,497 and \$68,497, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$133,277, \$131,228 and \$113,901, 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

At December 31, 2020, the City reported a liability of \$881,332 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 \$27,082. 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0147 percent which was a 0.0014 an increase percent from its proportion measured as of June 30, 2019.

City's Proportionate Share of the Net Pension Liability	\$ 881,332
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	27,082
	908,414
Total	\$ 908,414

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

For the year ended December 31, 2020, the City recognized pension expense of \$92,406 or its proportionate share of General Employees Plan's pension expense. In addition, the City recognized \$2,357 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, 2020, 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	\$ 7,410	\$ 4,611
Changes in Actuarial Assumptions	530	31,342
Net Difference Between Projected and Actual Earnings on Plan Investments	45,079	-
Changes in Proportion	105,066	-
Contributions Paid to PERA Subsequent to the Measurement Date	40,552	-
Total	\$ 198,637	\$ 35,953

The \$40,552 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ 34,631
2021	27,865
2022	38,346
2023	21,290

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$910,812 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.0691 percent which was a 0.0001 percent a decrease from its proportionate share measured as of June 30, 2019.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. 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 fire 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.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

As a result, 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 \$4.5 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, 2020, the City recognized pension expense of \$130,906 for its proportionate share of Police and Fire Plan's pension expense. The City also recognized \$6,219 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. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

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 fire state aid. The City also recognized \$6,599 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.

At December 31, 2020, 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	\$ 40,406	\$ 56,854
Changes in Actuarial Assumptions	334,299	574,516
Net Difference Between Projected and Actual Earnings on Plan Investments	39,705	-
Changes in Proportion	138,388	12,290
Contributions Paid to PERA Subsequent to the Measurement Date	65,885	-
Total	\$ 618,683	\$ 643,660

The \$65,885 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (16,692)
2022	(179,832)
2023	55,660
2024	49,642
2025	360

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were 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, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- 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.

Changes in Plan Provisions:

- 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.

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 Stocks	35.50 %	5.10 %
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	20.00	0.75
International Stocks	17.50	5.30
Cash	2.00	-
Total	100.00 %	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50 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.

**G. 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 1,412,470	\$ 881,332	\$ 443,186
Police and Fire Fund	1,815,379	910,812	162,441

**H. 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, 2020

**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	2
Active Plan Members	22
	<hr/>
Total Plan Members	24
	<hr/> <hr/>

**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, 2020, the City's average contribution rate was 0.90 percent of covered-employee payroll. For the year 2020, the City directly contributed \$29,378 to the Plan, while implicit contributions totaled \$9,362.

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$404,938 was measured as of December 31, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2019. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.12%
20-Year Municipal Bond Yield	2.12%
Inflation Rate	2.75%
Salary Increases	3.25%
Medical Trend Rate	7.50% in 2020 decreasing 0.50% per year to an ultimate rate of 5.00%

The discount rate used to measure the total OPEB liability was 2.12 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. The equivalent single rate is the discount 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, 2020 valuation were 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.

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

	Total OPEB Liability (a)
Balances at December 31, 2019	<u>\$ 360,758</u>
Changes for the Year:	
Service cost	21,963
Interest	10,358
Differences between expected and actual experience	1
Changes in assumptions or other inputs	21,220
Benefit payments	<u>(9,362)</u>
Net Changes	<u>44,180</u>
Balances at December 31, 2020	<u><u>\$ 404,938</u></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 (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current discount rate:

1 Percent Decrease (1.12%)	Current (2.12%)	1 Percent Increase (3.12%)
\$ 439,812	\$ 404,938	\$ 372,662

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

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 (7.00 percent decreasing to 6.00 percent) or 1-percentage-point higher (9.00 percent increasing to 8.00 percent) than the current discount rate:

1 Percent Decrease (6.5% Decreasing 0.50% Per Year)	Healthcare Cost Trend Rates (7.5% Decreasing 0.50% Per Year)	1 Percent Increase (8.5% Decreasing 0.50% Per Year)
\$ 355,772	\$ 404,938	\$ 462,669

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$27,335. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 25,083
Changes in Actuarial Assumptions	88,843	13,841
Total	\$ 88,843	\$ 38,924

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ 4,375
2022	4,375
2023	4,375
2024	4,375
2025	4,375
Thereafter	28,044

City of Corcoran, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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**

The City’s statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments is excluded from the debt limit computation. As of December 31, 2020, the City is under the legal debt margin.

**Note 7: Subsequent Event**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City’s financial condition, liquidity, and future results of its revenue collections is uncertain.

**Note 8: Prior Period Adjustment**

The City’s ending net position had to be adjusted due to failure to remit funds received on behalf of the City of Maple Grove in the year collected. The City remitted funds to Maple Grove for connections for 2017 through 2019 in early 2021.

Fund	Net Position December 31, 2019 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2020 as Restated
Business-type activities	\$ 10,060,330	\$ (577,517)	\$ 10,060,330
Water Fund	\$ 4,637,901	\$ (577,517)	\$ 4,060,384

(1) To adjust ending net position for water connection fees collected and not remitted to Maple Grove at December 31, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of Corcoran, Minnesota  
 Required Supplementary Information  
 For the Year Ended December 31, 2020

**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
06/30/20	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	860,667	658,533	130.7	68.9
06/30/15	0.0102	528,617	-	528,617	601,092	87.9	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)
12/31/20	\$ 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, 2020

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

Changes in Actuarial Assumptions

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, 2020

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

Changes in Plan Provisions

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 – No changes noted

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, 2020

**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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0691 %	\$ 910,812	\$ 21,449	\$ 932,261	\$ 815,740	111.7 %	87.2 %
06/30/19	0.0655	736,704	-	736,704	746,497	98.7	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	489,123	418.4	63.9
06/30/15	0.0560	636,191	-	636,191	576,654	110.3	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)
12/31/20	\$ 133,277	\$ 133,277	\$ -	\$ 786,295	16.95 %
12/31/19	131,228	131,228	-	810,046	16.20
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, 2020

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

Changes in Actuarial Assumptions

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, 2020

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

Changes in Plan Provisions

2020 – No changes noted

2019 – No changes noted

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 – No changes noted

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, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 21,963	\$ 16,254	\$ 16,488
Interest	10,358	12,423	10,632
Differences between expected and actual experience	1	(29,562)	-
Changes in assumptions	21,220	81,749	(17,796)
Benefit payments	<u>(9,362)</u>	<u>(15,182)</u>	<u>(13,650)</u>
Net Change in Total OPEB Liability	44,180	65,682	(4,326)
Total OPEB Liability - Beginning	<u>360,758</u>	<u>295,076</u>	<u>299,402</u>
Total OPEB Liability - Ending	<u>\$ 404,938</u>	<u>\$ 360,758</u>	<u>\$ 295,076</u>
Covered - Employee Payroll	\$ 1,700,000	\$ 1,700,000	\$ 1,300,000
City's total OPEB liability as a percentage of covered employee payroll	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, 2020

City of Corcoran, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2020

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and temporary investments	\$ 237,402	\$ 5,242,213	\$ 5,479,615
Receivables			
Special assessments	-	7,856	7,856
Prepaid items	-	10,184	10,184
Total Assets	<u>\$ 237,402</u>	<u>\$ 5,260,253</u>	<u>\$ 5,497,655</u>
<b>Liabilities</b>			
Accounts payable	\$ 312	\$ 64,825	\$ 65,137
Due to other governments	-	10,957	10,957
Total Liabilities	312	75,782	76,094
<b>Deferred Inflows of Resources</b>			
Unavailable revenues - special assessments	-	7,856	7,856
<b>Fund Balances</b>			
Nonspendable	-	10,184	10,184
Restricted	163,215	3,245,715	3,408,930
Committed	73,875	-	73,875
Assigned	-	1,920,716	1,920,716
Total Fund Balance	<u>237,090</u>	<u>5,176,615</u>	<u>5,413,705</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 237,402</u>	<u>\$ 5,260,253</u>	<u>\$ 5,497,655</u>

Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended December 31, 2020

	Special Revenue	Capital Projects	Total
<b>Revenues</b>			
Charges for services	\$ 29,450	\$ -	\$ 29,450
Fines and forfeitures	711	-	711
Special assessments	-	4,464	4,464
Interest on investments	1,481	39,921	41,402
Miscellaneous	39,988	55,353	95,341
Total Revenues	<u>71,630</u>	<u>99,738</u>	<u>171,368</u>
<b>Expenditures</b>			
Current			
Public safety	19,522	-	19,522
Capital outlay			
General government	-	208,540	208,540
Public safety	-	268,592	268,592
Public works	-	1,000,298	1,000,298
Culture and recreation	-	106,673	106,673
Total Expenditures	<u>19,522</u>	<u>1,584,103</u>	<u>1,603,625</u>
Excess of Revenues Over Expenditures	<u>52,108</u>	<u>(1,484,365)</u>	<u>(1,432,257)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	1,028,922	1,028,922
Bond issued	-	805,000	805,000
Premium on bonds issued	-	57,601	57,601
Transfers out	-	(491,922)	(491,922)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,399,601</u>	<u>1,399,601</u>
Net Change in Fund Balances	52,108	(84,764)	(32,656)
Fund Balances, January 1	<u>184,982</u>	<u>5,261,379</u>	<u>5,446,361</u>
Fund Balances, December 31	<u>\$ 237,090</u>	<u>\$ 5,176,615</u>	<u>\$ 5,413,705</u>

City of Corcoran, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2020

	<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	<u>\$ 9,566</u>	<u>\$ 427</u>	<u>\$ 14,203</u>	<u>\$ 5,938</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ -</u>	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>				
Restricted	-	115	-	5,938
Committed	<u>9,566</u>	<u>-</u>	<u>14,203</u>	<u>-</u>
<b>Total Fund Balances</b>	<u>9,566</u>	<u>115</u>	<u>14,203</u>	<u>5,938</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,566</u>	<u>\$ 427</u>	<u>\$ 14,203</u>	<u>\$ 5,938</u>



<b>206</b> Drug Forfeiture	<b>207</b> Truck Safety	<b>208</b> Lawful Gambling	<b>209</b> Emergency Sirens	Total
<u>\$ 2,740</u>	<u>\$ 3,775</u>	<u>\$ 154,422</u>	<u>\$ 46,331</u>	<u>\$ 237,402</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312</u>
2,740	-	154,422	-	163,215
<u>-</u>	<u>3,775</u>	<u>-</u>	<u>46,331</u>	<u>73,875</u>
<u>2,740</u>	<u>3,775</u>	<u>154,422</u>	<u>46,331</u>	<u>237,090</u>
<u>\$ 2,740</u>	<u>\$ 3,775</u>	<u>\$ 154,422</u>	<u>\$ 46,331</u>	<u>\$ 237,402</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, 2020

	<b>201</b> Reserve Donation	<b>202</b> Police Donation	<b>204</b> Firearms Safety	<b>205</b> DWI Forfeiture
Revenues				
Charges for services	\$ 5,950	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	711
Interest on investments	57	26	100	45
Miscellaneous	300	1,000	1,750	2,046
Total Revenues	<u>6,307</u>	<u>1,026</u>	<u>1,850</u>	<u>2,802</u>
Expenditures				
Current				
Public safety	<u>2,626</u>	<u>6,499</u>	<u>68</u>	<u>3,004</u>
Net Change in Fund Balances	3,681	(5,473)	1,782	(202)
Fund Balances, January 1	<u>5,885</u>	<u>5,588</u>	<u>12,421</u>	<u>6,140</u>
Fund Balances, December 31	<u><u>\$ 9,566</u></u>	<u><u>\$ 115</u></u>	<u><u>\$ 14,203</u></u>	<u><u>\$ 5,938</u></u>

<b>206</b> Drug Forfeiture	<b>207</b> Truck Safety	<b>208</b> Lawful Gambling	<b>209</b> Emergency Sirens	Total
\$ -	\$ -	\$ -	\$ 23,500	\$ 29,450
-	-	-	-	711
16	25	993	219	1,481
729	7,225	26,938	-	39,988
<u>745</u>	<u>7,250</u>	<u>27,931</u>	<u>23,719</u>	<u>71,630</u>
1,125	6,200	-	-	19,522
(380)	1,050	27,931	23,719	52,108
3,120	2,725	126,491	22,612	184,982
<u>\$ 2,740</u>	<u>\$ 3,775</u>	<u>\$ 154,422</u>	<u>\$ 46,331</u>	<u>\$ 237,090</u>

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

	<b>305</b> Asphalt Maintenance	<b>400</b> City Hall Remodel	<b>411</b> Public Works Facility	<b>415</b> Park Capital	<b>416</b> Capital Equip-Cert
<b>Assets</b>					
Cash and temporary investments	\$ 969,407	\$ 535,682	\$ 58,633	\$ 838,948	\$ 504,935
Special assessments receivable	7,856	-	-	-	-
Prepaid items	-	-	-	-	10,184
<b>Total Assets</b>	<b><u>\$ 977,263</u></b>	<b><u>\$ 535,682</u></b>	<b><u>\$ 58,633</u></b>	<b><u>\$ 838,948</u></b>	<b><u>\$ 515,119</u></b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 58,620	\$ -	\$ -	\$ 2,078
Due to other government	-	-	-	-	10,957
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>58,620</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>13,035</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - special assessments	7,856	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	10,184
Restricted	-	-	-	704,149	211,085
Assigned	969,407	477,062	58,633	134,799	280,815
<b>Total Fund Balance</b>	<b><u>969,407</u></b>	<b><u>477,062</u></b>	<b><u>58,633</u></b>	<b><u>838,948</u></b>	<b><u>502,084</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 977,263</u></b>	<b><u>\$ 535,682</u></b>	<b><u>\$ 58,633</u></b>	<b><u>\$ 838,948</u></b>	<b><u>\$ 515,119</u></b>

<b>419</b> Hackamore Upgrade	<b>420</b> Wetland Restoration	<b>422</b> Downtown Improvements	<b>425</b> Bellwether	<b>427</b> Gleason/66th Parkway	Total
\$ 1,063,477	\$ 103,544	\$ -	\$ 198,893	\$ 968,694	\$ 5,242,213
-	-	-	-	-	7,856
-	-	-	-	-	10,184
<u>\$ 1,063,477</u>	<u>\$ 103,544</u>	<u>\$ -</u>	<u>\$ 198,893</u>	<u>\$ 968,694</u>	<u>\$ 5,260,253</u>
\$ -	\$ -	\$ -	\$ 3,197	\$ 930	\$ 64,825
-	-	-	-	-	10,957
-	-	-	3,197	930	75,782
-	-	-	-	-	7,856
-	-	-	-	-	10,184
1,063,477	103,544	-	195,696	967,764	3,245,715
-	-	-	-	-	1,920,716
<u>1,063,477</u>	<u>103,544</u>	<u>-</u>	<u>195,696</u>	<u>967,764</u>	<u>5,176,615</u>
<u>\$ 1,063,477</u>	<u>\$ 103,544</u>	<u>\$ -</u>	<u>\$ 198,893</u>	<u>\$ 968,694</u>	<u>\$ 5,260,253</u>

City of Corcoran, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2020

	<b>305</b> Asphalt Maintenance	<b>400</b> City Hall Remodel	<b>411</b> Public Works Facility	<b>415</b> Park Capital	<b>416</b> Capital Equip-Cert
<b>Revenues</b>					
Special assessments	\$ 4,464	\$ -	\$ -	\$ -	\$ -
Interest on investments	2,116	3,461	1,590	6,006	1,154
Miscellaneous	-	-	-	353	-
Total Revenues	<u>6,580</u>	<u>3,461</u>	<u>1,590</u>	<u>6,359</u>	<u>1,154</u>
<b>Expenditures</b>					
Capital outlay					
General government	-	196,324	-	-	12,216
Public safety	-	-	-	-	268,592
Public works	-	-	40,760	-	206,873
Culture and recreation	-	-	-	439	106,234
Total Expenditures	<u>-</u>	<u>196,324</u>	<u>40,760</u>	<u>439</u>	<u>593,915</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
	<u>6,580</u>	<u>(192,863)</u>	<u>(39,170)</u>	<u>5,920</u>	<u>(592,761)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	691,922	187,000	-	-	150,000
Bond issued	-	-	-	-	805,000
Premium on bonds issued	-	-	-	-	57,601
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>691,922</u>	<u>187,000</u>	<u>-</u>	<u>-</u>	<u>1,012,601</u>
<b>Net Change in Fund Balances</b>	698,502	(5,863)	(39,170)	5,920	419,840
<b>Fund Balances, January 1</b>	<u>270,905</u>	<u>482,925</u>	<u>97,803</u>	<u>833,028</u>	<u>82,244</u>
<b>Fund Balances, December 31</b>	<u>\$ 969,407</u>	<u>\$ 477,062</u>	<u>\$ 58,633</u>	<u>\$ 838,948</u>	<u>\$ 502,084</u>

<b>419</b> Hackamore Upgrade	<b>420</b> Wetland Restoration	<b>422</b> Downtown Improvement	<b>425</b> Bellwether	<b>427</b> Gleason/66th Parkway	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,464
7,697	802	3,811	5,697	7,587	39,921
-	-	-	55,000	-	55,353
<u>7,697</u>	<u>802</u>	<u>3,811</u>	<u>60,697</u>	<u>7,587</u>	<u>99,738</u>
-	-	-	-	-	208,540
-	-	-	-	-	268,592
5,210	-	403	636,390	110,662	1,000,298
-	-	-	-	-	106,673
<u>5,210</u>	<u>-</u>	<u>403</u>	<u>636,390</u>	<u>110,662</u>	<u>1,584,103</u>
<u>2,487</u>	<u>802</u>	<u>3,408</u>	<u>(575,693)</u>	<u>(103,075)</u>	<u>(1,484,365)</u>
-	-	-	-	-	1,028,922
-	-	-	-	-	805,000
-	-	-	-	-	57,601
-	-	(491,922)	-	-	(491,922)
-	-	(491,922)	-	-	1,399,601
2,487	802	(488,514)	(575,693)	(103,075)	(84,764)
<u>1,060,990</u>	<u>102,742</u>	<u>488,514</u>	<u>771,389</u>	<u>1,070,839</u>	<u>5,261,379</u>
<u>\$ 1,063,477</u>	<u>\$ 103,544</u>	<u>\$ -</u>	<u>\$ 195,696</u>	<u>\$ 967,764</u>	<u>\$ 5,176,615</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 4,116,744	\$ 4,116,744	\$ 4,087,767	\$ (28,977)	\$ 3,657,345
Cable franchise fees	53,000	53,000	50,059	(2,941)	47,583
Total taxes	<u>4,169,744</u>	<u>4,169,744</u>	<u>4,137,826</u>	<u>(31,918)</u>	<u>3,704,928</u>
Licenses and permits					
Business	18,375	18,375	11,250	(7,125)	18,438
Nonbusiness	450,000	450,000	1,234,182	784,182	912,609
Total licenses and permits	<u>468,375</u>	<u>468,375</u>	<u>1,245,432</u>	<u>777,057</u>	<u>931,047</u>
Intergovernmental					
Federal					
CARES funding	-	-	445,428	445,428	-
State					
Local government aid	3,000	3,000	5,720	2,720	-
Property tax credits	-	-	-	-	20,033
PERA aid	1,845	1,845	-	(1,845)	1,845
Police state aid	79,300	79,300	97,110	17,810	83,680
State aid for streets	135,000	135,000	155,079	20,079	172,933
Other	35,000	35,000	21,622	(13,378)	40,652
County					
Recycling	16,000	16,000	23,992	7,992	15,221
Other	10,000	10,000	-	(10,000)	10,370
Total intergovernmental	<u>280,145</u>	<u>280,145</u>	<u>748,951</u>	<u>468,806</u>	<u>344,734</u>
Charges for services					
General government	45,200	45,200	50,756	5,556	27,286
Public safety	12,500	12,500	102,036	89,536	21,199
Streets and highways	41,500	41,500	64,481	22,981	47,968
Recycling	6,500	6,500	3,166	(3,334)	7,942
Total charges for services	<u>105,700</u>	<u>105,700</u>	<u>220,439</u>	<u>114,739</u>	<u>104,395</u>
Fines and forfeitures	<u>60,000</u>	<u>60,000</u>	<u>18,118</u>	<u>(41,882)</u>	<u>51,505</u>
Interest on investments	<u>16,500</u>	<u>16,500</u>	<u>16,945</u>	<u>445</u>	<u>45,935</u>
Miscellaneous					
Contributions and donations	-	-	768	768	-
Refunds and reimbursements	-	-	-	-	13,959
Other	131,370	131,370	67,539	(63,831)	129,899
Total miscellaneous	<u>131,370</u>	<u>131,370</u>	<u>68,307</u>	<u>(63,063)</u>	<u>143,858</u>
Total Revenues	<u>5,231,834</u>	<u>5,231,834</u>	<u>6,456,018</u>	<u>1,224,184</u>	<u>5,326,402</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City council					
Personal services	\$ 20,735	\$ 20,735	\$ 20,733	\$ 2	\$ 20,733
Supplies	6,500	6,500	4,816	1,684	1,932
Other services and charges	71	71	92	(21)	67
Total city council	<u>27,306</u>	<u>27,306</u>	<u>25,641</u>	<u>1,665</u>	<u>22,732</u>
Newspaper/newsletter					
Other services and charges	<u>13,500</u>	<u>13,500</u>	<u>10,407</u>	<u>3,093</u>	<u>8,123</u>
Administrator					
Personal services	167,745	167,745	161,498	6,247	157,674
Supplies	6,000	6,000	1,794	4,206	4,904
Other services and charges	2,071	2,071	2,167	(96)	1,809
Total administrator	<u>175,816</u>	<u>175,816</u>	<u>165,459</u>	<u>10,357</u>	<u>164,387</u>
Clerk					
Personal services	366,470	366,470	374,704	(8,234)	318,312
Supplies	13,300	13,300	8,078	5,222	5,398
Other services and charges	3,221	3,221	3,597	(376)	3,557
Total clerk	<u>382,991</u>	<u>382,991</u>	<u>386,379</u>	<u>(3,388)</u>	<u>327,267</u>
Elections					
Supplies	<u>14,000</u>	<u>14,000</u>	<u>28,592</u>	<u>(14,592)</u>	<u>1,420</u>
Auditor/treasurer					
Other services and charges	<u>32,500</u>	<u>32,500</u>	<u>41,075</u>	<u>(8,575)</u>	<u>37,000</u>
Assessor					
Supplies	1,000	1,000	1,768	(768)	876
Other services and charges	66,700	66,700	57,204	9,496	72,995
Total assessor	<u>67,700</u>	<u>67,700</u>	<u>58,972</u>	<u>8,728</u>	<u>73,871</u>
Legal services					
Other services and charges	<u>32,000</u>	<u>32,000</u>	<u>39,226</u>	<u>(7,226)</u>	<u>34,152</u>
Planning administration					
Personal services	54,735	54,735	16,848	37,887	-
Supplies	1,000	1,000	448	552	36
Other services and charges	57,129	57,129	82,659	(25,530)	127,096
Total planning administration	<u>112,864</u>	<u>112,864</u>	<u>99,955</u>	<u>12,909</u>	<u>127,132</u>
Information technology					
Supplies	39,000	39,000	35,894	3,106	40,361
Other services and charges	84,000	84,000	75,320	8,680	83,338
Total information technology	<u>123,000</u>	<u>123,000</u>	<u>111,214</u>	<u>11,786</u>	<u>123,699</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Code enforcement					
Personal services	\$ 89,879	\$ 89,879	\$ 91,164	\$ (1,285)	\$ 87,422
Supplies	1,750	1,750	1,062	688	2,033
Other services and charges	30,913	30,913	33,934	(3,021)	31,649
Total code enforcement	<u>122,542</u>	<u>122,542</u>	<u>126,160</u>	<u>(3,618)</u>	<u>121,104</u>
City center					
Supplies	26,500	26,500	23,892	2,608	36,666
Other services and charges	53,550	53,550	53,462	88	49,899
Total city center	<u>80,050</u>	<u>80,050</u>	<u>77,354</u>	<u>2,696</u>	<u>86,565</u>
Other general government					
Supplies	7,500	7,500	210,282	(202,782)	2,807
Other services and charges	108,550	108,550	124,065	(15,515)	104,828
Total other general government	<u>116,050</u>	<u>116,050</u>	<u>334,347</u>	<u>(218,297)</u>	<u>107,635</u>
Total general government	<u>1,300,319</u>	<u>1,300,319</u>	<u>1,504,781</u>	<u>(204,462)</u>	<u>1,235,087</u>
Police					
Personal services	1,282,581	1,282,581	1,229,343	53,238	1,278,907
Supplies	86,250	86,250	85,853	397	81,217
Other services and charges	135,214	135,214	233,742	(98,528)	119,696
Total police	<u>1,504,045</u>	<u>1,504,045</u>	<u>1,548,938</u>	<u>(44,893)</u>	<u>1,479,820</u>
Fire					
Other services and charges	<u>367,000</u>	<u>367,000</u>	<u>366,103</u>	<u>897</u>	<u>348,658</u>
Building inspection					
Other services and charges	<u>180,000</u>	<u>180,000</u>	<u>438,138</u>	<u>(258,138)</u>	<u>366,741</u>
Total public safety	<u>2,051,045</u>	<u>2,051,045</u>	<u>2,353,179</u>	<u>(302,134)</u>	<u>2,195,219</u>
Public works					
Streets and highways					
Personal services	733,673	733,673	673,557	60,116	680,169
Supplies	553,000	553,000	415,125	137,875	536,026
Other services and charges	133,076	133,076	165,901	(32,825)	97,735
Total streets and highways	<u>1,419,749</u>	<u>1,419,749</u>	<u>1,254,583</u>	<u>165,166</u>	<u>1,313,930</u>
Snow and ice removal					
Supplies	<u>40,500</u>	<u>40,500</u>	<u>47,069</u>	<u>(6,569)</u>	<u>44,909</u>
Engineering					
Other services and charges	<u>32,500</u>	<u>32,500</u>	<u>70,121</u>	<u>(37,621)</u>	<u>34,786</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Recycling					
Supplies	\$ 3,500	\$ 3,500	\$ -	\$ 3,500	\$ 3,238
Other services and charges	8,300	8,300	11,778	(3,478)	9,430
Total recycling	<u>11,800</u>	<u>11,800</u>	<u>11,778</u>	<u>22</u>	<u>12,668</u>
Total public works	<u>1,504,549</u>	<u>1,504,549</u>	<u>1,383,551</u>	<u>120,998</u>	<u>1,406,293</u>
Culture and recreation					
Parks					
Personal services	119,544	119,544	107,453	12,091	68,827
Supplies	63,450	63,450	63,511	(61)	76,528
Other services and charges	18,799	18,799	20,214	(1,415)	19,857
Total parks	<u>201,793</u>	<u>201,793</u>	<u>191,178</u>	<u>10,615</u>	<u>165,212</u>
Total current	<u>5,057,706</u>	<u>5,057,706</u>	<u>5,432,689</u>	<u>(374,983)</u>	<u>5,001,811</u>
Capital outlay					
General government	6,000	6,000	5,967	33	-
Public works	15,000	15,000	9,452	5,548	9,916
Culture and recreation	35,000	35,000	39,312	(4,312)	41,749
Total capital outlay	<u>56,000</u>	<u>56,000</u>	<u>54,731</u>	<u>1,269</u>	<u>51,665</u>
Total Expenditures	<u>5,113,706</u>	<u>5,113,706</u>	<u>5,487,420</u>	<u>(373,714)</u>	<u>5,053,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>118,128</u>	<u>118,128</u>	<u>968,598</u>	<u>850,470</u>	<u>272,926</u>
Other Financing Sources (Uses)					
Transfers in	218,872	218,872	218,872	-	205,830
Transfers out	<u>(337,000)</u>	<u>(337,000)</u>	<u>(537,000)</u>	<u>(200,000)</u>	<u>(695,000)</u>
Total Other Financing Sources (Uses)	<u>(118,128)</u>	<u>(118,128)</u>	<u>(318,128)</u>	<u>(200,000)</u>	<u>(489,170)</u>
Net Change in Fund Balances	-	-	650,470	650,470	(216,244)
Fund Balances, January 1	<u>2,271,010</u>	<u>2,271,010</u>	<u>2,271,010</u>	<u>-</u>	<u>2,487,254</u>
Fund Balances, December 31	<u>\$ 2,271,010</u>	<u>\$ 2,271,010</u>	<u>\$ 2,921,480</u>	<u>\$ 650,470</u>	<u>\$ 2,271,010</u>

City of Corcoran, Minnesota  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 December 31, 2020

	<b>309</b>	<b>311</b>	<b>312</b>	
	G.O. Equipment Certificates	2012 Public Works Bond	2016A Bonds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Assets				
Cash and temporary investments	\$ 46,853	\$ 3,498,897	\$ 4,785	\$ 3,550,535
Special assessments receivable	-	-	448,337	448,337
Due from other governments	-	-	4,254	4,254
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 46,853</u>	<u>\$ 3,498,897</u>	<u>\$ 457,376</u>	<u>\$ 4,003,126</u>
Deferred Inflows of Resources				
Unavailable revenues - special assessments	\$ -	\$ -	\$ 448,337	\$ 448,337
Fund Balances				
Restricted for debt service	<u>46,853</u>	<u>3,498,897</u>	<u>9,039</u>	<u>3,554,789</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 46,853</u>	<u>\$ 3,498,897</u>	<u>\$ 457,376</u>	<u>\$ 4,003,126</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, 2020

	309 G.O. Equipment Certificates	311 2012 Public Works Bond	312 2016A Bonds	Total
Revenues				
Taxes	\$ 213,292	\$ 231,617	\$ 110,906	\$ 555,815
Special assessments	-	-	109,922	109,922
Interest on investments	1,040	-	117	1,157
Total Revenues	<u>214,332</u>	<u>231,617</u>	<u>220,945</u>	<u>666,894</u>
Expenditures				
Debt service				
Principal	364,000	130,000	290,000	784,000
Interest and other charges	48,633	159,435	79,230	287,298
Total Expenditures	<u>412,633</u>	<u>289,435</u>	<u>369,230</u>	<u>1,071,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(198,301)</u>	<u>(57,818)</u>	<u>(148,285)</u>	<u>(404,404)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	65,080	65,080
Bonds issued	-	3,365,000	-	3,365,000
Premium on bonds issued	-	77,382	-	77,382
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,442,382</u>	<u>65,080</u>	<u>3,507,462</u>
Net Change in Fund Balances	(198,301)	3,384,564	(83,205)	3,103,058
Fund Balances, January 1	<u>245,154</u>	<u>114,333</u>	<u>92,244</u>	<u>451,731</u>
Fund Balances, December 31	<u>\$ 46,853</u>	<u>\$ 3,498,897</u>	<u>\$ 9,039</u>	<u>\$ 3,554,789</u>

City of Corcoran, Minnesota  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 4,693,641	\$ 4,257,736	10.24 %
Licenses and permits	1,245,432	931,047	33.77
Intergovernmental	748,951	344,734	117.25
Charges for services	249,889	410,235	(39.09)
Fines and forfeitures	18,829	51,505	(63.44)
Special assessments	114,386	131,406	(12.95)
Interest on investments	59,504	147,319	(59.61)
Miscellaneous	163,648	3,370,419	(95.14)
Total Revenues	<u>\$ 7,294,280</u>	<u>\$ 9,644,401</u>	(24.37) %
Per Capita	<u>\$ 1,219</u>	<u>\$ 1,654</u>	(26.33) %
Expenditures			
Current			
General government	\$ 1,504,781	\$ 1,235,497	21.80 %
Public safety	2,372,701	2,233,973	6.21
Public works	1,383,551	1,406,293	(1.62)
Culture and recreation	191,178	165,212	15.72
Capital outlay			
General government	214,507	90,304	137.54
Public safety	268,592	74,452	260.76
Public works	1,009,750	4,170,433	(75.79)
Culture and recreation	145,985	62,999	131.73
Debt service			
Principal	784,000	458,000	71.18
Interest and other charges	287,298	220,283	30.42
Total Expenditures	<u>\$ 8,162,343</u>	<u>\$ 10,117,446</u>	(19.32) %
Per Capita	<u>\$ 1,364</u>	<u>\$ 1,735</u>	(21.41) %
Total Long-term Indebtedness	\$ 11,851,224	\$ 8,348,214	41.96 %
Per Capita	1,980	1,432	
General Fund Balance - December 31	\$ 2,921,480	\$ 2,271,010	28.64 %
Per Capita	488	389	

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 Brad Martens, City Administrator at (763) 420-2288.

OTHER REQUIRED REPORT

CITY OF CORCORAN  
CORCORAN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020



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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 3, 2021.

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 Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
June 3, 2021



**PROPOSAL FORM**

TO: City of Corcoran, Minnesota  
C/O Northland Securities, Inc.  
150 South 5<sup>th</sup> Street, Suite 3300  
Minneapolis, Minnesota 55402  
Phone: 612-851-5900, Fax: 612-851-5918

Sale Date: April 28, 2022

For all or none of the \$1,860,000\* General Obligation Equipment Certificates of Indebtedness, Series 2022A, in accordance with the Notice of Sale, we will pay you \$ \_\_\_\_\_, (not less than \$1,834,890) plus accrued interest, if any, to date of delivery (estimated to be June 2, 2022) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

_____ %	2023	_____ %	2026	_____ %	2029	_____ %	2031
_____ %	2024	_____ %	2027	_____ %	2030	_____ %	2032
_____ %	2025	_____ %	2028				

True interest percentage: \_\_\_\_\_ %      Net interest cost: \$ \_\_\_\_\_

Term Bond Option: Bonds maturing in the years:

To be accumulated into a Term Bond maturing in year:

_____ through _____	_____.
_____ through _____	_____.
_____ through _____	_____.
_____ through _____	_____.
_____ through _____	_____.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The City may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

Account Members:

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_

The foregoing proposal is hereby duly accepted by and on behalf of the City of Corcoran, Minnesota at \_\_\_\_\_ PM on April 28, 2022.

\_\_\_\_\_  
Administrator

\_\_\_\_\_  
Mayor

\* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.