COON CREEK WATERSHED DISTRICT

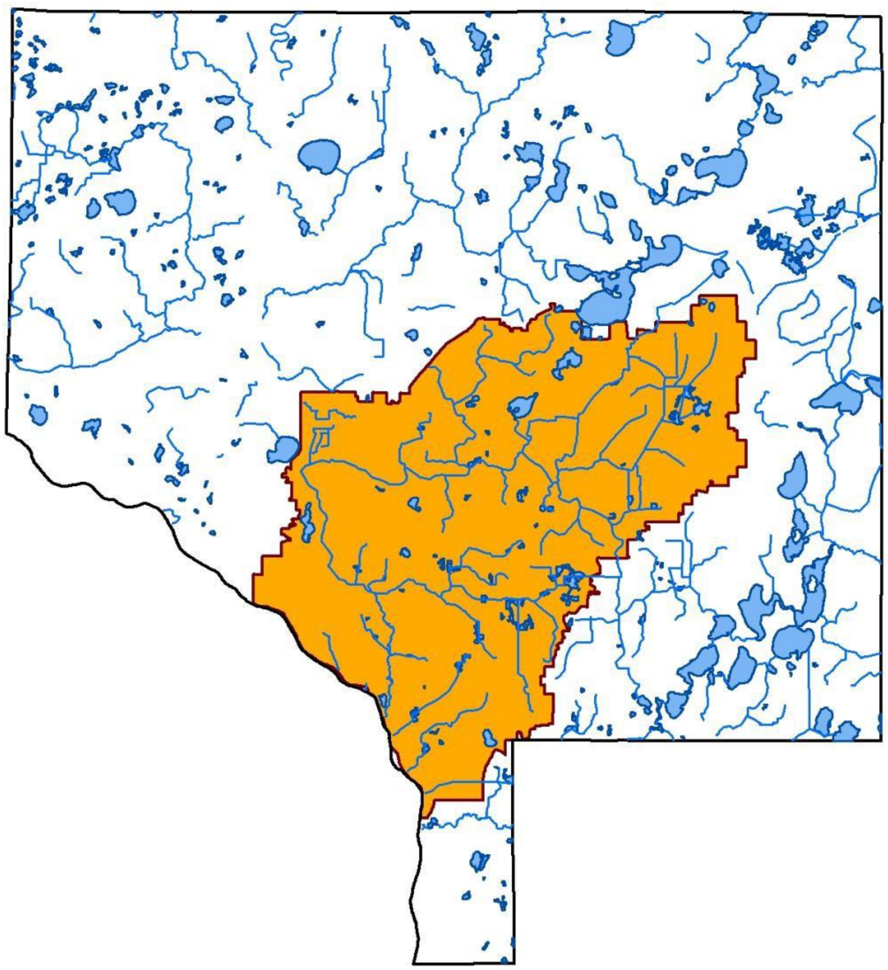
Financial Report

Year Ended December 31, 2022

Prepared by Finance and Central Services Division of Anoka County, Minnesota
Cory Kampf, Chief Financial Officer

COON CREEK WATERSHED DISTRICT

Financial Report
Year Ended December 31, 2022



Prepared by Finance and Central Services Division of Anoka County, Minnesota
Cory Kampf, Chief Financial Officer
2100 3rd Avenue
Anoka, Minnesota 55303-2265

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COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

ORGANIZATION
2022

Board of Managers	Term Expires
Michael Kreun, President	May 2023
Matthew Herbst, Vice President	May 2023
Patrick Parker, Secretary	May 2025
Mary Campbell, Treasurer	May 2025
Dwight McCullough, At-Large	May 2024

District Administrator	
Tim Kelly	Indefinite

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FINANCIAL SECTION

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 the Coon Creek Watershed District, as of and for the year ended December 31, 2022, 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 the Coon Creek Watershed District as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 these 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, PERA General Employees Retirement Plan 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.

Julie Blaha	Chad Struss, CPA
State Auditor	Deputy State Auditor

December 7, 2023

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MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

This section of the annual financial report presents our Management's Discussion and Analysis (MD&A) of the Coon Creek Watershed District's (District's) financial performance during the fiscal year that ended December 31, 2022.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022 fiscal year include the following:

- Total net position is $1,793,690. Total assets are $5,250,369 and total liabilities are $3,800,184 for the year ended December 31, 2022.

- Overall government-wide revenues totaled $4,376,721 and were $45,945 more than expenses.

- The General Fund's fund balance increased $150,835, or 10.2 percent, from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of three parts--Independent Auditor's Report; required supplementary information, which includes the MD&A (this section), a budgetary comparison schedule, and information about the District's net pension liability; and the basic financial statements.

This MD&A is intended to serve as an introduction to the basic financial statements. The District's basic financial statements consist of two statements, which combine government-wide financial statements and fund financial statements, and notes to the financial statements. The MD&A (this section), the budgetary comparison schedule, and information about the District's net pension liability, are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

The first column of each of the first two statements present governmental fund data, which focus on how money flows in and out and the balances left at year-end that are available for spending. These columns are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. These columns provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We reconcile the relationship (or differences) between governmental funds and governmental activities (reported in the last column) in a column of each statement.

The final column in Exhibit 1 and Exhibit 2 presents the Statement of Net Position and the Statement of Activities, which provide information about the activities of the District as a whole and present a longer-term view of finances. These columns tell how these services were financed in the short term as well as what remains for future spending. These columns include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, including long-term activity. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position--the net position was $1,793,690 on December 31, 2022.

Table 1
Net Position

	2022	2021	Percent Change (%)
Assets			
Cash and pooled investments	$ 4,067,320	$ 4,289,696	-5.2
Taxes receivable - prior	25,776	21,133	22.0
Accounts receivable - year end	-	51,808	-100.0
Due from other governments	52,903	38,277	38.2
Capital assets, net	1,104,370	1,085,951	1.7
Total Assets	$ 5,250,369	$ 5,486,865	-4.3
Deferred pension outflows	$ 359,122	$ 432,529	-17.0
Liabilities			
Accounts payable	$ 136,871	$ 244,034	-43.9
Salaries payable	52,161	48,771	7.0
Due to other governments	82,947	77,796	6.6
Unearned revenue	109,134	455,042	-76.0
Funds held in trust	2,109,241	2,036,828	3.6
Long-term liabilities			
Due in more than one year	1,309,830	728,665	79.8
Total Liabilities	$ 3,800,184	$ 3,591,136	5.8
Deferred pension inflows	$ 15,617	$ 580,513	-97.3
Net Position			
Investment in capital assets	$ 1,104,370	$ 1,085,951	1.7
Unrestricted	689,320	661,794	4.2
Total Net Position	$ 1,793,690	$ 1,747,745	2.6

(Unaudited)

Table 2
Change in Net Position

	2022	2021	Percent Change (%)
Revenues			
Program revenues			
Charges, fees, fines and others	$ 319,899	$ 297,568	7.5
Operating grants and contributions	1,017,208	190,164	434.9
General revenues			
Property taxes	2,982,794	2,752,144	8.4
State aid	411	265	55.1
Investment income	56,409	1,178	4,688.5
Total Revenues	$ 4,376,721	$ 3,241,319	35.0
Expenses			
Program expenses			
Conservation of natural resources	4,330,776	4,026,524	7.6
Increase (Decrease) in Net Position	$ 45,945	$ (785,205)	105.9
Net Position -January 1	1,747,745	2,532,950	-31.0
Net Position - December 31	$ 1,793,690	$ 1,747,745	2.6

CAPITAL ASSETS

As of December 31, 2022, the District had $1,104,370 invested in net capital assets. (See Table 3.) This amount represents a net increase (including additions and deductions) of $18,419 or 1.7 percent, from last year.

Table 3
Capital Assets at Year-End

	2022	2021
Land	$ 142,000	$ 142,000
Building and structures	948,855	918,794
Machinery and equipment	315,836	260,464
Less: accumulated depreciation	(302,321)	(235,307)
Net Capital Assets	$ 1,104,370	$ 1,085,951

FINANCIAL ANALYSIS OF THE DISTRICT AT THE FUND LEVEL

As the District completed the year, its governmental fund reported a combined fund balance of $1,629,869. Revenues for the District's governmental funds were $4,403,771 while total expenditures were $4,252,936.

GENERAL FUND

The General Fund includes the primary operations of the District in providing services to citizens and some capital outlay projects.

The following schedule presents a summary of General Fund revenues:

Table 4
General Fund Revenues

	Year Ended December 31		Change	
Function	2022	2021	Increase (Decrease)	Percent (%)
Taxes	$ 3,016,838	$ 2,770,911	$ 245,927	8.9
Fees and charges	319,899	297,568	22,331	7.5
Intergovernmental	1,010,625	151,888	858,737	565.4
Investment income	56,409	1,178	55,231	4688.5
Total General Fund Revenues	$ 4,403,771	$ 3,221,545	$ 1,182,226	36.7

Total General Fund revenues increased by $1,182,226 or 36.7 percent, from the previous year. The mix of property tax and state aid can change significantly from year to year. In 2022, the District's tax revenue increased by $245,927 compared to 2021.

The following schedule presents a summary of General Fund expenditures:

Table 5
General Fund Expenditures

Function	Year Ended December 31 2022	Year Ended December 31 2021	Change Increase (Decrease)	Change Percent (%)
Conservation of natural resources	$ 4,252,936	$ 3,843,738	$ 409,198	10.6

General Fund Budgetary Highlights

- Actual revenues were $243,316 more than expected.
- Actual expenditures were $92,481 above the budgeted amount.
- No significant changes were made to the original adopted budget.

FACTORS BEARING ON THE FUTURE AND NEXT YEAR'S BUDGETS AND RATES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to give a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrator, Tim Kelly, 13632 Van Buren Street NE, Ham Lake, Minnesota 55304.

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BASIC FINANCIAL STATEMENTS

COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

EXHIBIT 1

GOVERNMENTAL FUNDS BALANCE SHEET AND GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL DECEMBER 31, 2022

	General Fund	Adjustments	Governmental Activities
Assets and Deferred Outflows of Resources			
Assets			
Cash and pooled investments	$ 1,958,079	$ -	$ 1,958,079
Cash held for developers	2,109,241	-	2,109,241
Delinquent taxes receivable	25,776	-	25,776
Due from other governments	52,903	-	52,903
Capital assets not being depreciated			
Land	-	142,000	142,000
Capital assets, net of accumulated depreciation:			
Buildings and structures	-	843,719	843,719
Machinery and equipment	-	118,651	118,651
Total Assets	**$ 4,145,999**	**$ 1,104,370**	**$ 5,250,369**
Deferred Outflows of Resources			
Deferred pension outflows	-	359,122	359,122
Total Assets and Deferred Outflows of Resources	**$ 4,145,999**	**$ 1,463,492**	**$ 5,609,491**
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position			
Liabilities			
Current liabilities			
Accounts payable	$ 136,871	$ -	$ 136,871
Salaries payable	52,161	-	52,161
Due to other governments	82,947	-	82,947
Unearned revenue	109,134	-	109,134
Funds held for developers	2,109,241	-	2,109,241
Long-term liabilities			
Compensated absences	-	113,905	113,905
Net pension liability	-	1,195,925	1,195,925
Total Liabilities	**$ 2,490,354**	**$ 1,309,830**	**$ 3,800,184**
Deferred Inflows of Resources			
Unavailable revenue	$ 25,776	$ (25,776)	$ -
Deferred pension inflows	-	15,617	15,617
Total Deferred Inflows of Resources	**$ 25,776**	**$ (10,159)**	**$ 15,617**

(Continued)

EXHIBIT 1
(Continued)

GOVERNMENTAL FUNDS BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
DECEMBER 31, 2022

	General Fund	Adjustments	Governmental Activities
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)			
Fund Balance/Net Position			
Fund Balance			
Unassigned	$ 1,629,869	**$ (1,629,869)**	
Total Fund Balance	**$ 1,629,869**	**(1,629,869)**	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 4,145,999**		
Net Position			
Investment in capital assets		$ 1,104,370	$ 1,104,370
Unrestricted		689,320	689,320
Total Net Position		**$ 1,793,690**	**$ 1,793,690**

Reconciliation of the Governmental Funds Balance to Net Position - Governmental Funds		**$ 1,629,869**
Total net position reported for governmental activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the funds.		1,104,370
Deferred outflows resulting from pension obligations are not available resources and, therefore are not reported in governmental funds.		359,122
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as liabilities in the funds.		
Compensated absences	$ (113,905)	
Net pension liability	(1,195,925)	
Total long term liabilities		(1,309,830)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		25,776
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.		(15,617)
Net Position - Governmental Activities		**$ 1,793,690**

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

COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

EXHIBIT 2

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Adjustments	Governmental Activities
Revenues			
Taxes	$ 3,016,838	$ (33,633)	$ 2,983,205
Fees and charges	319,899	-	319,899
Intergovernmental	1,010,625	6,583	1,017,208
Investment income	56,409	-	56,409
Total Revenues	**$ 4,403,771**	**$ (27,050)**	**$ 4,376,721**
Expenditures/Expenses			
Current			
Conservation of natural resources	**4,252,936**	**77,840**	**4,330,776**
Net Change in Fund Balance/ Net Position	**$ 150,835**	**$ (104,890)**	**$ 45,945**
Fund Balance/Net Position			
January 1	**1,479,034**	**268,711**	**1,747,745**
December 31	**$ 1,629,869**	**$ 163,821**	**$ 1,793,690**

(Continued)

EXHIBIT 2
(Continued)

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL FOR THE YEAR ENDED DECEMBER 31, 2022

Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities				
Net Change in Fund Balance			$	150,835
Amounts reported for governmental activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Expenditures for general capital assets	$	85,433		
Current year depreciation		(67,014)		18,419
Certain 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.				
Change in compensated absences				(6,896)
In the funds, under the modified accrual basis, receivables not available for expenditure are considered unavailable. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in unavailable tax revenue.				
Unavailable revenue - December 31	$	25,776		
Unavailable revenue - January 1		(59,409)		(33,633)
Current year net change in deferred pension outflows, net pension liability, and deferred pension inflows.				(82,780)
Change in Net Position of Governmental Activities			**$**	**45,945**

1. Summary of Significant Accounting Policies

The Coon Creek Watershed District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial 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.

As required by generally accepted accounting principles, consideration has been given to other organizations that should be included in the District's financial statements 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. There are no organizations that should be presented with the District.

1. Summary of Significant Accounting Policies (Continued)

   B. Basic Financial Statements

      1. Government-Wide Columns

         The financial statements combine fund level financial statements and government-wide financial statements (governmental activities column).

         The government-wide financial statement columns (the statement of net position and the statement of activities) display information about the District. These columns include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities.

         The governmental activities columns:

         (a) are presented on a consolidated basis; and

         (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: (1) investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

      2. Governmental Fund Financial Statement Columns

         The governmental fund financial statement columns provide information about the District's funds. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns.

         The District reports the following major governmental fund:

         The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The governmental activities columns are reported using the economic resources measurement focus and the full 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.

Governmental fund columns 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. The District considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

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

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity

1. Deposits and Investments

Through Anoka County, the Coon Creek Watershed 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. Coon Creek Watershed District invests in MAGIC for the purpose of increasing earnings through investments.

Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Pooled investment earnings for 2022 were $56,409.

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (Continued)

2. Property Taxes and Special Assessments

An ad valorem property tax may be levied against all properties in the District with levy limits prescribed by state statute. Property tax levies must be approved by the District Board and certified to the Anoka County Auditor in October of each year for collection in the following year. Taxes are payable to the County in two installments by May 15 and October 15.

Special assessment levies may be approved by the District Board for maintenance and construction purposes in accordance with state statutes. These assessments are charged against those properties benefiting from the maintenance and construction. Special assessments must be certified to the County Auditor in a manner similar to property taxes.

Property taxes and special assessments receivable consist of amounts certified to Anoka County but not yet collected. Special assessments receivable are recorded when the full levy amount is submitted to the County, though actual assessment against property owners may occur over several years. No provision has been made for an estimated uncollectable amount.

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (Continued)

3. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of twelve months. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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. Major outlays for capital assets and improvements, if any, are capitalized as projects are constructed.

Machinery and equipment of the District are depreciated using the straight-line method over the estimated useful lives ranging from 3 to 20 years. Buildings are depreciated over the estimated useful life of 50 years.

4. Flexible Time Off and Extended Medical Benefit Accounts

The District's employees' vacation and sick time was converted to flexible time off (FTO) and extended medical benefits (EMB) hours as part of the October 2001 implementation of the Anoka County Preferred Benefit Plan, which the Coon Creek Watershed District elected to follow.

Vacation hours were converted to FTO hours and are vested. The amount of FTO hours a full-time employee earns ranges from 24 to 33 days per year depending on years of service performed. Part-time employees are prorated based on their scheduled hours and years of service.

The unvested sick leave hours were converted to EMB hours. These hours are not vested and are valued at $166,787 at December 31, 2022. EMB hours are available for use in times of illness after using 40 FTO or leave without pay hours. Full-time employees accrue eight days of EMB per year, and part-time employees receive a prorated amount based on their schedule.

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (Continued)

5. Deferred Outflows/Inflows 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 then. The District has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, differences between expected and actual pension plan economic experience, differences between projected and actual earnings, changes in actuarial assumptions, and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of net position 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has two types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of changes in actuarial assumptions, differences between projected and actual investment earnings, and differences between expected and actual pension plan economic experience and, accordingly, are reported only in the statement of net position.

6. Pension Plan

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 30.

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity

6. Pension Plan (Continued)

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. Plan investments are reported at fair value. The net pension liability is liquidated by the General Fund.

7. Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Investment in capital assets: the amount of net position representing capital assets net of accumulated depreciation.

Restricted net position: the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provision or enabling legislation.

Unrestricted net position: the amount of net position that does not meet the definition of restricted or investment in capital assets.

8. Classification of Fund Balances

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 the resources in the governmental funds. The classifications are as follows:

Non-spendable - the non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity

8. Classification of Fund Balances (Continued)

Committed - the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the District Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - amounts in the assigned fund balance classification the District intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the District Board or the District Administrator who has been delegated that authority by Board resolution.

Unassigned - unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The District's Board of Managers adopts an estimated revenue and expenditure budget for the General Fund.

The budget may be amended or modified at any time by the Board. The comparison of estimated revenues and expenditures to actual are presented as required supplementary information for the General Fund. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the District's total cash and investments to the basic financial statements follows:

Statement of Net Position	
Governmental Activities	
Cash and pooled investments	$ 1,958,079
Cash held in trust	2,109,241
Total Cash and Investments	$ 4,067,320

a. Deposits

Cash transactions are administered by Anoka County which is, according to Minn. Stat. §§ 118A.02 and 118A.04, authorized to designate depositories for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments

         a. Deposits (Continued)

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better, revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the 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.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, the District had no deposits.

         b. Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the District:

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments

         b. Investments (Continued)

            (4) bankers' acceptances of United States banks;

            (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

            (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The District does not have additional policies for the investment risks, described below, beyond complying with the requirements of Minnesota statutes.

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. At December 31, 2022, none of the District's investments were subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. At December 31, 2022, none of the District's investments were subject to interest rate risk.

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments

         b. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At December 31, 2022, none of the District's investments were subject to credit risk.

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.

At December 31, 2022, Coon Creek Watershed District had no investments at recurring fair value measurements.

Investments measured at the net asset value (NAV)	
MAGIC Portfolio	$ 4,067,320

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments

         b. Investments

            Fair Value of Investments (Continued)

            The Minnesota Association of Governments Investing for Counties (MAGIC) is a local government investment pool which is quoted at a net asset value (NAV). The District invests in this pool for the purpose of the joint investment of the District's money with those of other counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio and the MAGIC Certificates of Deposit.

            MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the District has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

The District has no receivables scheduled to be collected beyond one year, except for delinquent taxes receivable.

3. Capital Assets

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

	Beginning Balance	Increase	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 142,000	$ -	$ -	$ 142,000
Capital assets being depreciated				
Buildings and structures	918,794	30,061	-	948,855
Machinery and equipment	260,464	55,372	-	315,836
Total Capital Assets Being Depreciated	1,179,258	85,433	-	1,264,691
Less: accumulated depreciation for				
Buildings and Structures	75,390	29,746	-	105,136
Machinery and equipment	159,917	37,268	-	197,185
Total Accumulated Depreciation	235,307	67,014	-	302,321
Total Capital Assets Depreciated, Net	$ 1,085,951	$ 18,419	$ -	$ 1,104,370

Depreciation expense of $67,014 was charged to the District's conservation of natural resources function.

3. Detailed Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at December 31, 2022, were as follows:

	Governmental Activities
Accounts	$ 136,871
Salaries	52,161
Due to other governments	82,947
Total Payables	$ 271,979

2. Long-Term Debt - Compensated Absences

District employees are granted flexible time off (FTO) in varying amounts depending on length of service. All employees accumulate extended medical benefits. Unused, accumulated FTO is paid to employees upon termination. The liability for compensated absences reported in the financial statements consists of unused accumulated and vested FTO balances. The liability has been calculated using the vesting method outlined in Anoka County's personnel policies. Unvested FTO is not paid to employees at termination. Unused accumulated and vested FTO is accrued as compensated absences when incurred in the government-wide financial statements. The compensated absences liability is liquidated by the General Fund. The amount payable at December 31, 2022, is $113,905, with additions for the year of $103,501 and reductions for the year of $96,605.

3. Funds Held for Developers

Funds held for developers at December 31, 2022, consist of the following:

Developer deposits	$ 2,109,241

3. Detailed Notes on All Funds (Continued)

C. Unearned Revenue/Deferred Inflows of Resources

Unearned revenues consist of state grants that have been received but not yet earned. Deferred inflows of resources consist of unavailable revenue arising from taxes receivable. Unearned revenue and deferred inflows of resources at December 31, 2022, are summarized below by fund:

	Taxes	Grants	Total
Liability			
Unearned Revenue	$ -	$ 109,134	$ 109,134
Deferred Inflows of Resources			
Unavailable Revenue	25,776	-	25,776

D. Pension Plans

1. Defined Benefit Pension Plan

a. Plan Description

All full-time and certain part-time employees of the Coon Creek Watershed District are covered by a defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Coon Creek Watershed District employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plan (Continued)

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase.

Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30th 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 if hired on or after July 1, 1989). Members retiring under the rule of 90 are exempt from the delay to normal retirement.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989.

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plan

b. Benefits Provided (Continued)

For General Employees Plan 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. Disability benefits are available for vested members and are based on years of service and average high-five salary.

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2021.

In 2022, the District was required to contribute 7.50 percent of annual covered salary. The employee and employer contribution rates did not change from the previous year.

The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2022, were $83,667. The contributions are equal to the contractually required contributions as set by state statute.

d. Pension Costs

At December 31, 2022, the District reported a liability of $1,195,925 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the District's proportion was .0151 percent. It was .0146 percent measured as of June 30, 2021. The District recognized pension expense of $171,683 for its proportionate share of the General Employees Plan's pension expense.

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plan

d. Pension Cost (Continued)

The District also recognized $5,239 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually until September 15, 2031.

The Districts proportionate share of the net pension liability	$ 1,195,925
State of Minnesota's proportionate share of the net pension liability associated with the District	5,239
Total	$ 1,201,164

The District 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	$ 9,989	$ 12,053
Changes in actuarial assumptions	261,222	3,564
Difference between projected and actual investment earnings	25,013	-
Changes in proportion	21,876	-
Contributions paid to PERA subsequent to the measurement date	41,022	-
Total	$ 359,122	$ 15,617

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plan

d. Pension Costs (Continued)

The $41,022 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31		Pension Expense Amount
2023	$	110,799
2024		110,828
2025		(27,298)
2026		108,154

e. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.25 percent per year
Active member payroll growth	3.00 percent per year
Investment rate of return	6.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and debilitants were based on Pub-2010 General Employee Mortality table, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan per year through December 31, 2054, and 1.50 percent per year thereafter.

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plan

e. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions was dated June 12, 2022.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 equities	33.50%	5.10%
International equities	16.50	5.30
Fixed income	25.00	0.75
Private markets	25.00	5.90

f. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2022, which remained consistent with 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plan (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

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

h. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate previously disclosed, 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:

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	$ 1,889,026
Current	6.50	1,195,925
1% Increase	7.50	627,475

i. Pension Plan Fiduciary Net Position

Detailed information about the 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.

4. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. The District is self-insured, in part, for losses related to destruction of assets. The District carries commercial insurance for all other forms of risk. There were no significant reductions for the year ended December 31, 2022, in insurance coverage for any major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

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REQUIRED SUPPLEMENTARY INFORMATION

COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

Schedule 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,027,370	$ 3,027,370	$ 3,016,838	$ (10,532)
Fees and charges	641,785	641,785	319,899	(321,886)
Intergovernmental	465,374	465,374	1,010,625	545,251
Investment income	-	-	56,409	56,409
Miscellaneous	25,926	25,926	-	(25,926)
Total Revenues	**$ 4,160,455**	**$ 4,160,455**	**$ 4,403,771**	**$ 243,316**
Expenditures				
Current				
Conservation of natural resources				
Personal services	$ 1,538,808	$ 1,538,808	$ 1,537,623	$ 1,185
Contractual services	933,346	933,346	745,313	188,033
Other services and charges	1,612,601	1,612,601	1,884,567	(271,966)
Capital outlay	75,700	75,700	85,433	(9,733)
Total Expenditures	**$ 4,160,455**	**$ 4,160,455**	**$ 4,252,936**	**$ (92,481)**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 150,835**	**$ 150,835**
Fund Balance - January 1	**1,479,034**	**1,479,034**	**1,479,034**	**-**
Fund Balance - December 31	**$ 1,479,034**	**$ 1,479,034**	**$ 1,629,869**	**$ 150,835**

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

COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

Schedule 2

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2022

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Coon Creek Watershed District (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0151%	$ 1,195,925	$ 5,239	$ 1,201,164	$ 1,127,560	106.06%	76.67%
2021	0.0146	621,656	18,984	640,640	897,388	69.27	87.00
2020	0.0111	663,406	20,457	683,863	788,977	84.08	79.06
2019	0.0099	544,711	1,268	545,979	697,144	78.13	80.23
2018	0.0089	495,193	3,788	498,981	600,013	82.53	79.53
2017	0.0087	553,115	6,955	560,070	558,148	98.10	75.90
2016	0.0077	627,526	2,444	629,970	479,601	130.84	68.91
2015	0.0079	411,188	N/A	411,188	465,865	88.26	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A - Not Applicable

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

COON CREEK WATERSHED DISTRICT
ANOKA COUNTY, MINNESOTA

Schedule 3

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2022

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	$ 83,667	$ 83,667	$ -	$ 1,115,560	7.50%
2021	79,615	79,615	-	1,061,529	7.50
2020	70,462	70,462	-	939,495	7.50
2019	53,968	53,968	-	719,574	7.50
2018	49,785	49,785	-	663,795	7.50
2017	42,034	42,034	-	560,455	7.50
2016	38,748	38,748	-	516,649	7.50
2015	35,882	35,882	-	478,436	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The District's year-end is December 31.

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

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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 September 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.

2. Excess of Expenditures Over Budget

The General Fund did have expenditures in excess of budget at the function level for the year ended December 31, 2022 in the amount of $92,481.

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

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.
- 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 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 two to five 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.

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP- 2014 table to the Pub-2010 General Employee 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 Retiree 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 and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

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 rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

- 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.

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- 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.

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 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 the rule of 90 retirees, disability benefit recipients, or survivors.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to $21 million in calendar years 2017 and 2018 and returns to $31 million through calendar year 2031. The state’s required contribution is $16 million in PERA’s fiscal years 2018 and 2019 and returns to $6 million annually through calendar year 2031.

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan (Continued)

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.