ANNUAL FINANCIAL REPORT

COON CREEK WATERSHED DISTRICT
HAM LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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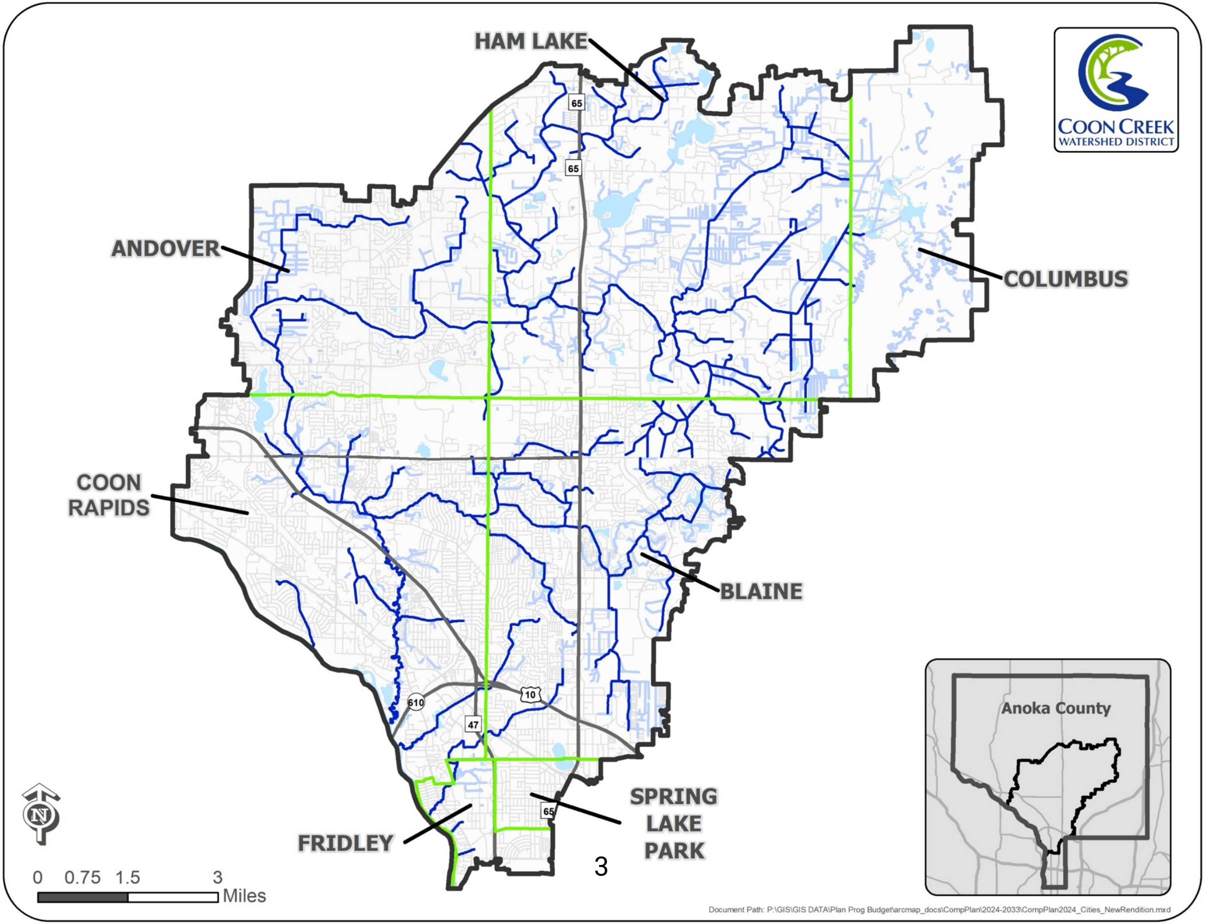
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Coon Creek Watershed District
Ham Lake, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2024

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INTRODUCTORY SECTION

COON CREEK WATERSHED DISTRICT
HAM LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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Coon Creek Watershed District
Ham Lake, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2024

Name	Title	Term Expires
Jim Hafner	President	May 27, 2026
Erin Lind	Vice President	May 27, 2026
Jason Lund	Secretary	May 27, 2025
Mary Campbell	Treasurer	May 27, 2025
Dwight McCullough	At-Large	May 27, 2027
Tim Kelly	District Administrator	

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FINANCIAL SECTION

COON CREEK WATERSHED DISTRICT
HAM LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report

Board of Managers
Coon Creek Watershed District
Ham Lake, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Coon Creek Watershed District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Coon Creek Watershed District as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

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resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Public Employees Retirement Association General Employees Retirement Fund schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

April 28, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2024

As management of the Coon Creek Watershed District, Ham Lake, Minnesota, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024.

Financial Highlights

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

- The District's total net position increased as shown in the summary of changes in net position table on the following pages. The increase was mainly to property tax and grant revenue in excess of expenses for the current fiscal year.

- As of the close of the current fiscal year, the District's governmental fund, which only includes the General fund, reported an ending fund balance of $3,064,009 which was an increase of $1,442,615 from the prior year. The increase is mainly attributed to property tax and grant revenue in excess of expenses for the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District'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 following chart shows how the various parts of this annual report are arranged and related to one another:

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 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.

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

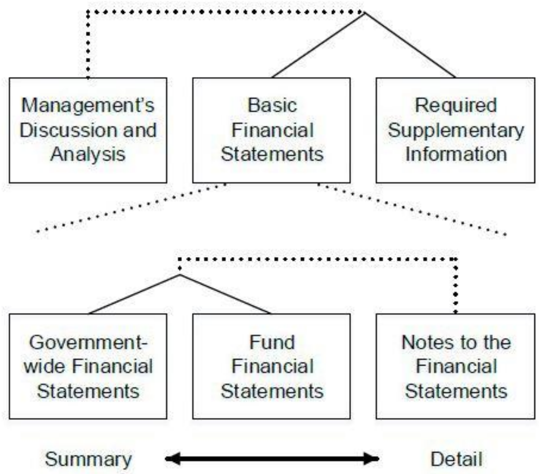


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

	Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**
Scope	Entire District	The activities of the District
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	All assets except capital assets expected to be used up and liabilities that come due during the year or soon thereafter.
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
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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

The *statement of net position* presents information on all of the District's assets, deferred outflows or resources, 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 District is improving or deteriorating.

The *statement of activities* presents information showing how the District'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., grants).

The government-wide financial statements start on page 26 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently maintains one governmental fund.

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 sheets and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District 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 30 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 35 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 52 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 District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and structures, and machinery and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Coon Creek Watershed District Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Assets			
Current and other assets	$ 5,475,945	$ 3,934,791	$ 1,541,154
Capital assets	1,082,310	1,045,676	36,634
Total Assets	6,558,255	4,980,467	1,577,788
Deferred Outflows of Resources			
Deferred pension resources	194,531	216,180	(21,649)
Liabilities			
Noncurrent liabilities outstanding	785,643	946,418	(160,775)
Current and other liabilities	2,279,017	2,288,690	(9,673)
Total Liabilities	3,064,660	3,235,108	(170,448)
Deferred Inflows of Resources			
Deferred pension resources	403,002	287,046	115,956
Net Position			
Investment in capital assets	1,082,310	1,045,676	36,634
Unrestricted	2,202,814	628,817	1,573,997
Total Net Position	$ 3,285,124	$ 1,674,493	$ 1,610,631
Net Position as a Percentage of Total			
Investment in capital assets	32.9 %	62.4 %	
Unrestricted	67.1	37.6	
Total Net Position	100.0 %	100.0 %	

The remaining balance of *unrestricted net position* may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District is able to report positive balances in both categories of net position.

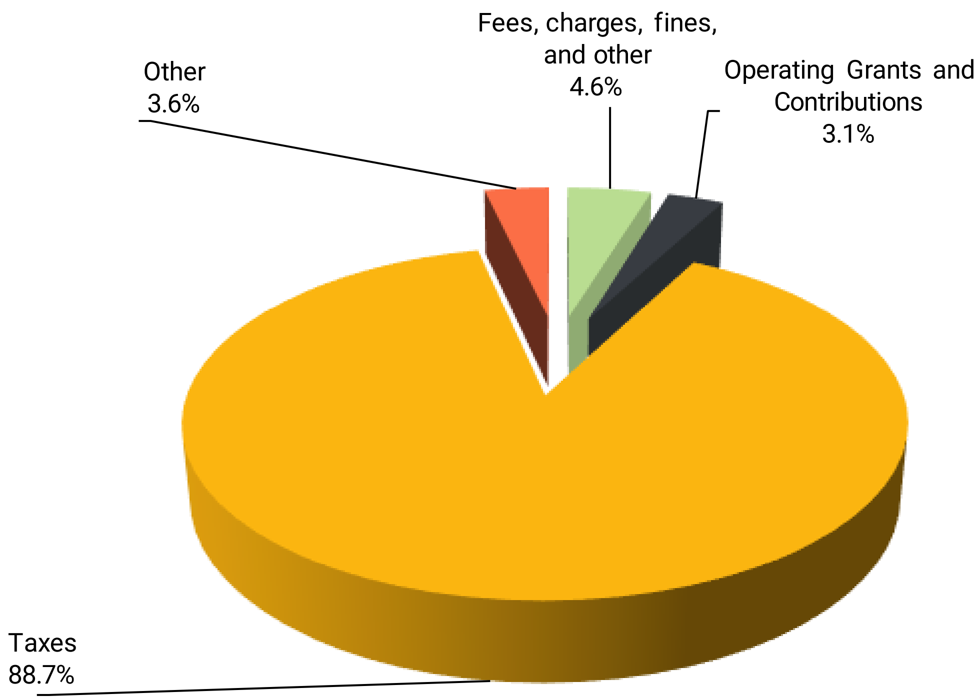
Governmental Activities. Governmental activities increased the District's net position as shown below.

Coon Creek Watershed District Changes in Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Revenues			
Program Revenues			
Fees, charges, fines, and other	$ 256,301	$ 224,491	$ 31,810
Operating grants and contributions	172,751	523,091	(350,340)
General revenues			
Taxes	4,950,576	3,159,439	1,791,137
Unrestricted investment earnings	198,713	169,086	29,627
Total Revenues	5,578,341	4,076,107	1,502,234
Expenses			
Conservation of natural resources	3,967,710	4,022,804	(55,094)
Change in Net Position	1,610,631	53,303	1,557,328
Net Position, January 1	1,674,493	1,621,190	53,303
Net Position, December 31	$ 3,285,124	$ 1,674,493	$ 1,610,631

- Total revenues increased $1,502,234 mainly due to an increase in property tax revenues.
- Total expenses decreased $55,094 from the prior year.

Revenue by Source - Governmental Activities



Financial Analysis of the District's Funds

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

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
Fund Balance			
Nonspendable for prepaids	$ 28,814	$ -	$ 28,814
Unassigned	3,035,195	1,621,394	1,413,801
Total Fund Balance	$ 3,064,009	$ 1,621,394	$ 1,442,615
General Fund expenditures	$ 3,998,029	$ 3,898,721	
Total Fund Balance as a percent of expenditures	76.6%	41.6%	

As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance as shown above. Additional information on the District's fund balances can be found in Note 1 starting on page 40 of this report.

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

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 5,606,769	$ -	$ 5,606,769	$ 5,440,644	$ (166,125)
Expenditures	5,646,994	-	5,646,994	3,998,029	1,648,965
Net Change in Fund Balances	(40,225)	-	(40,225)	1,442,615	1,482,840
Fund Balance, January 1	1,621,394	-	1,621,394	1,621,394	-
Fund Balance, December 31	$ 1,581,169	$ -	$ 1,581,169	$ 3,064,009	$ 1,482,840

The District's General fund budget was not amended during the year as shown above. Actual revenues were under budget by $166,125 primarily as a result of budgeted grant reimbursements related to the NKE Phase 1 project that were delayed to 2025, and expenditures were under budget by $1,648,965 primarily as a result of multi-year budgeting for project expenditures.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2024 is shown below. This investment in capital assets includes land, buildings and structures, and machinery and equipment.

Major capital asset events during the current fiscal year consisted of building improvements as well as purchases of office furniture & equipment.

Coon Creek Watershed District Capital Assets
(Net of Depreciation)

	Governmental Activities		
	2024	2023	Increase (Decrease)
Land	$ 142,000	$ 142,000	$ -
Buildings and structures	820,734	787,764	32,970
Machinery and equipment	119,576	115,912	3,664
Total	$ 1,082,310	$ 1,045,676	$ 36,634
Percent Increase/(Decrease)			3.5%

Additional information on the District's capital assets can be found in Note 3B starting on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

The District relies on property tax levies, authorized by state statutes, for a significant portion of its revenue.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Administrator, Tim Kelly, 13632 Van Buren Street NE, Ham Lake, Minnesota 55304.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COON CREEK WATERSHED DISTRICT
HAM LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

Coon Creek Watershed District
Ham Lake, Minnesota
Statement of Net Position
December 31, 2024

	Governmental Activities
Assets	
Cash and temporary investments	$ 3,520,668
Cash held for developers	1,728,677
Receivables	
Taxes	39,749
Due from other governments	158,037
Prepaid items	28,814
Capital assets	
Nondepreciable assets	142,000
Depreciable assets (net of accumulated depreciation)	940,310
Total Assets	6,558,255
Deferred Outflows of Resources	
Deferred pension resources	194,531
Liabilities	
Accounts payable	74,130
Escrow payable	1,728,677
Accrued salaries payable	244,897
Due to other governments	8,813
Unearned revenue	222,500
Noncurrent liabilities	
Due within one year	
Compensated absences	96,590
Due in more than one year	
Compensated absences	82,757
Net pension liability	606,296
Total Liabilities	3,064,660
Deferred Inflows of Resources	
Deferred pension resources	403,002
Net Position	
Investment in capital assets	1,082,310
Unrestricted	2,202,814
Total Net Position	$ 3,285,124

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

Coon Creek Watershed District

Ham Lake, Minnesota

Statement of Activities

For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Conservation of natural resources	$ 3,967,710	$ 256,301	$ 172,751	$ -	$ (3,538,658)

General Revenues	
Taxes	
Property taxes, levied for general purposes	4,950,576
Unrestricted investment earnings	198,713
Total General Revenues	5,149,289
Change in Net Position	1,610,631
Net Position, January 1	1,674,493
Net Position, December 31	$ 3,285,124

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

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FUND FINANCIAL STATEMENTS

COON CREEK WATERSHED DISTRICT
HAM LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

Coon Creek Watershed District
Ham Lake, Minnesota
Balance Sheet
Governmental Fund
December 31, 2024

	General
Assets	
Cash and temporary investments	$ 3,520,668
Cash held for developers	1,728,677
Taxes receivable	39,749
Due from other governments	158,037
Prepaid items	28,814
Total Assets	$ 5,475,945
Liabilities	
Accounts payable	$ 74,130
Escrow payable	1,728,677
Accrued salaries payable	244,897
Due to other governments	8,813
Unearned revenue	222,500
Total Liabilities	2,279,017
Deferred Inflows of Resources	
Unavailable revenues - taxes	39,749
Unavailable revenues - grants	93,170
Total Deferred Inflows of Resources	132,919
Fund Balances	
Nonspendable for prepaids	28,814
Unassigned	3,035,195
Total Fund Balances	3,064,009
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,475,945

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

Cook Creek Watershed District
Ham Lake, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
December 31, 2024

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

Total Fund Balances - Governmental	$ 3,064,009
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	1,443,978
Less: accumulated depreciation	(361,668)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Compensated absences payable	(179,347)
Net pension liability	(606,296)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	39,749
Grants	93,170
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	194,531
Deferred inflows of resources	(403,002)
Total Net Position - Governmental Activities	$ 3,285,124

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

Cook Creek Watershed District

Ham Lake, Minnesota

Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2024

	General
Revenues	
Taxes	$ 4,935,534
Intergovernmental	50,096
Charges for services	248,906
Interest on investments	198,713
Miscellaneous	7,395
Total Revenues	5,440,644
Expenditures	
Current	
Conservation of natural resources	3,883,597
Capital outlay	
Conservation of natural resources	114,432
Total Expenditures	3,998,029
Net Change in Fund Balance	1,442,615
Fund Balance, January 1	1,621,394
Fund Balance, December 31	$ 3,064,009

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

Cook Creek Watershed District
Ham Lake, Minnesota
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance
to the Statement of Activities
For the Year Ended December 31, 2024

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

Net Change in Fund Balance - Governmental Fund	$ 1,442,615
Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	108,217
Depreciation expense	(63,032)
Gain (loss) on disposal of capital assets	(8,551)
Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	15,042
Grants	93,170
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 fund.	
Compensated absences	(43,753)
Current year change in deferred pension outflows, net pension liability, and deferred pension inflows.	66,923
Change in Net Position - Governmental Activities	$ 1,610,631

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Coon Creek Watershed District was organized in 1959 under the provisions of Minn.Stat. ch. 103D; additional powers and duties are contained in Minn. Stat. chs. 103E and 103B.

The purpose of the District is to provide water management within its geographic boundaries. The watershed is 107 square miles in size and includes those lands within the drainage area, or watershed, of Coon Creek. The Creek's drainage involves portions of the communities of Andover, Blaine, Columbus, Coon Rapids, Ham Lake, Fridley, and Spring Lake Park. The headwaters of the Creek are in the Carlos Avery Wildlife Management Area in Columbus. The Creek flows 17 miles and enters the Mississippi River downstream from the Coon Rapids Dam in Coon Rapids. In addition to existing water problems, the District recognizes the need to prevent flooding and improve water quality. The District complies with the Metropolitan Water Management Act, the intent of which is to prevent water problems by preserving and using natural retention systems. The District is governed by a Board of Managers composed of five members appointed by the Anoka County Board of Commissioners for three-year terms.

The District 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 District are such that exclusion would cause the District'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 specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the criteria above.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement activities) report information on all of the non-fiduciary activities of the District.

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 p*rogram 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. Other items not properly included among program revenues are reported instead as *general revenues*.

The District reports one governmental fund, the General Fund.

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*. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 District 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.

Charges for service, assessments to members, grants and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the organization.

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 District receives value without directly giving equal value in return, include grants, entitlement and donations. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District 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.

The District reports the following major governmental fund:

- The *General fund* is the Districts primary operating fund. It accounts for all financial resources of the general government.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

The District's cash and temporary investments 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 District invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool. The District invests in MAGIC for the purpose of increasing earnings through investments.

The District 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 broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares. The District does not have a formal investment policy.

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The Board of Managers annually adopts a tax levy and certifies it to the County in December of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the District, the local School District and other taxing authorities. Such taxes become a lien on January 1st and are recorded as receivables by the District at that date. Real property taxes are payable (by property owners) on May 15th and October 15th of each calendar year. Personal property taxes are payable by taxpayers on February 28th and June 30th of each year. These taxes are collected by the County and remitted to the District on or before July 7th and December 2nd of the same year. The District has no ability to enforce payments of property taxes by property owners. The County possesses this authority.

Delinquent taxes receivable include 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 fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The District uses the consumption method to account for all prepaid items.

Capital Assets

Capital assets, which include land, land improvements, easements, buildings, and machinery and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings	50
Equipment	3 to 20

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

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

Unearned Revenue

The governmental fund and government-wide financial statements report unearned revenue in connection with resources that have been received, but not earned.

Compensated Absences

District employees are granted flexible time off (FTO) in varying amounts depending on length of service. Unused, accumulated FTO is paid to employees upon termination. District employees accrue up to a maximum 48 hours of Earned Sick and Safe Time (ESST) leave, which is capped at 80 hours. This leave is not paid out upon termination. The District provides extended medical benefits (EMB) to regular District employees. This leave will only accrue after the employee accumulated 48 hours of ESST in a calendar year or the employee's ESST bank reaches its cap of 80 hours. EMB is not payable as severance upon separation from employment with the District. The liability for compensated absences reported in the financial statements consists of unused accumulated FTO balances, and estimated future use of ESST and EMB hours. Leave is accrued as compensated absences when incurred in the government-wide financial statements. The amount payable at December 31, 2024, is $179,347.

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 except that PERA's fiscal year end is June 30th. 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 used to liquidate the governmental net pension liability.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one 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 fund reports unavailable revenues from delinquent property taxes receivable and state and local grants. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The District has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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 District 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 prepaid items.

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 Board, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. Assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority.

Unassigned - The residual classification for the General fund.

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

Net Position

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

a. 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 - Consists 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 and restrictions imposed by law through constitutional provisions or enabling legislation.

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues an expenses during the reportion period. Actual results could differ from those estimates.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The Board of Managers adopts an annual budget for the General fund of the District on an annual basis. During the budget year, supplemental appropriations and deletions are or may be authorized by the Board. The modified accrual basis of accounting is used by the District for budgeting data. All appropriations end with the fiscal year for which they were made. The District does not use encumbrance accounting.

The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board through the disbursement process. There were no budget amendments in 2024.

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 District's deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party.

Minnesota statutes require that all District 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, which 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.

Note 3: Detailed Notes on All Funds (Continued)

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 District.

At year end, the District’s carrying amount of deposits was a deficit $135,497 and the bank balance was $13,400. The bank balance was covered entirely by Federal depository insurance. The District also had petty cash of $250 at year end.

Fair value of Investments

The Coon Creek Watershed District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

Coon Creek Watershed District has the following recurring fair value measurements as of December 31, 2024:
Investments measured at the net asset value (NAV):

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Non-pooled Investments			
MAGIC Portfolio	N/A	less than 6 months	$ 5,384,592

(1) Ratings are provided by Moody's and Standard & Poor’s agency where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

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

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the District’s investments to the list identified in Note 1D.

- *Custodial Credit Risk* 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 District does not have an investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

- *Concentration of Credit Risk i*s the risk of loss attributed to the magnitude of a District's investment in a single issuer. The District places no limit on the amount that may be invested in any one issuer.

- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have an investment policy to address interest rate risk.

Note 3: Detailed Notes on All Funds (Continued)

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

Statement of net position	
Cash and temporary investments	$ 3,520,668
Cash held for developers	1,728,677
Total	$ 5,249,345

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 142,000	$ -	$ -	$ 142,000
Capital Assets Being Depreciated				
Buildings and structures	917,423	64,949	-	982,372
Machinery and equipment	287,998	43,268	(11,660)	319,606
Total Capital Assets Being Depreciated	1,205,421	108,217	(11,660)	1,301,978
Less Accumulated Depreciation for				
Buildings and structures	(129,659)	(31,979)	-	(161,638)
Machinery and equipment	(172,086)	(31,053)	3,109	(200,030)
Total Accumulated Depreciation	(301,745)	(63,032)	3,109	(361,668)
Total Capital Assets Being Depreciated, Net	903,676	45,185	(8,551)	940,310
Governmental Activities Capital Assets, Net	$ 1,045,676	$ 45,185	$ (8,551)	$ 1,082,310

Depreciation expense of $63,032 was charged to the District's conservation of natural resources function.

C. Long-term liabilities

Long-term liability activity for the year ended December 31, 2024 as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences*	$ 135,594	$ 43,753	$ -	$ 179,347	$ 96,590

*The change in compensated absences liability is presented as a net change.

Note 4: Other Information

A. Legal Debt Margin

In accordance with Minnesota statutes, the District may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The District has no debt subject to the limit.

B. Risk Management

The District 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 District carries insurance. The District 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 District 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 District’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 District’s management is not aware of any incurred but not reported claims.

Note 5: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

C. Contributions

Minnesota Statutes chapters 353 and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were $106,587, $91,027 and $83,667, respectively. The District'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, 2024, the District reported a liability of $606,296 for its proportionate share of the General Employees Fund's net pension liability. The District'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 District totaled $22,675.

District's Proportionate Share of the Net Pension Liability	$	606,296
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District		22,675
Total	$	628,971

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0164 percent at the end of the measurement period and 0.0145 percent for the beginning of the period.

For the year ended December 31, 2024, the District recognized pension expense of $72,401 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $420 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $29,065 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2024, the District reported 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	$ 54,953	$ -
Changes in Actuarial Assumptions	2,724	210,059
Net Difference Between Projected and Actual Investment Earnings	-	169,183
Changes in Proportion	85,022	23,760
Contributions Paid to PERA Subsequent to the Measurement Date	51,832	-
Total	$ 194,531	$ 403,002

The $51,832 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ (151,933)
2026	(16,481)
2027	(45,419)
2028	(46,470)

E. Long-term Expected Return on Investment

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

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

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Note 5: Defined Benefit Pension Plans - Statewide (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent, which remains consistent with 2023. 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 Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the District'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 District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 1,324,944	$ 606,296	$ 15,723

I. Pension Plan Fiduciary Net Position

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

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REQUIRED SUPPLEMENTARY INFORMATION

COON CREEK WATERSHED DISTRICT
HAM LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

Coon Creek Watershed District
Ham Lake, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes	$ 4,965,765	$ 4,965,765	$ 4,935,534	$ (30,231)	$ 3,160,508
Intergovernmental					
State	314,539	314,539	50,096	(264,443)	508,661
Charges for services	298,423	298,423	248,906	(49,517)	224,491
Interest on investments	28,042	28,042	198,713	170,671	169,086
Miscellaneous	-	-	7,395	7,395	-
Total Revenues	5,606,769	5,606,769	5,440,644	(166,125)	4,062,746
Expenditures					
Current					
Personal services	1,981,605	1,981,605	1,958,667	(22,938)	1,668,811
Supplies	264,044	264,044	206,046	(57,998)	167,937
Professional services	2,195,000	2,195,000	1,142,662	(1,052,338)	1,522,749
Programs	964,517	964,517	505,387	(459,130)	444,857
Other services and chages	75,120	75,120	70,835	(4,285)	68,455
Capital outlay	166,708	166,708	114,432	(52,276)	25,912
Total Expenditures	5,646,994	5,646,994	3,998,029	(1,648,965)	3,898,721
Net Change in Fund Balances	(40,225)	(40,225)	1,442,615	1,482,840	164,025
Fund Balances, January 1	1,621,394	1,621,394	1,621,394	-	1,457,369
Fund Balances, December 31	$ 1,581,169	$ 1,581,169	$ 3,064,009	$ 1,482,840	$ 1,621,394

The notes to the required supplementary information are an integral part of this schedule.

Coon Creek Watershed District
Ham Lake, Minnesota
Required Supplementary Information
For The Year Ended December 31, 2024

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

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District'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
6/30/2024	0.0164 %	$ 606,296	$ 22,675	$ 628,971	$ 1,336,133	45.4 %	86.7 %
6/30/2023	0.0145	810,824	100	810,924	1,154,587	70.2	83.1
6/30/2022	0.0151	1,195,925	5,239	1,201,164	1,127,560	106.1	76.7
6/30/2021	0.0146	621,656	18,984	640,640	897,388	69.3	87.0
6/30/2020	0.0111	663,406	20,457	683,863	788,977	84.1	79.0
6/30/2019	0.0099	544,711	1,268	545,979	697,144	78.1	80.2
6/30/2018	0.0089	495,193	3,788	498,981	600,013	82.5	79.5
6/30/2017	0.0087	553,115	6,955	560,070	558,148	99.1	75.9
6/30/2016	0.0077	627,526	2,444	629,970	479,601	130.8	68.9
6/30/2015	0.0079	411,188	-	411,188	465,865	88.3	78.2

The measurement date for each year is June 30.

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)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	$ 106,587	$ 106,587	$ -	$ 1,421,160	7.50 %
12/31/2023	91,027	91,027	-	1,213,694	7.50
12/31/2022	83,667	83,667	-	1,115,560	7.50
12/31/2021	79,615	79,615	-	1,061,529	7.50
12/31/2020	70,462	70,462	-	939,495	7.50
12/31/2019	53,968	53,968	-	719,574	7.50
12/31/2018	49,785	49,785	-	663,795	7.50
12/31/2017	42,034	42,034	-	560,455	7.50
12/31/2016	38,748	38,748	-	516,649	7.50
12/31/2015	35,882	35,882	-	478,436	7.50

The District's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

Notes to the Required Supplementary Information - Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principals for all governmental funds. All annual appropriations lapse at fiscal year-end unless specifically carried over to the next budget year by Board action. On or before mid-June of each year, the District Manager prepares a draft budget for the upcoming fiscal year. Before August 31, the proposed budget is presented to the District Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than Septemer 30. The appropriated budget is prepared by fund and function. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the function level.

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

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

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

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

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

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

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

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

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

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

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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

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

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

2020 - Augmentation for current privatized members was reduced to 2.0 percent for the period July 1, 2020 through December 31, 2023 and 0.0 percent 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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Annual increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

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

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