

City of Little Falls, Minnesota

Audited Financial Statements

For The Year Ended December 31, 2024

**SCHLENNER
WENNER & Co.**
CPAs

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INTRODUCTORY SECTION

**CITY OF LITTLE FALLS, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CITY COUNCIL

Term Expires

Gregory Zylka	Mayor	December 31, 2026
David Glaze	Council Member, At Large	December 31, 2026
Leif Hanson	Council Member, First Ward	December 31, 2026
Raquel Lundberg	Council Member, First Ward	December 31, 2024
Gerald Knafla	Council Member, Second Ward	December 31, 2024
Wayne Liljegren	Council Member, Second Ward	December 31, 2026
Frank Gosiak	Council Member, Third Ward	December 31, 2024
David Meyer	Council Member, Third Ward	December 31, 2026

CITY OFFICIALS

Alex Smith	City Administrator
Sony Lubrecht	Finance Director

**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Little Falls, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Little Falls, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Little Falls, Minnesota, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1.H. to the financial statements, in 2024, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of City's Proportionate Share of the Net Pension Liability, Schedule of City Pension Contributions, and Schedule of Changes in Net Pension Liability (Asset) – Fire Relief Association listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor governmental funds financial statements, additional schedules listed as supplementary information in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor governmental funds financial statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor governmental funds financial statements and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and additional schedules listed as supplementary information in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2025, on our consideration of the City of Little Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Little Falls' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Schlenner Wenner & Co.".

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

July 21, 2025

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Our discussion and analysis of the City of Little Falls' financial performance provides an overview of the City's financial activities for the year ended December 31, 2024. Please read it in conjunction with the independent auditor's report on page four and the City's financial statements, which begin on page nineteen.

FINANCIAL HIGHLIGHTS

- The City's net position increased \$1,503,879 compared to the prior year as a result of this year's operations.
- In the City's business-type activities, revenues increased \$648,695 (or 10.03 percent), while program expenses increased \$359,961 (or 7.21 percent). These changes are discussed in greater detail throughout the following pages.
- Total cost of all of the City's programs increased \$3,327,939 (or 18.76 percent).
- The City's General Fund generated more revenue than budgeted of \$107,863, excluding transfers in from other funds, and expenditures were less than budgeted by \$141,042, excluding transfers to other funds. See additional details on page seventy-three.
- During the year ended December 31, 2024, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. For further information on the effects of the adoption of this standard, see Notes 1.H. and 6.E.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages nineteen and twenty) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page twenty-two. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page ten. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. You can think of the City's net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, costs associated with current and future construction projects, and the condition of the City's roads, to assess the overall health of the City.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

USING THIS ANNUAL REPORT (Continued)

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities**-Most of the City's basic services are reported here, including public safety, public works, culture and recreation, and general administration. Property taxes, special assessments, licenses, permits and fees, and state aids finance most of these activities.
- **Business-type Activities**-The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, wastewater, storm water, municipal golf course, and recycling and garage activities are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page twelve. The fund financial statements on page twenty-two provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds (governmental, proprietary and fiduciary) use different accounting approaches.

- **Governmental Funds**-Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the governmental fund financial statements.
- **Proprietary Funds**-When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds are similar to the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. We describe the relationship (or differences) between business-type activities (reported in the Statement of Net Position and the Statement of Activities) and enterprise funds in reconciliations following the fund financial statements.
- **Fiduciary Fund**-this fund is used to account for resources held for the benefit of parties outside of the City. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City-wide financial statements because the City cannot use these assets to finance its operations.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY AS A WHOLE

The City's combined net position increased \$1,503,879 from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 22,356,354	\$ 22,419,126	\$ 5,745,491	\$ 5,217,158	\$ 28,101,845	\$ 27,636,284
Net Capital Assets	44,963,346	43,651,558	45,882,358	43,091,408	90,845,704	86,742,966
Net Pension Asset	199,528	112,016	-	-	199,528	112,016
Total Assets	67,519,228	66,182,700	51,627,849	48,308,566	119,147,077	114,491,266
Deferred Outflows of Resources	2,885,405	4,061,165	118,858	364,231	3,004,263	4,425,396
Current Liabilities	4,308,504	1,472,301	558,213	367,349	4,866,717	1,839,650
Noncurrent Liabilities	23,898,974	23,673,628	13,311,990	13,918,945	37,210,964	37,592,573
Total Liabilities	28,207,478	25,145,929	13,870,203	14,286,294	42,077,681	39,432,223
Deferred Inflows of Resources	3,229,260	3,424,902	149,677	160,379	3,378,937	3,585,281
Net Position:						
Net Investment in						
Capital Assets	23,443,167	23,235,959	32,946,728	29,744,469	56,389,895	52,980,428
Restricted	8,144,955	7,838,603	-	-	8,144,955	7,838,603
Unrestricted	7,379,773	10,598,472	4,780,099	4,481,655	12,159,872	15,080,127
Total Net Position	\$ 38,967,895	\$ 41,673,034	\$ 37,726,827	\$ 34,226,124	\$ 76,694,722	\$ 75,899,158

The net position of the City's governmental activities decreased by \$2,069,176 (4.97 percent). Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) decreased by \$3,218,699 compared to the prior year.

The net position of the City's business-type activities increased by \$3,573,055 (10.44 percent) from the prior year. Such increase can be attributed primarily to the capital asset transfers in the current year.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY AS A WHOLE (Continued)

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
REVENUE						
Charges for Services	\$ 890,770	\$ 1,010,446	\$ 6,750,581	\$ 6,213,717	\$ 7,641,351	\$ 7,224,163
Operating Grants and Contributions	2,085,159	445,987	36,610	35,553	2,121,769	481,540
Capital Grants and Contributions	2,503,933	2,612,484	-	-	2,503,933	2,612,484
Taxes	6,199,834	5,639,950	63,592	84,622	6,263,426	5,724,572
Intergovernmental	3,097,637	2,736,414	17,578	6,617	3,115,215	2,743,031
Investment Income	386,335	185,195	227,084	123,396	613,419	308,591
Other	141,416	250,051	17,585	430	159,001	250,481
Total Revenues	15,305,084	12,880,527	7,113,030	6,464,335	22,418,114	19,344,862
PROGRAM EXPENSES						
General Government	2,096,865	2,047,324	-	-	2,096,865	2,047,324
Public Safety	4,022,939	3,325,051	-	-	4,022,939	3,325,051
Public Works	4,716,663	4,045,250	-	-	4,716,663	4,045,250
Culture and Recreation	1,210,456	1,317,601	-	-	1,210,456	1,317,601
Community Development	2,141,181	530,969	-	-	2,141,181	530,969
Airport	542,166	561,284	-	-	542,166	561,284
Unallocated Depreciation	22,795	14,466	-	-	22,795	14,466
Debt Service	958,407	901,549	-	-	958,407	901,549
Water	-	-	1,444,168	1,515,572	1,444,168	1,515,572
Wastewater	-	-	2,250,665	1,631,804	2,250,665	1,631,804
Storm Water	-	-	75,980	113,439	75,980	113,439
Golf	-	-	661,093	878,076	661,093	878,076
Recycling and Garbage	-	-	919,959	853,013	919,959	853,013
Total Expenses	15,711,472	12,743,494	5,351,865	4,991,904	21,063,337	17,735,398
Change in Net Position Prior to Gain (Loss) and Transfers	(406,388)	137,033	1,761,165	1,472,431	1,354,777	1,609,464
Gain (Loss) on Disposal of Assets	149,102	(159,279)	-	6,950	149,102	(152,329)
Capital Asset Transfers	(2,920,489)	(4,147,650)	2,920,489	4,147,650	-	-
Transfers	1,108,599	913,049	(1,108,599)	(913,049)	-	-
Total Gain (Loss) and Transfers	(1,662,788)	(3,393,880)	1,811,890	3,241,551	149,102	(152,329)
Change in Net Position	\$ (2,069,176)	\$ (3,256,847)	\$ 3,573,055	\$ 4,713,982	\$ 1,503,879	\$ 1,457,135

The City's total revenues increased by \$3,073,252 (15.89 percent). The total cost of all programs and services increased by \$3,327,939 (18.76 percent). Our analysis on the following page separately considers the operations of governmental and business-type activities.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY AS A WHOLE (Continued)

Governmental Activities

Revenue for the City's governmental activities increased by \$2,424,557 (18.82 percent). The increase in revenue is primarily due to an increase in operating grants and contributions, as well as property taxes. Total expenses increased \$2,967,978 (23.29 percent). The increase in expenses is primarily due to public safety, public works, and community development expenditures.

Table 3 presents the cost of each of the City's programs (general government, public safety, public works, culture and recreation, airport operations, community development, unallocated depreciation, and debt service) as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. Activities, net of capital outlay which is excluded from Table 3, were generally comparable to the prior year as operations remained fairly consistent with the prior year, with exception of the following item:

- Public Works net cost of services increased, primarily due to less special assessment revenue received in the current year and an increase in capital project related expenditures.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General Government	\$ 2,096,865	\$ 2,047,324	\$ 2,079,679	\$ 1,936,253
Public Safety	4,022,939	3,325,051	3,085,599	2,457,666
Public Works	4,716,663	4,045,250	3,217,956	1,393,306
Culture and Recreation	1,210,456	1,317,601	523,716	1,275,372
Community Development	2,141,181	530,969	556,163	435,867
Airport	542,166	561,284	(212,705)	260,098
Unallocated Depreciation	22,795	14,466	22,795	14,466
Debt Service	958,407	901,549	958,407	901,549
Totals	<u>\$ 15,711,472</u>	<u>\$ 12,743,494</u>	<u>\$ 10,231,610</u>	<u>\$ 8,674,577</u>

Business-type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$648,695 (10.03 percent) and program expenses increased by \$359,961 (7.21 percent). The increase in business-type revenues is mainly due to an increase in revenues from charges for services and investment earnings. The increase in business-type expenses is mainly due to current year depreciation expenditures.

THE CITY'S FUNDS

Governmental Funds

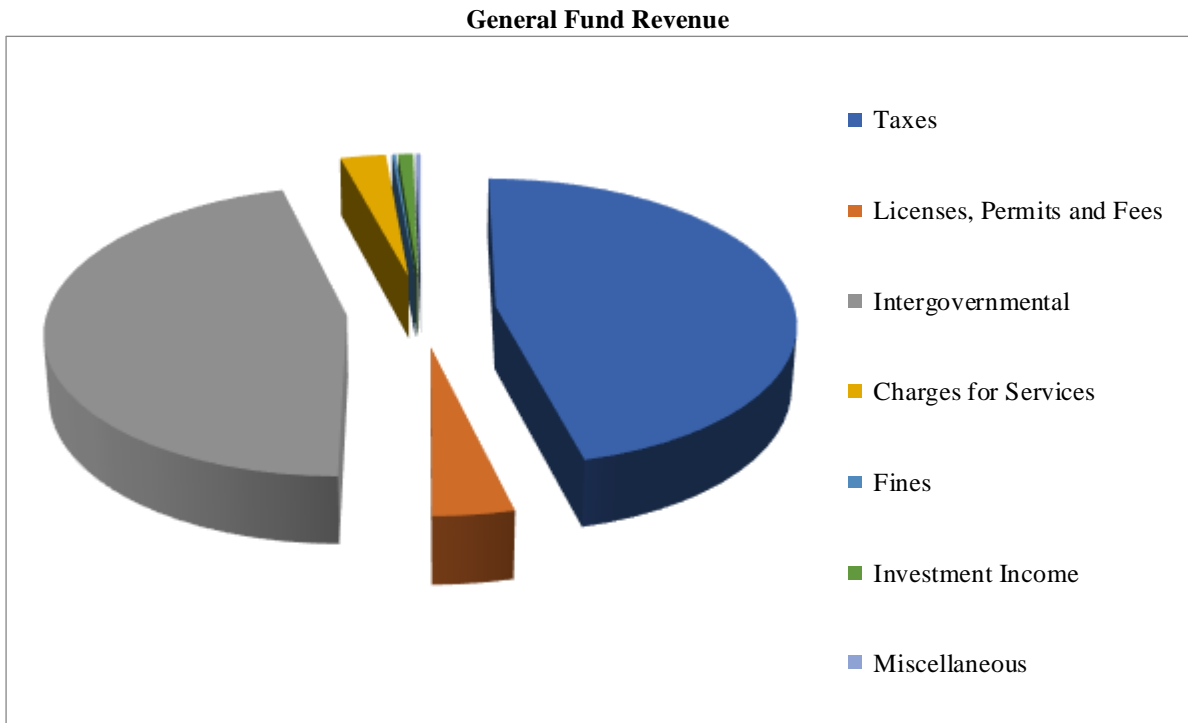
As the City completed the year, its governmental funds (as presented in the balance sheet on page twenty-two) reported a combined fund balance of \$16,349,959. This is a decrease of \$1,196,231 from the prior year. Operations were comparable to the prior year, with the exception of increased community development expenditures related to the childcare project and increased related grant revenue from the childcare HUD grant. Financial information specific to the governmental funds is detailed on the following pages. Such information was derived from the fund financials.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY'S FUNDS (Continued)

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
General	\$ 1,502,526	\$ 1,444,134	\$ 58,392

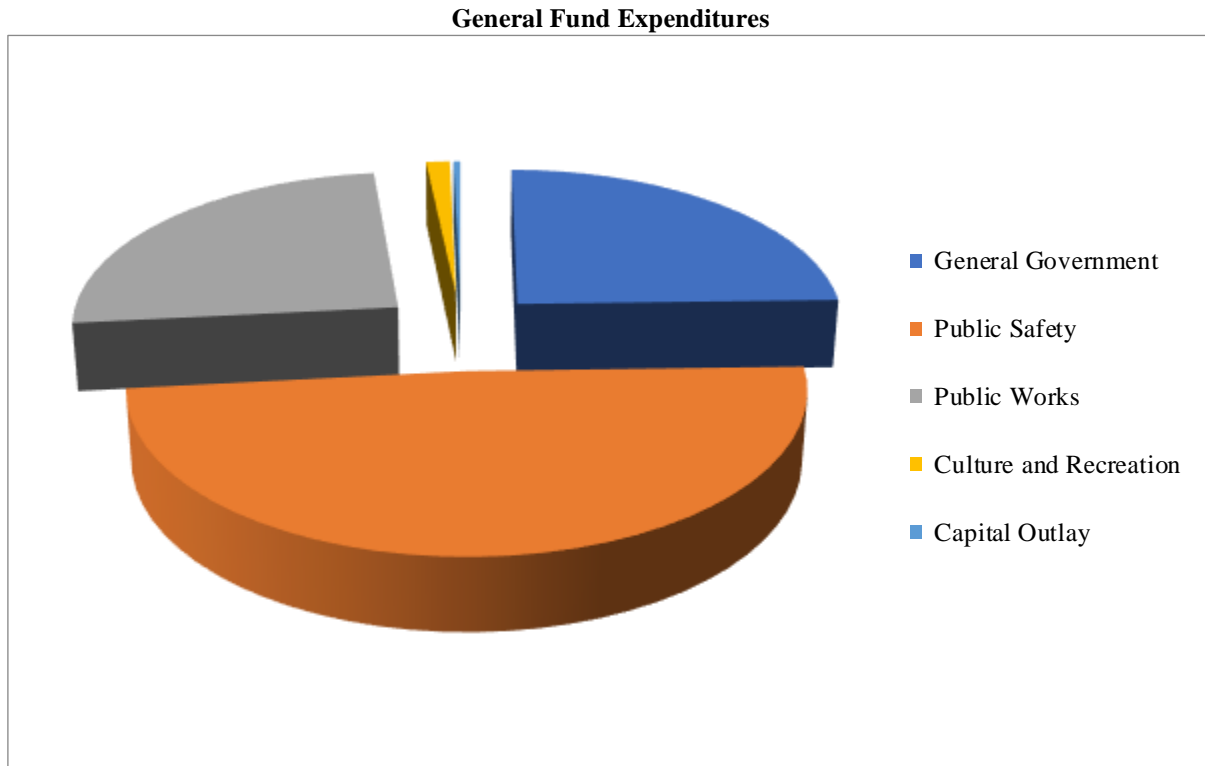
The fund balance of the General Fund increased by \$58,392 compared to 2023. Details of the General Fund's revenues and expenditures are displayed below:



The City receives the majority of its funding in the General Fund in the form of grants and funding received from other governmental agencies (45.78 percent) and taxes (46.12 percent). Overall, the City's General Fund revenues were comparable to the prior year, with the exception of increases in taxes and intergovernmental revenues.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY'S FUNDS (Continued)



A significant portion of the City's General Fund expenditures are used for public safety (48.78 percent). Remaining expenditures are used primarily on public works activities (24.98 percent) and general government operations (24.56 percent). Expenditures are comparable to the prior year, with the exception of an increase in public safety expenditures.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023 (Restated)	
Economic Development Authority	\$ 1,430,402	\$ 1,351,592	\$ 78,810

The Economic Development Authority fund balance increased as a result of taxes, investment earnings, and loan collections exceeding community development expenditures and loan principle payouts during the year.

Economic Development Loan	\$ 3,780,436	\$ 3,369,594	\$ 410,842
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The Economic Development Loan fund balance increased as a result of investment earnings and loan collections exceeding community development expenditures and loan principle payouts during the year.

Debt Service	\$ 5,905,521	\$ 5,367,396	\$ 538,125
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The Debt Service fund balance increased as a result of receiving 2024A G.O. Bond proceeds in the current year and the City transfers out not exceeding those proceeds.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY'S FUNDS (Continued)

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
Equipment Reserve	\$ 2,226,411	\$ 2,591,790	\$ (365,379)

The Equipment Reserve fund balance decreased as a result of expenditures exceeding miscellaneous revenues, transfers from other funds and lease proceeds received during the year.

4th Street Northeast Project	\$ (877,632)	\$ (62,460)	\$ (815,172)
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The 4th Street Northeast Project fund balance decreased as a result of expenditures exceeding intergovernmental revenues and debt proceeds received during the year.

Childcare Grant	\$ (5,291)	\$ (5,148)	\$ (143)
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The Childcare Grant fund balance was generally comparable to the prior year. Operationally, the fund had expenditures and corresponding reimbursements received for the Childcare project totaling \$1,500,000.

Project 407 - Clubhouse Project	\$ (2,232,402)	\$ (673,938)	\$ (1,558,464)
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The Project 407 - Clubhouse Project fund balance decreased as a result of expenditures exceeding miscellaneous revenues received during the year.

General Fund Budgetary Highlights

The City's General Fund generated more revenue than budgeted of \$107,863, excluding transfers in from other funds, primarily due to intergovernmental and investment earnings revenues exceeding anticipated amounts. Expenditures were less than those budgeted by \$141,042, excluding transfers to other funds, due primarily to actual public safety expenditures being less than budgeted amounts. The original budget was not amended during 2024.

Proprietary Funds

As the City completed the year, its business-type activities (as presented in the statement of net position on page twenty-eight) reported a combined net position of \$37,570,250, an increase of \$3,573,055 from the prior year. The following is a summary of the City's major proprietary funds:

Major Funds	Net Position December 31,		Increase (Decrease)
	2024	2023 (Restated)	
Water Utility	\$ 12,696,614	\$ 12,396,645	\$ 299,969

The Water Utility Fund net position increased due to charges for services being higher than both operating expenses and transfers to other funds.

Wastewater Utility	\$ 21,979,816	\$ 21,258,981	\$ 720,835
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The Wastewater Utility Fund increased due to charges for services and capital asset transfers being higher than both operating expenses and transfers to other funds.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had a \$90,845,704 net investment in a broad range of capital assets, including land, construction in progress, land improvements and infrastructure, buildings and structures, machinery and equipment, vehicles, and mains and lines. This amount represents a net increase of \$4,102,738 (4.73 percent) from last year.

**Table 4
Capital Assets Net of Depreciation**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 5,066,468	\$ 5,216,468	\$ 1,040,497	\$ 1,040,497	\$ 6,106,965	\$ 6,256,965
Construction In Progress	2,560,507	1,765,415	-	232,326	2,560,507	1,997,741
Land Improvements and Infrastructure	32,027,372	31,753,445	517,495	60,585	32,544,867	31,814,030
Buildings and Structures	2,852,597	2,905,766	33,647,036	31,527,300	36,499,633	34,433,066
Machinery and Equipment	1,763,413	1,321,163	1,800,621	1,055,286	3,564,034	2,376,449
Vehicles	291,001	471,650	102,495	126,374	393,496	598,024
Mains and Lines	-	-	8,619,349	8,993,202	8,619,349	8,993,202
Leased Equipment	358,952	163,856	154,865	55,838	513,817	219,694
Intangibles	43,036	53,795	-	-	43,036	53,795
Totals	\$ 44,963,346	\$ 43,651,558	\$ 45,882,358	\$ 43,091,408	\$ 90,845,704	\$ 86,742,966

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

- The City completed it's 2024 Improvements 153rd/7th project for a total cost of \$896,844.
- Construction was completed on the City's 18th St NE project for a total cost of \$526,858.
- The City completed construction on it's Clubhouse Remodel project for a total capitalized cost of \$2,323,574.
- The City completed a wastewater lift station communications upgrade for a total cost of \$681,799.
- The City performed a rehab of it's east water tower for a total cost of \$576,673.

More detailed information about the City's capital assets is presented in Note 2.C. to the financial statements.

Debt

At year-end, the City had \$34,248,613 in debt versus \$33,617,855 last year (an increase of 1.88 percent). During the year ending December 31, 2024, the City issued various bonds and notes totaling \$1,938,053. See additional information regarding long-term debt in Note 2.D. to the financial statements.

The City's Standard and Poor's bond rating is A with a negative outlook.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council and staff carefully reviewed budget figures over the last three years in an attempt to set a budget which would adequately provide an acceptable level of service to the public. The City received an increase in Local Government Aid for 2025 of 0.15% or \$4,857. The Council increased the tax levy by 8.7% or \$465,658 for 2025.

The new childcare facility project was completed as planned and the facility began operations March 2025. Good progress has been made on addressing housing concerns. In 2022, the City Council approved a new TIF district and developed an agreement for a new 49-unit apartment complex. This complex was completed in September 2024 and is currently in operation. In 2024, the City Council approved a new TIF district and developed an agreement with another developer to construct a 46-unit affordable housing apartment complex. This complex is currently under construction with anticipated completion in late 2025 to early 2026. An additional TIF district is in the works to aid in the construction of a 50-unit multi-family housing development with the desire to break ground in 2025.

The clubhouse renovation project has been completed and includes an event center, meeting room, bar, and pro shop. The City worked with Cary's On the Course for a lease agreement for operations of the bar. Cary's On the Course is currently open for operation.

The Council and staff continue to be aware of the debt levy and are attempting to balance debt levy requirements with aging infrastructure needs as well as capital equipment needs. The City, along with the Economic Development Authority, continues to attract new and expanding businesses to Little Falls with the use of various grants and loans. As always, the City Council and staff continue to be diligent in our efforts to maximize revenues and control spending.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Little Falls, 100 7th Avenue NE; Little Falls, MN 56345 or call (320) 616-5500.

BASIC FINANCIAL STATEMENTS

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 11,659,952	\$ 7,551,527	\$ 19,211,479
Property Taxes Receivable	168,883	-	168,883
Assessments Receivable	2,652,943	-	2,652,943
Accounts Receivable	12,325	593,342	605,667
Interest Receivable	11,406	11,391	22,797
Internal Balances	2,481,366	(2,481,366)	-
Due from Other Governments	1,651,422	-	1,651,422
Inventory	20,933	47,923	68,856
Prepays	190,810	22,674	213,484
Capital Assets Not Being Depreciated/Amortized	7,626,975	1,040,497	8,667,472
Capital Assets Being Depreciated/Amortized (Net)	37,336,371	44,841,861	82,178,232
Loans Receivable (Net)	3,335,657	-	3,335,657
Leases Receivable	170,657	-	170,657
Net Pension Asset	199,528	-	199,528
TOTAL ASSETS	67,519,228	51,627,849	119,147,077
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	2,885,405	118,858	3,004,263
LIABILITIES			
Accounts Payable	2,493,653	203,612	2,697,265
Salaries Payable	211,710	44,477	256,187
Accrued Interest Payable	230,804	46,362	277,166
Construction Contracts Payable	79,614	-	79,614
Deposits Payable	-	57,970	57,970
Unearned Revenue	46,213	-	46,213
Noncurrent Liabilities:			
Compensated Absences	1,246,510	205,792	1,452,302
Due Within One Year	2,313,461	557,103	2,870,564
Due After One Year	19,166,752	12,378,527	31,545,279
Net Pension Liability	2,418,761	376,360	2,795,121
TOTAL LIABILITIES	28,207,478	13,870,203	42,077,681
DEFERRED INFLOWS OF RESOURCES			
Pensions	3,068,927	149,677	3,218,604
Leases	160,333	-	160,333
TOTAL DEFERRED INFLOWS OF RESOURCES	3,229,260	149,677	3,378,937
NET POSITION			
Net Investment in Capital Assets	23,443,167	32,946,728	56,389,895
Restricted for:			
Economic Development Authority	1,209,530	-	1,209,530
Debt Service	6,684,659	-	6,684,659
Housing & Redevelopment Authority	220,401	-	220,401
Tourism	29,936	-	29,936
Police Forfeiture	429	-	429
Unrestricted	7,379,773	4,780,099	12,159,872
TOTAL NET POSITION	\$ 38,967,895	\$ 37,726,827	\$ 76,694,722

**CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 2,096,865	\$ 17,136	\$ 50	\$ -	\$ (2,079,679)	\$ -	\$ (2,079,679)
Public Safety	4,022,939	505,247	432,093	-	(3,085,599)	-	(3,085,599)
Public Works	4,716,663	15,714	92,320	1,390,673	(3,217,956)	-	(3,217,956)
Culture and Recreation	1,210,456	40,406	464	645,870	(523,716)	-	(523,716)
Community Development	2,141,181	85,018	1,500,000	-	(556,163)	-	(556,163)
Airport	542,166	227,249	60,232	467,390	212,705	-	212,705
Debt Service	958,407	-	-	-	(958,407)	-	(958,407)
Unallocated Depreciation	22,795	-	-	-	(22,795)	-	(22,795)
Total Governmental Activities	15,711,472	890,770	2,085,159	2,503,933	(10,231,610)	-	(10,231,610)
Business-Type Activities:							
Water	1,444,168	2,142,652	-	-	-	698,484	698,484
Wastewater	2,250,665	2,924,108	-	-	-	673,443	673,443
Storm Water	75,980	167,860	-	-	-	91,880	91,880
Golf	661,093	482,511	7,627	-	-	(170,955)	(170,955)
Recycling and Garbage	919,959	1,033,450	28,983	-	-	142,474	142,474
Total Business-Type Activities	5,351,865	6,750,581	36,610	-	-	1,435,326	1,435,326
TOTALS	\$ 21,063,337	\$ 7,641,351	\$ 2,121,769	\$ 2,503,933	(10,231,610)	1,435,326	(8,796,284)
General Revenues:							
Property Taxes					5,430,477	-	5,430,477
Tax Increment					416,218	-	416,218
Franchise Taxes					122,660	63,592	186,252
Lodging and Restaurant Tax					230,479	-	230,479
Intergovernmental					3,097,637	17,578	3,115,215
Investment Income					386,335	227,084	613,419
Gain (Loss) on Sale of Assets					149,102	-	149,102
Miscellaneous					141,416	17,585	159,001
Total General Revenues					9,974,324	325,839	10,300,163
Capital Asset Transfers					(2,920,489)	2,920,489	-
Transfers					1,108,599	(1,108,599)	-
Total General Revenues and Transfers					8,162,434	2,137,729	10,300,163
CHANGE IN NET POSITION					(2,069,176)	3,573,055	1,503,879

**CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024**

NET POSITION - BEGINNING OF YEAR (As Previously Reported)	41,673,034	34,226,124	75,899,158
ADJUSTMENTS AND RESTATEMENTS			
Restatement - Change in Accounting Principle	(719,057)	(72,352)	(791,409)
Restatement - Correction of an Error (See Note 6.E.)	<u>83,094</u>	<u>-</u>	<u>83,094</u>
Total Adjustments and Restatements	(635,963)	(72,352)	(708,315)
NET POSITION - BEGINNING OF YEAR (As Adjusted or Restated)	<u>41,037,071</u>	<u>34,153,772</u>	<u>75,190,843</u>
NET POSITION - END OF YEAR	<u>\$ 38,967,895</u>	<u>\$ 37,726,827</u>	<u>\$ 76,694,722</u>

**CITY OF LITTLE FALLS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Economic Development Authority	Economic Development Loan	Debt Service Fund	Equipment Reserve Fund
ASSETS					
Cash, Cash Equivalents, and Investments	\$ 686,375	\$ 1,208,407	\$ 1,318,834	\$ 1,397,570	\$ 2,633,836
Property Taxes Receivable	114,375	3,966	-	48,207	-
Assessments Receivable	8,675	-	-	2,642,538	-
Accounts Receivable	5,233	-	807	1,580	-
Interest Receivable	-	-	-	-	5,793
Due from Other Funds	973,771	-	-	3,092,443	-
Due from Other Governments	-	-	-	-	-
Inventory	-	-	-	-	-
Prepays	167,188	-	-	-	-
Loans Receivable (Net)	-	220,872	2,422,197	-	-
Leases Receivable	-	-	-	-	-
Advances to Other Funds	-	-	76,323	1,664,172	-
TOTAL ASSETS	<u>\$ 1,955,617</u>	<u>\$ 1,433,245</u>	<u>\$ 3,818,161</u>	<u>\$ 8,846,510</u>	<u>\$ 2,639,629</u>
LIABILITIES					
Accounts Payable	\$ 115,012	\$ -	\$ 35,714	\$ 190,552	\$ 413,218
Salaries Payable	200,563	-	-	-	-
Construction Contracts Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	46,213	-	-	-	-
Advances from Other Funds	-	-	-	76,323	-
Total Liabilities	<u>361,788</u>	<u>-</u>	<u>35,714</u>	<u>266,875</u>	<u>413,218</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	82,628	2,843	-	35,066	-
Special Assessments	8,675	-	-	2,639,048	-
Grants Receivable	-	-	2,011	-	-
Leases	-	-	-	-	-
Total Deferred Inflows of Resources	<u>91,303</u>	<u>2,843</u>	<u>2,011</u>	<u>2,674,114</u>	<u>-</u>
FUND BALANCES					
Nonspendable	167,188	220,872	2,498,520	1,664,172	-
Restricted	-	1,209,530	-	4,241,349	-
Committed	-	-	-	-	-
Assigned	-	-	1,281,916	-	2,226,411
Unassigned	1,335,338	-	-	-	-
Total Fund Balances	<u>1,502,526</u>	<u>1,430,402</u>	<u>3,780,436</u>	<u>5,905,521</u>	<u>2,226,411</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,955,617</u>	<u>\$ 1,433,245</u>	<u>\$ 3,818,161</u>	<u>\$ 8,846,510</u>	<u>\$ 2,639,629</u>

**CITY OF LITTLE FALLS, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	4th Street Northeast Project	Childcare Grant	Project 407 - Clubhouse Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash, Cash Equivalents, and Investments	\$ -	\$ -	\$ -	\$ 4,136,045	\$ 11,381,067
Property Taxes Receivable	-	-	-	2,335	168,883
Assessments Receivable	-	-	-	1,730	2,652,943
Accounts Receivable	-	-	-	4,705	12,325
Interest Receivable	-	-	-	4,838	10,631
Due from Other Funds	-	-	-	-	4,066,214
Due from Other Governments	48,327	1,500,000	-	103,095	1,651,422
Inventory	-	-	-	20,933	20,933
Prepays	-	-	-	8,168	175,356
Loans Receivable (Net)	-	-	-	692,588	3,335,657
Leases Receivable	-	-	-	170,657	170,657
Advances to Other Funds	-	-	-	-	1,740,495
TOTAL ASSETS	<u>\$ 48,327</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 5,145,094</u>	<u>\$ 25,386,583</u>
LIABILITIES					
Accounts Payable	\$ (9,556)	\$ 1,500,000	\$ 1,151	\$ 247,406	\$ 2,493,497
Salaries Payable	-	-	-	11,147	211,710
Construction Contracts Payable	79,614	-	-	-	79,614
Due to Other Funds	855,901	5,291	2,231,251	-	3,092,443
Unearned Revenue	-	-	-	-	46,213
Advances from Other Funds	-	-	-	-	76,323
Total Liabilities	<u>925,959</u>	<u>1,505,291</u>	<u>2,232,402</u>	<u>258,553</u>	<u>5,999,800</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	-	-	-	895	121,432
Special Assessments	-	-	-	1,730	2,649,453
Grants Receivable	-	-	-	103,595	105,606
Leases	-	-	-	160,333	160,333
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,553</u>	<u>3,036,824</u>
FUND BALANCES					
Nonspendable	-	-	-	732,013	5,282,765
Restricted	-	-	-	250,766	5,701,645
Committed	-	-	-	1,064,722	1,064,722
Assigned	-	-	-	4,076,056	7,584,383
Unassigned	(877,632)	(5,291)	(2,232,402)	(1,503,569)	(3,283,556)
Total Fund Balances	<u>(877,632)</u>	<u>(5,291)</u>	<u>(2,232,402)</u>	<u>4,619,988</u>	<u>16,349,959</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 48,327</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 5,145,094</u>	<u>\$ 25,386,583</u>

**CITY OF LITTLE FALLS, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total Fund Balances - Governmental Funds \$ 16,349,959

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:

Capital Assets	\$ 75,356,968	
Accumulated Depreciation and Amortization	<u>(30,393,622)</u>	
Capital Assets (Net)		44,963,346

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds Balance Sheet:

Bond Principal Payable	(19,764,053)	
Note Principal Payable	(825,000)	
Financing Arrangement Principal Payable	(350,304)	
Bond Premium, Net of Accumulated Amortization	(127,582)	
Capital Leases Payable	(373,626)	
Compensated Absences	<u>(1,246,510)</u>	
		(22,687,075)

The net pension asset/liability and related deferred outflows/inflows represent the allocation of pension obligations to the City. Such balances are not reported in the funds:

Net Pension Asset	199,528	
Net Pension Liability	(2,418,761)	
Deferred Outflows - Pensions	2,885,405	
Deferred Inflows - Pensions	<u>(3,068,927)</u>	
		(2,402,755)

Interest on long-term debt is recognized as an expenditure when due and payable in the governmental funds. Therefore, interest is not accrued in the governmental funds Balance Sheet, but is accrued in the Statement of Net Position: (230,804)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds:

Property Taxes Receivable	121,432	
Special Assessments Receivable	2,649,453	
Grants Receivable	<u>105,606</u>	
		2,876,491

Internal service funds are used by management to charge the cost of its self-insurance and severance activities to individual funds. The assets and liabilities of these funds are included in the governmental activities in the Statement of Net Position. 98,733

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 38,967,895

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Economic Development Authority	Economic Development Loan	Debt Service Fund	Equipment Reserve Fund
REVENUES					
Property Taxes	\$ 3,612,075	\$ 128,230	\$ -	\$ 1,523,999	\$ 6
Tax Increment	-	-	-	414,241	1,977
Franchise Taxes	-	-	-	-	-
Special Assessments	-	-	-	529,824	-
Licenses, Permits, and Fees	303,864	-	-	-	-
Intergovernmental	3,584,888	-	-	-	764
Charges for Services	217,208	-	-	-	-
Fines	17,025	-	-	-	-
Investment Income (Loss)	72,005	33,396	34,130	193,640	77,212
Loan Collections	-	10,839	39,444	-	-
Miscellaneous	24,273	(123)	1,170	1,750	463,095
TOTAL REVENUES	7,831,338	172,342	74,744	2,663,454	543,054
EXPENDITURES					
Current:					
General Government	1,681,296	-	-	-	367,521
Public Safety	3,339,044	-	-	-	-
Public Works	1,709,867	-	-	36,219	-
Culture and Recreation	12,689	-	-	-	-
Library	77,008	-	-	-	-
Community Development	-	66,435	59,428	-	-
Airport	-	-	-	-	-
Capital Outlay	25,129	-	-	106,202	1,056,417
Debt Service:					
Principal	-	-	-	1,435,000	135,324
Interest and Other Charges	-	-	-	855,468	44,709
TOTAL EXPENDITURES	6,845,033	66,435	59,428	2,432,889	1,603,971
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	986,305	105,907	15,316	230,565	(1,060,917)
OTHER FINANCING SOURCES (USES)					
Lease Issuance	-	-	-	-	299,338
Bond Issuance	-	-	-	1,180,000	-
Issuance of Debt	-	-	375,000	-	-
Premium on Bond Issuance	-	-	-	7,389	-
Loan Write-Down	-	-	(17,520)	-	-
Transfers In	1,100,600	-	38,046	18	396,200
Transfers Out	(2,028,513)	(27,097)	-	(879,847)	-
TOTAL OTHER FINANCING SOURCES (USES)	(927,913)	(27,097)	395,526	307,560	695,538
NET CHANGE IN FUND BALANCES	58,392	78,810	410,842	538,125	(365,379)
FUND BALANCES - BEGINNING (As Previously Reported)	1,444,134	1,351,592	3,286,500	5,367,396	2,591,790
ADJUSTMENTS AND RESTATEMENTS					
Adjustment - Change in Major Funds	-	-	-	-	-
RESTATEMENT - CORRECTION OF AN ERROR (See Note 6.E.)	-	-	83,094	-	-
FUND BALANCES - BEGINNING (As Adjusted and Restated)	1,444,134	1,351,592	3,369,594	5,367,396	2,591,790
FUND BALANCES - ENDING	\$ 1,502,526	\$ 1,430,402	\$ 3,780,436	\$ 5,905,521	\$ 2,226,411

See accompanying notes.

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	4th Street Northeast Project	Childcare Grant	Project 407 - Clubhouse Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ 393,762	\$ 5,658,072
Tax Increment	-	-	-	-	416,218
Franchise Taxes	-	-	-	122,660	122,660
Special Assessments	16,730	-	-	235,973	782,527
Licenses, Permits, and Fees	-	-	-	34,550	338,414
Intergovernmental	933,241	1,500,000	-	1,139,755	7,158,648
Charges for Services	-	-	-	267,655	484,863
Fines	-	-	-	-	17,025
Investment Income (Loss)	(23,085)	(143)	(58,712)	57,892	386,335
Loan Collections	-	-	-	185	50,468
Miscellaneous	143	-	311,887	180,668	982,863
TOTAL REVENUES	<u>927,029</u>	<u>1,499,857</u>	<u>253,175</u>	<u>2,433,100</u>	<u>16,398,093</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	2,048,817
Public Safety	-	-	-	164,807	3,503,851
Public Works	144,897	-	152,493	693,617	2,737,093
Culture and Recreation	-	-	-	828,141	840,830
Library	-	-	-	-	77,008
Community Development	-	1,500,000	-	424,866	2,050,729
Airport	-	-	-	281,901	281,901
Capital Outlay	2,355,357	-	1,659,146	1,961,840	7,164,091
Debt Service:					
Principal	-	-	-	-	1,570,324
Interest and Other Charges	-	-	-	-	900,177
TOTAL EXPENDITURES	<u>2,500,254</u>	<u>1,500,000</u>	<u>1,811,639</u>	<u>4,355,172</u>	<u>21,174,821</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,573,225)	(143)	(1,558,464)	(1,922,072)	(4,776,728)
OTHER FINANCING SOURCES (USES)					
Lease Issuance	-	-	-	-	299,338
Bond Issuance	758,053	-	-	-	1,938,053
Issuance of Debt	-	-	-	-	375,000
Premium on Bond Issuance	-	-	-	-	7,389
Loan Write-Down	-	-	-	-	(17,520)
Transfers In	-	-	-	2,674,492	4,209,356
Transfers Out	-	-	-	(295,662)	(3,231,119)
TOTAL OTHER FINANCING SOURCES (USES)	<u>758,053</u>	<u>-</u>	<u>-</u>	<u>2,378,830</u>	<u>3,580,497</u>
NET CHANGE IN FUND BALANCES	(815,172)	(143)	(1,558,464)	456,758	(1,196,231)
FUND BALANCES - BEGINNING (As Previously Reported)	-	-	-	3,421,684	17,463,096
ADJUSTMENTS AND RESTATEMENTS					
Adjustment - Change in Major Funds	(62,460)	(5,148)	(673,938)	741,546	-
RESTATEMENT - CORRECTION OF AN ERROR (See Note 6.E.)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,094</u>
FUND BALANCES - BEGINNING (As Adjusted and Restated)	<u>(62,460)</u>	<u>(5,148)</u>	<u>(673,938)</u>	<u>4,163,230</u>	<u>17,546,190</u>
FUND BALANCES - ENDING	<u>\$ (877,632)</u>	<u>\$ (5,291)</u>	<u>\$ (2,232,402)</u>	<u>\$ 4,619,988</u>	<u>\$ 16,349,959</u>

CITY OF LITTLE FALLS, MINNESOTA
RECONCILIATION OF CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (1,196,231)

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital Outlay Capitalized	\$ 6,856,393	
Depreciation Expense	(2,152,095)	
Amortization Expense	(115,001)	
Transfer of Capital Assets	(2,920,489)	
Loss on Disposal of Assets	<u>(357,020)</u>	
		1,311,788

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts below detail the effects of these differences in the treatment of long term debt and related items:

Bond Principal Repayments	1,435,000	
Financing Arrangement Principal Repayments	42,497	
Bond Issuance	(1,938,053)	
Note Issuance	(375,000)	
Premium on Bond Issuance	(7,389)	
Amortization of Bond Premium	24,490	
Lease Issuance	(299,338)	
Lease Principal Repayments	<u>92,827</u>	
		(1,024,966)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due: (75,109)

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	2,884	
Special Assessments	(353,987)	
Grants Receivable	(62,001)	
Other Receivables	<u>(300,000)</u>	
		(713,104)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:
 Compensated Absences (71,720)

Certain liabilities do not represent the impending use of current resources. Therefore, the change in such liabilities and related deferrals are not reported in the governmental funds:
 Net Pension Asset/Liability and Deferred Outflows/Inflows of Resources (141,508)

Internal service funds are used by management to charge the costs of its self-insurance and severance activities to individual funds. The net revenue (expense) of these funds is reported in the governmental activities in the Statement of Net Position. (158,326)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,069,176)

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities				Governmental Activities
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets					
Cash, Cash Equivalents, and Investments	\$ 3,774,154	\$ 3,776,991	\$ 382	\$ 7,551,527	\$ 278,885
Accounts Receivable	175,349	271,788	146,205	593,342	-
Interest Receivable	5,644	5,747	-	11,391	775
Due from Other Funds	-	-	-	-	86,281
Inventory	24,829	-	23,094	47,923	-
Prepays	5,799	12,298	4,577	22,674	15,454
Total Current Assets	3,985,775	4,066,824	174,258	8,226,857	381,395
Noncurrent Assets					
Capital Assets Not Being Depreciated/Amortized	403,454	167,500	469,543	1,040,497	-
Capital Assets Being Depreciated/Amortized (Net)	9,608,397	31,592,096	3,641,368	44,841,861	-
Total Noncurrent Assets	10,011,851	31,759,596	4,110,911	45,882,358	-
TOTAL ASSETS	13,997,626	35,826,420	4,285,169	54,109,215	381,395
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	39,137	52,905	26,816	118,858	-
LIABILITIES					
Current Liabilities					
Accounts Payable	27,900	62,297	113,415	203,612	156
Salaries Payable	16,509	22,777	5,191	44,477	-
Deposits Payable	57,970	-	-	57,970	-
Due to Other Funds	-	-	973,771	973,771	86,281
Accrued Interest	-	46,362	-	46,362	-
Compensated Absences Due Within One Year	93,245	104,434	8,113	205,792	-
Debt Due Within One Year	-	488,000	69,103	557,103	-
Total Current Liabilities	195,624	723,870	1,169,593	2,089,087	86,437
Noncurrent Liabilities					
Severance Due After One Year	-	-	-	-	39,648
Advances from Other Funds	974,083	690,089	-	1,664,172	-
Debt Due After One Year	-	12,252,736	125,791	12,378,527	-
Net Pension Liability	121,945	166,570	87,845	376,360	-
Total Noncurrent Liabilities	1,096,028	13,109,395	213,636	14,419,059	39,648
TOTAL LIABILITIES	1,291,652	13,833,265	1,383,229	16,508,146	126,085
DEFERRED INFLOWS OF RESOURCES					
Pensions	48,497	66,244	34,936	149,677	-
NET POSITION					
Net Investment in Capital Assets	10,011,851	19,018,860	3,916,017	32,946,728	-
Unrestricted	2,684,763	2,960,956	(1,022,197)	4,623,522	255,310
TOTAL NET POSITION	<u>\$ 12,696,614</u>	<u>\$ 21,979,816</u>	<u>\$ 2,893,820</u>	<u>37,570,250</u>	<u>\$ 255,310</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.				156,577	
Net Position - Business-type Activities				<u>\$ 37,726,827</u>	

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities					Governmental Activities
	Formerly					
	Water Utility	Wastewater Utility	Major Recycling and Garbage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
SALES AND COST OF SALES						
Sales	\$ -	\$ -		\$ 72,662	\$ 72,662	\$ -
Cost of Sales	-	-		(36,984)	(36,984)	-
GROSS PROFIT	-	-		35,678	35,678	-
OPERATING REVENUES						
Charges for Services	2,121,736	2,899,683		1,570,709	6,592,128	-
Other Income	-	-		-	-	355,551
TOTAL OPERATING REVENUES	<u>2,121,736</u>	<u>2,899,683</u>		<u>1,570,709</u>	<u>6,592,128</u>	<u>355,551</u>
TOTAL GROSS PROFIT AND OPERATING REVENUES	2,121,736	2,899,683		1,606,387	6,627,806	355,551
OPERATING EXPENSES						
Wages and Benefits	482,567	612,283		381,461	1,476,311	98,103
Materials and Supplies	161,136	99,965		69,508	330,609	-
Repairs and Maintenance	70,467	189,303		58,586	318,356	-
Professional Services	87,309	27,734		917,971	1,033,014	6,237
Insurance	-	-		2,766	2,766	580,441
Utilities	129,847	301,667		37,955	469,469	-
Dues and Subscriptions	2,200	2,098		7,030	11,328	-
Other Services and Charges	48,503	19,575		39,177	107,255	940
Depreciation/Amortization	445,904	842,036		95,837	1,383,777	-
TOTAL OPERATING EXPENSES	<u>1,427,933</u>	<u>2,094,661</u>		<u>1,610,291</u>	<u>5,132,885</u>	<u>685,721</u>
NET OPERATING INCOME (LOSS)	693,803	805,022		(3,904)	1,494,921	(330,170)
NONOPERATING INCOME (EXPENSE)						
Taxes	-	-		63,592	63,592	-
Intergovernmental	5,695	7,780		33,086	46,561	-
Connection Fees	18,088	18,888		-	36,976	-
Investment Income (Loss)	115,277	112,917		(1,110)	227,084	9,909
Miscellaneous	2,828	5,537		48,077	56,442	-
Interest and Other Charges	-	(129,856)		(2,980)	(132,836)	-
TOTAL NONOPERATING INCOME (EXPENSE)	<u>141,888</u>	<u>15,266</u>		<u>140,665</u>	<u>297,819</u>	<u>9,909</u>
CHANGE IN NET POSITION PRIOR TO TRANSFERS	835,691	820,288		136,761	1,792,740	(320,261)
TRANSFERS						
Interfund Capital Asset Transfers	-	395,000		2,525,489	2,920,489	-
Operating Transfers In	-	-		25,000	25,000	177,481
Operating Transfers Out	(535,722)	(494,453)		(150,545)	(1,180,720)	-
NET TRANSFERS	<u>(535,722)</u>	<u>(99,453)</u>		<u>2,399,944</u>	<u>1,764,769</u>	<u>177,481</u>
CHANGE IN NET POSITION	299,969	720,835		2,536,705	3,557,509	(142,780)
NET POSITION - BEGINNING OF YEAR (As Previously Reported)	12,438,358	21,289,620	28,422	328,693		398,090
ADJUSTMENTS AND RESTATEMENTS						
Adjustment - Change in Major Funds	-	-	(28,422)	28,422		-
Restatement - Change in Accounting Principle	(41,713)	(30,639)	-	-		-
NET POSITION - BEGINNING OF YEAR (As Adjusted or Restated)	<u>12,396,645</u>	<u>21,258,981</u>	<u>-</u>	<u>357,115</u>		<u>398,090</u>
NET POSITION - END OF YEAR	<u>\$ 12,696,614</u>	<u>\$ 21,979,816</u>	<u>\$ -</u>	<u>\$ 2,893,820</u>		<u>\$ 255,310</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					15,546	
Change in Net Position - Business-type Activities					<u>\$ 3,573,055</u>	

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities				Governmental Activities
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Other Receipts	\$ -	\$ -	\$ -	\$ -	\$ 383,031
Cash Received from Customers	2,149,594	2,991,254	1,687,159	6,828,007	-
Cash Paid to Suppliers	(483,185)	(624,870)	(1,157,957)	(2,266,012)	(458,445)
Cash Paid to Employees	(445,587)	(548,462)	(352,409)	(1,346,458)	(100,932)
Claims Paid	-	-	-	-	(131,169)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,220,822	1,817,922	176,793	3,215,537	(307,515)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	5,695	7,780	96,678	110,153	-
Nonoperating Receipts	20,916	24,425	48,077	93,418	-
Net Operating Subsidies and Transfers from (to) Other Funds	(535,722)	(335,166)	(115,868)	(986,756)	177,481
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(509,111)	(302,961)	28,887	(783,185)	177,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of Capital Assets	(592,999)	(293,951)	(377,605)	(1,264,555)	-
Payments on Interfund Advances	(168,000)	(148,000)	-	(316,000)	-
Payments on Debt Principal	-	(483,000)	(51,703)	(534,703)	-
Proceeds from Debt Issuance	-	-	123,394	123,394	-
Cash Paid for Interest	-	(131,061)	(2,980)	(134,041)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(760,999)	(1,056,012)	(308,894)	(2,125,905)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments	-	-	(140,000)	(140,000)	-
Investment Income (Loss)	87,097	72,371	(6,623)	152,845	14,384
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	87,097	72,371	(146,623)	12,845	14,384
Net Change in Cash and Cash Equivalents	37,809	531,320	(249,837)	319,292	(115,650)
Cash and Cash Equivalents - Beginning of Year	2,769,208	2,164,753	(347,131)	4,586,830	394,535
Cash and Cash Equivalents - End of Year	<u>\$ 2,807,017</u>	<u>\$ 2,696,073</u>	<u>\$ (596,968)</u>	<u>\$ 4,906,122</u>	<u>\$ 278,885</u>
Investments	967,137	1,080,918	597,350	2,645,405	-
Total Cash, Cash Equivalents, and Investments	<u>\$ 3,774,154</u>	<u>\$ 3,776,991</u>	<u>\$ 382</u>	<u>\$ 7,551,527</u>	<u>\$ 278,885</u>

See accompanying notes.

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities				Governmental Activities
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO					
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Net Operating Income (Loss)	\$ 693,803	\$ 805,022	\$ (3,904)	\$ 1,494,921	\$ (330,170)
Adjustments to Reconcile Net Operating Income (Loss)					
to Net Cash Provided by Operating Activities:					
Depreciation/Amortization Expense	445,904	842,036	95,837	1,383,777	-
Changes in Assets, Liabilities, and Deferrals:					
Accounts Receivable	29,627	91,571	43,788	164,986	27,480
Inventory	(3,022)	-	(12,178)	(15,200)	-
Prepays	8,164	10,412	(582)	17,994	(2,006)
Accounts Payable	11,135	5,060	24,780	40,975	10
Salaries Payable	6,322	7,334	2,408	16,064	-
Deposits Payable	(1,769)	-	-	(1,769)	-
Net Pension Liability	(74,853)	(86,101)	(34,692)	(195,646)	-
Deferred Outflows of Resources - Pensions	85,938	106,791	52,644	245,373	-
Deferred Inflows of Resources - Pensions	(6,681)	(4,600)	579	(10,702)	-
Compensated Absences	26,254	40,397	8,113	74,764	-
Severance Payable	-	-	-	-	(2,829)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,220,822	\$ 1,817,922	\$ 176,793	\$ 3,215,537	\$ (307,515)

**CITY OF LITTLE FALLS, MINNESOTA
FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 57,042
LIABILITIES	
Accounts Payable	<u>131</u>
FIDUCIARY NET POSITION	
Fiduciary Net Position - Held for Others	<u><u>\$ 56,911</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial Funds</u>
ADDITIONS	
Contributions and Donations	\$ 39,794
DEDUCTIONS	
Culture and Recreation	<u>92,720</u>
CHANGE IN FIDUCIARY NET POSITION	(52,926)
FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>109,837</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 56,911</u></u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Little Falls, Minnesota (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The City of Little Falls was incorporated in 1889 and operates as a Home Rule Charter City under the “Mayor-Council Plan” form of government. Under this plan, the City is governed by an elected mayor and seven-member council.

1.A. FINANCIAL REPORTING ENTITY

The City’s financial reporting entity is comprised of the primary governmental unit of the City of Little Falls.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units’ board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units’ funds are blended into those of the City’s by appropriate activity type to compose the primary government presentation. Currently, the City has the following blended component units:

Little Falls/Morrison County Airport Commission

The Little Falls/Morrison County Airport Commission is a joint powers organization established pursuant to Law 1945, Chapter 303, and an agreement between the City of Little Falls and Morrison County dated January 6, 1965. The above authority provides that the City and County shall equally support the Commission, based on the Commission’s annual budget estimate and related request for funds.

The activity and year-end balances of the Airport Commission are accounted for as a special revenue fund by the City of Little Falls.

Economic Development Authority of the City of Little Falls

The Authority was established in 1991 pursuant to the provisions of Minnesota Statutes Section 469.090 to 469.108 to promote and provide incentives for economic development, and to preserve and create jobs, enhance the City’s tax base and promote the general welfare of the people. Any bonds sold or taxes levied by the Authority are subject to approval by the Little Falls City Council, who levies on their behalf.

The financial activity of the Authority is performed by the City of Little Falls and treated as routine City business.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Related Organizations

The Little Falls Fire Relief Association is organized as a non-profit organization by its members to provide benefits to such members in accordance with Minnesota Statutes. Its Board of Directors is appointed by the membership of the organization. The City has no significant influence over the management, budget or policies of the Association. All funding is conducted in accordance with Minnesota Statutes, whereby State aids flow through the City to the Association.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

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

The *Economic Development Authority Fund* is a special revenue fund used to account for resources and payments related to economic and community development functions. For the year ended December 31, 2024, the City has elected this as a major fund.

The *Economic Development Loan Fund* is a special revenue fund used to account for resources and payments related to economic and community development loan functions. For the year ended December 31, 2024, the City has elected this as a major fund.

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by enterprise funds. Ad valorem taxes, special assessments, and tax increment financing are used for the payment of principal and interest on the City's indebtedness.

The *Equipment Reserve Fund* is a capital project fund used to account for the activities associated with various equipment purchases made by the City. For the year ended December 31, 2024, the City has elected this as a major fund.

The *4th Street Northeast Project* is a capital project fund used to account for the expenditures incurred for the completion of the 4th Street Northeast project, including the related grant reimbursements and any other financial resources to be applied to the project.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

The *Childcare Grant* is a capital project fund used to account for the expenditures incurred for the completion of the Childcare Grant project, including the related grant reimbursements and any other financial resources to be applied to the project.

The *Project 407 – Clubhouse Project* is a capital project fund used to account for the expenditures incurred for the completion of the Project 407 - Clubhouse project, including the related grant reimbursements and any other financial resources to be applied to the project.

The City reports the following major proprietary funds:

The *Water Utility Fund* accounts for business-like activities related to the operation of a water distribution system provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Wastewater Utility Fund* accounts for business-like activities related to the operation of a sanitary sewer collection system provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Additionally, the government reports the following nonmajor fund types:

The *Special Revenue Funds* account for funds received by the City with a specific purpose, including expendable trust funds.

The *Capital Project Funds* account for financial resources to be used for the acquisition or construction of capital projects (other than those financed by proprietary funds).

The *Enterprise Funds* are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Internal Service Funds* account for the financing of goods or services provided by one department or agency to other departments or agencies of the City. The City maintains Employee Severance Pay, Liability Insurance, and Health Insurance Internal Service Funds.

The *Custodial Fund* is used to account for financial activity of assets that are being held in a fiduciary capacity on behalf of outside organizations.

Changes in Financial Reporting Entity

The following funds were reported as major funds in the prior year, but shifted to a nonmajor fund presentation during the year ended December 31, 2024:

- Recycling and Garbage Fund

Additionally, the following funds were presented as nonmajor funds in the prior year, but have now met the requirements for major fund presentation:

- 4th Street Northeast Project
- Childcare Grant
- Project 407 – Clubhouse Project

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the “economic resources” measurement focus as defined in the second bullet point below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.
- The government-wide financial statements, proprietary funds, and fiduciary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and fiduciary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the “accrual basis” of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the “modified accrual” basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary and fiduciary funds utilize the accrual basis of accounting.

1.D BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Economic Development Authority Funds. The appropriated budgets are prepared by fund, function, and department. The City of Little Falls’ department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. USE OF ESTIMATES

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

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

Cash and Cash Equivalents

For purposes of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings, certificates of deposit, and money market savings accounts for the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand, savings, certificates of deposit, and money market savings accounts.

See Note 2.A. for additional information related to cash and cash equivalents.

Investments

Investments are stated at their fair value as determined in accordance with the fair value hierarchy. Short-term investments are reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Certificates of deposit, if any, are stated at cost, plus accrued interest, which approximates fair market value. Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on a trade-date basis.

See Note 2.A. for additional information related to Cash, Cash Equivalents, and Investments.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans are reported as “advances to and from other funds.” Interfund receivables and payables between funds within governmental activities, as well as interfund receivables and payables between funds within business-type activities, are eliminated in the Statement of Net Position. See Note 2.E. for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable and not deemed necessary at year end. Major receivable balances for the governmental activities include taxes, special assessments, loans, and charges for services. Business-type activities report utility charges as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, assessments, other intergovernmental revenues, loans, and fines and charges for services since they are usually both measurable and available. Revenues collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year end.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Leases Receivable

Lease receivables are determined based on future lease payments to be received under each corresponding lease agreement over the lease term, discounted using the interest rate applied to the leasing arrangement. If not defined in the lease agreement, implicit interest rates are determined based on the estimated incremental borrowing rate. Collections under the leasing arrangements are recorded as a reduction to the corresponding lease receivable, as well as lease interest revenues.

Upon initial execution of lease, a corresponding deferred inflow of resources balance is recorded. This balance is amortized on a straight-line basis over the term of the lease, resulting in the recognition of lease revenues.

Inventories

Inventory is valued at the lower of average cost or market based on physical counts. Inventory in the Airport Operating Fund consists of fuel held for consumption and is equally offset by a nonspendable fund balance classification. The cost of inventory is recorded as an expense when purchased and adjusted at year-end.

Prepaid Expenditures/Expenses

Prepays represent expenditures/expenses paid during the current year to be recognized in future periods.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and must have an estimated useful life in excess of five years.

The range of estimated useful lives by type of asset is as follows:

Land Improvements	10-50 years
Infrastructure	50 years
Buildings and Structures	10-50 years
Mains and Wells	8-50 years
Plant and Towers	20-50 years
Machinery and Equipment	5-30 years
Vehicles	5-15 years

Government-wide Statements

In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method of depreciation.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Compensated Absences

Vacation Pay – The City compensates all employees upon termination for unused vacation. Employees may receive compensation for up to a maximum of 240 hours (for Little Falls Supervisors union members the maximum is 280 hours). Such pay is not accrued as an expense in the governmental fund financial statements since it does not require current available resources.

Accrued Severance

Sick Pay – The City pays eligible employees 25 to 30 percent of their unused sick pay upon resignation or retirement. To qualify for such severance, employees must either have 20 years of service or both 10 years of service and qualify to receive PERA retirement benefits. The liability for sick pay at December 31, 2024 totals \$39,648.

The liability of the severance plans and related transactions are reported in an Internal Service Fund in the fund financial statements. In the government-wide financial statements, the liability is allocated between the governmental and business type activities.

Long-Term Debt

The accounting treatment of long-term debt and other long-term obligations depends on whether the corresponding assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Pension Asset/Liability

The net pension asset represents the Little Falls Fire Department Relief Association's net pension asset as of the most recent actuarial valuation date. The net pension liability represents the City's allocation of its pro-rata share of the Statewide pension plans administered by the Public Employees Retirement Administration.

PERA

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of the pension funds in which the City employees participate.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

In addition to liabilities, the Statements of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports property taxes, special assessments, and grants and other receivables as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. Accordingly, these amounts are deferred and recognized as inflows of resources in the period that they become available. In addition, the City reports deferred inflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of pension funds in which the City employees participate. Finally, the City also reports deferred inflows of resources in both the government-wide and fund level financial statements, in relation to the leasing activities in which the City is the lessor.

See Note 3 and 5 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – The portion of net position for which use is constrained by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Remaining balance of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Statements

Governmental Fund Financial Statements – In the fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned, or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances at December 31, 2024 consist of prepaid expenditures, inventory, loans receivable, lease receivable, and long-term advances to other funds.

Restricted – That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, which is the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Assigned – The City Council, through policy, authorizes the Finance Officer and/or City Administrator to assign fund balance, reflecting the City’s intended use of funds. Amounts will be assigned for a specific purpose and may be changed by the authorized assignor.

Unassigned – This classification represents fund balance that has not been allocated to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Deficit fund equity in the City’s governmental funds is reported as a deficit unassigned fund balance.

The City has formally adopted a policy under which it strives to maintain minimum unassigned General Fund and Special Revenue fund balances of 35-50 percent of the budgeted operating expenditures.

See Note 2.F. for additional disclosures.

Proprietary Fund Financial Statements – Proprietary fund equity is classified the same as in the government-wide statements, as described on the previous page.

1.G. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax

Under state law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Morrison County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

The last day the City can certify a tax levy to the County for collection the following year occurs in December. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Delinquent taxes receivable include the past six years’ uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for taxes not received within 60 days after year end in the fund financial statements.

Special Assessments

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Within the government-wide financial statements, the City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.G. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Within the governmental fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31st (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Capital Outlay
	Debt Service
Proprietary Funds - By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, as well as all interfund transfers between individual proprietary funds, have been eliminated. See additional information at Note 2.E.

1.H. RECENTLY ISSUED ACCOUNTING STANDARD

During the current fiscal year, the City adopted Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences*. This standard provides updated recognition and measurement guidance for recording compensated absences. For additional information regarding the impact of adopting this standard, see Note 6.E.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues, and expenditures/expenses.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100 percent if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

Authorized collateral in lieu of a corporate surety bond includes:

- United States Government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated “A” or better;
- A revenue obligation of a state or local government, with taxing powers, rated “AA” or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank’s public debt is rated “AA” or better by Moody’s or Standard and Poor’s; or
- Time deposits insured by any federal agency.

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

At December 31, 2024, the City’s deposits, including certificates of deposit, were not exposed to custodial credit risk. The City’s deposits were sufficiently covered by federal depository insurance and collateral held by the City’s agent in the City’s name.

Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The City does not have any investment policies that would further limit investment choices.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

The Minnesota Municipal Money Market Fund (the 4M Fund) is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares. The investment in the Minnesota Municipal Money Market Fund is not subject to the credit risk classifications as noted in paragraph 9 of the GASB Statement No. 72.

Investment balances at December 31, 2024 are as follows:

Investment Type	S & P's Credit Rating	Fair Value Level	Fair Value	Investment Maturities (in Years)		
				Less Than 1	1 - 5	6 - 10
<i>Brokered Investments:</i>						
Money Market Funds	N/R	Level 1	\$ 1,533,945	\$ 1,533,945	\$ -	\$ -
Certificates of Deposit	N/R	Level 2	4,917,229	542,207	4,375,022	-
<i>Pooled Investments:</i>						
Minnesota Municipal Money Market Fund	N/R	N/A	<u>6,453,615</u>	<u>6,453,615</u>	-	-
Totals			<u>\$ 12,904,789</u>	<u>\$ 8,529,767</u>	<u>\$ 4,375,022</u>	<u>\$ -</u>

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

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and, where applicable, indicate associated credit risk as indicated in the table above. Minnesota Statutes limit the City's investments.
- Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- Concentration of Credit Risk is the risk associated with the magnitude of the City's investments (considered five percent or more) in the investments of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City has no formal policy limiting the amounts that may be invested in any one issuer.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy to address interest rate risk.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United State of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See the table above for the City's recurring fair value measurements as of December 31, 2024.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits and Investments Summary

The following is a summary of total cash, cash equivalents and investments:

Carrying Amount of Cash and Cash Equivalents	\$ 6,363,732
Investments	<u>12,904,789</u>
 Total Cash, Cash Equivalents, and Investments	 <u><u>\$ 19,268,521</u></u>

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

Government-wide Cash, Cash Equivalents, and Investments	\$ 19,211,479
Fiduciary - Agency Fund	<u>57,042</u>
 Total Cash, Cash Equivalents, and Investments	 <u><u>\$ 19,268,521</u></u>

2.B. LEASE RECEIVABLES

The City has executed various arrangements under which the City leases property to external parties. A summary of the pertinent terms for these leasing arrangements, as well as the corresponding lease receivables, is presented below:

Governmental Activities

Description	Original Amount	Total Annual Lease Payment	Interest Rate(s)	Maturity Date	Remaining Amount
Cell Tower Lease	\$ 69,976	\$8,752-10,065	3.25%	5/31/2030	\$ 49,518
Cell Tower Lease	102,181	\$15,999-23,928	8.50%	7/31/2028	79,193
Land Lease	10,583	\$1,663	3.25%	12/31/2028	6,340
Land Lease	18,230	\$2,865	3.25%	12/31/2028	10,920
Airport Lot #6 Lease	874	\$86	8.25%	6/30/2044	822
Airport Lot #7 Lease	2,477	\$242	8.25%	6/30/2044	2,328
Airport Lot #8 Lease	2,595	\$254	8.25%	6/30/2044	2,439
Airport Lot #9 Lease	3,158	\$309	8.25%	6/30/2044	2,969
Airport Lot #10 Lease	3,548	\$347	8.25%	6/30/2044	3,335
Airport Lot #11 Lease	2,661	\$260	8.25%	6/30/2044	2,501
Airport Lot #12 Lease	3,467	\$339	8.25%	6/30/2044	3,259
Airport Lot #13 Lease	4,197	\$411	8.25%	6/30/2044	3,945
Airport Lot #14 Lease	3,285	\$321	8.25%	6/30/2044	<u>3,088</u>
Total Governmental Activities Lease Receivables					<u><u>\$ 170,657</u></u>

During the year ended December 31, 2024, the City recognized revenues from leasing activities under the arrangements above within governmental activities in the amount of \$44,122.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.C. CAPITAL ASSETS

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

	Balance at 01/01/22	Additions	Disposals	Transfers	Balance at 12/31/22
<i>Governmental Activities:</i>					
Capital Assets not Being Depreciated or Amortized					
Land	\$ 5,216,468	\$ 25,000	\$ (175,000)	\$ -	\$ 5,066,468
Construction In Progress	1,765,415	5,500,905	-	(4,705,813)	2,560,507
Total Capital Assets not Being Depreciated or Amortized	6,981,883	5,525,905	(175,000)	(4,705,813)	7,626,975
Capital Assets Being Depreciated and Amortized					
Land Improvements and Infrastructure	52,575,664	132,091	-	1,785,324	54,493,079
Buildings and Structures	6,220,828	82,126	-	-	6,302,954
Machinery and Equipment	3,231,462	816,933	(314,175)	-	3,734,220
Vehicles	2,827,365	-	(169,670)	-	2,657,695
Intangibles	53,795	-	-	-	53,795
Leased Equipment	188,912	299,338	-	-	488,250
Total Capital Assets Being Depreciated and Amortized	65,098,026	1,330,488	(483,845)	1,785,324	67,729,993
Less: Accumulated Depreciation					
Land Improvements and Infrastructure	(20,822,219)	(1,643,488)	-	-	(22,465,707)
Buildings and Structures	(3,315,062)	(135,295)	-	-	(3,450,357)
Machinery and Equipment	(1,910,299)	(231,595)	171,087	-	(1,970,807)
Vehicles	(2,355,715)	(141,717)	130,738	-	(2,366,694)
Less: Accumulated Amortization					
Intangibles	-	(10,759)	-	-	(10,759)
Leased Equipment	(25,056)	(104,242)	-	-	(129,298)
Total Accumulated Depreciation and Amortization	(28,428,351)	(2,267,096)	301,825	-	(30,393,622)
Total Capital Assets Being Depreciated and Amortized, Net	36,669,675	(936,608)	(182,020)	1,785,324	37,336,371
Capital Assets, Net	<u>\$ 43,651,558</u>	<u>\$ 4,589,297</u>	<u>\$ (357,020)</u>	<u>\$ (2,920,489)</u>	<u>\$ 44,963,346</u>

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

2.C. CAPITAL ASSETS (Continued)

Depreciation and amortization expense are charged to functions/programs of the City as follows:

Governmental Activities:

General Government	\$ 50,027
Public Safety	354,490
Public Works	1,370,064
Culture and Recreation	154,816
Community Development	85,265
Airport Operations	229,639
Unallocated	<u>22,795</u>

Total Depreciation and Amortization Expense	<u><u>\$ 2,267,096</u></u>
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CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.C. CAPITAL ASSETS (Continued)

	Balance at 01/01/22	Additions	Disposals	Transfers	Balance at 12/31/22
<i>Business-Type Activities:</i>					
Capital Assets not Being					
Depreciated or Amortized					
Land	\$ 1,040,497	\$ -	\$ -	\$ -	\$ 1,040,497
Construction In Progress	232,326	1,057,521	-	(1,289,847)	-
Total Capital Assets not Being					
Depreciated or Amortized	1,272,823	1,057,521	-	(1,289,847)	1,040,497
Capital Assets Being					
Depreciated and Amortized					
Land Improvements	1,783,575	14,720	-	454,374	2,252,669
Buildings and Structures	45,473,426	31,198	-	2,900,248	48,404,872
Mains and Lines	17,683,685	-	-	-	17,683,685
Machinery and Equipment	3,645,461	27,405	(2,052)	855,714	4,526,528
Vehicles	253,671	-	-	-	253,671
Leased Equipment	71,792	123,394	-	-	195,186
Total Capital Assets Being					
Depreciated and Amortized	68,911,610	196,717	(2,052)	4,210,336	73,316,611
Less: Accumulated Depreciation					
Land Improvements	(1,722,990)	(12,184)	-	-	(1,735,174)
Buildings and Structures	(13,946,126)	(811,710)	-	-	(14,757,836)
Mains and Lines	(8,690,483)	(373,853)	-	-	(9,064,336)
Machinery and Equipment	(2,590,175)	(137,784)	2,052	-	(2,725,907)
Vehicles	(127,297)	(23,879)	-	-	(151,176)
Less: Accumulated Amortization					
Leased Equipment	(15,954)	(24,367)	-	-	(40,321)
Total Accumulated					
Depreciation and Amortization	(27,093,025)	(1,383,777)	2,052	-	(28,474,750)
Total Capital Assets Being					
Depreciated and Amortized, Net	41,818,585	(1,187,060)	-	4,210,336	44,841,861
Capital Assets, Net	\$ 43,091,408	\$ (129,539)	\$ -	\$ 2,920,489	\$ 45,882,358

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.C. CAPITAL ASSETS (Continued)

Depreciation and amortization expense are charged to functions/programs of the City as follows:

Business-type Activities:

Water	\$ 445,904
Wastewater	842,036
Golf	93,648
Stormwater	<u>2,189</u>

Total Depreciation and Amortization Expense	<u><u>\$ 1,383,777</u></u>
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2.D. NONCURRENT LIABILITIES

The reporting entity's noncurrent liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. All bonds set forth below are direct obligations of the City and pledge the full faith and credit of the City.

Debt Detail

As of December 31, 2024, the long-term debt of the financial reporting entity consists of the following:

Governmental Activities

General Obligation Bonds					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
09/11	\$ 1,220,000	\$75,000 - 90,000	1.00% - 4.00%	02/27	\$ 260,000
03/15	1,000,000	\$60,000 - 75,000	1.00% - 3.00%	02/30	425,000
12/15	1,045,000	\$65,000 - 75,000	1.10% - 2.90%	02/31	505,000
05/17	885,000	\$50,000 - 100,000	2.00% - 3.00%	02/32	475,000
05/18	910,000	\$50,000 - 75,000	2.00% - 3.20%	02/33	585,000
05/19	1,755,000	\$110,000 - 150,000	3.00%	02/34	1,310,000
07/20	2,640,000	\$160,000 - 200,000	1.00% - 2.00%	02/36	2,155,000
06/21	1,795,000	\$110,000 - 135,000	1.38% - 1.70%	02/37	1,575,000
06/22	2,856,000	\$150,000 - 237,000	3.30%	02/38	2,706,000
11/23	6,965,000	\$305,000 - 595,000	4.00% - 4.13%	02/39	6,965,000
12/24	1,180,000	\$60,000 - 100,000	3.50% - 4.00%	02/41	1,180,000
11/24	1,745,520	\$34,520 - 107,000	2.02%	08/44	<u>758,053</u>
					18,899,053

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.D. NONCURRENT LIABILITIES (Continued)

General Obligation Refunding Bonds					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
01/13	\$ 2,585,000	\$95,000 - 240,000	0.45% - 2.10%	02/27	\$ 295,000
04/15	2,555,000	\$75,000 - 335,000	2.00% - 2.10%	02/25	90,000
05/17	3,280,000	\$25,000 - 725,000	2.00% - 3.00%	02/31	480,000
					<u>865,000</u>
Total Governmental Activities Bonds Payable					<u>\$ 19,764,053</u>

Notes Payable					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
06/22	\$ 450,000	-	0.00%	04/25	\$ 450,000
06/24	375,000	-	0.00%	11/26	375,000
					<u>\$ 825,000</u>

Financing Arrangement					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
01/22	\$ 311,737	\$26,821 - 35,920	3.25%	12/31	\$ 228,590
01/23	169,476	\$13,877 - 20,377	5.50%	12/31	121,714
					<u>\$ 350,304</u>

Business-Type Activities

General Obligation Bonds					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
07/19	\$ 15,498,248	\$442,248 - 614,000	1.00%	08/48	<u>\$ 12,740,736</u>

Financing Arrangements					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
05/21	\$ 121,008	\$22,009 - 26,498	4.75%	05/25	\$ 25,297
06/22	9,554	\$349 - 2,055	4.75%	06/27	4,364
05/22	17,797	\$3,369 - 3,798	4.00%	05/27	7,448
					<u>\$ 37,109</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.D. NONCURRENT LIABILITIES (Continued)

Lease Liabilities

The City of Little Falls currently leases multiple vehicles for the City, as well as a Fairway Mower and Greens Roller for the general operation of the City's Municipal Golf Course. Because of the nature of the terms of the lease, long-term lease liabilities have been recorded in an amount equal to the present value to the future lease payments. Additionally, corresponding right-of-use assets have been recorded and incorporated into the City's capital asset records. Terms of the City's leasing arrangements as of December 31, 2024 are detailed below:

Governmental Activities

Lease Liabilities					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
01/23	\$ 28,637	\$6,942 - 7,779	7.50%	10/26	\$ 14,721
01/23	25,848	\$6,203 - 7,204	7.50%	12/26	13,889
04/23	32,156	\$1,930 - 7,347	8.00%	3/28	22,327
07/23	19,779	\$2,363 - 4,445	8.25%	6/28	14,674
10/23	42,511	\$9,105 - 11,274	8.50%	9/27	30,738
11/23	39,981	\$8,888 - 10,529	8.50%	10/27	29,683
01/24	36,746	\$8,054 - 10,384	8.50%	12/27	28,692
01/24	37,710	\$8,266 - 10,657	8.50%	12/27	29,444
01/24	36,746	\$8,054 - 10,384	8.50%	12/27	28,692
01/24	36,746	\$8,054 - 10,384	8.50%	12/27	28,692
02/24	39,102	\$957 - 10,973	8.50%	01/28	31,273
04/24	38,336	\$2,795 - 10,607	8.50%	03/28	32,101
09/24	36,979	\$2,626 - 9,876	8.50%	08/28	34,350
09/24	36,979	\$2,626 - 9,876	8.50%	08/28	34,350
Total Governmental Activities Lease Liabilities					<u>\$ 373,626</u>

Business-Type Activities

Lease Liabilities					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
11/22	\$ 56,958	\$1,554 - 12,679	7.00%	11/27	\$ 35,530
06/23	14,834	\$874 - 5,111	6.95%	6/26	6,006
08/24	123,394	\$9,709 - 29,126	6.50%	08/29	116,249
Total Business-Type Activities Lease Liabilities					<u>\$ 157,785</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.D. NONCURRENT LIABILITIES (Continued)

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2024:

Type of Debt	Balance 1/1/2024	Additions	Deductions	Balance 12/31/2024	Amounts Due Within One Year
Governmental Activities:					
G.O. Bonds and Notes	\$ 17,831,000	\$ 1,938,053	\$ (870,000)	\$ 18,899,053	\$ 1,224,520
G.O. Refunding Bonds	1,430,000	-	(565,000)	865,000	480,000
Note Payable	450,000	375,000	-	825,000	450,000
Unamortized Bond Premium	144,683	7,389	(24,490)	127,582	-
Financing Arrangements	392,801	-	(42,497)	350,304	44,224
Lease Liabilities	167,115	299,338	(92,827)	373,626	114,717
Severance Pay	42,477	12,170	(14,999)	39,648	-
Compensated Absences	<u>1,174,792</u>	<u>71,718</u>	<u>-</u>	<u>1,246,510</u>	<u>1,246,510</u>
Total	<u>\$ 21,632,868</u>	<u>\$ 2,703,668</u>	<u>\$ (1,609,813)</u>	<u>\$ 22,726,723</u>	<u>\$ 3,559,971</u>
Business-Type Activities:					
G.O. Bonds and Notes	\$ 13,223,736	\$ -	\$ (483,000)	\$ 12,740,736	\$ 488,000
Financing Arrangements	66,635	-	(29,526)	37,109	30,907
Lease Liabilities	56,568	123,394	(22,177)	157,785	38,196
Compensated Absences	<u>131,028</u>	<u>74,764</u>	<u>-</u>	<u>205,792</u>	<u>205,792</u>
Total	<u>\$ 13,477,967</u>	<u>\$ 198,158</u>	<u>\$ (534,703)</u>	<u>\$ 13,141,422</u>	<u>\$ 762,895</u>

The opening balance for compensated absences has been revised to reflect the impact of the adoption of GASB 101. See additional information at Note 6.E.

Interest expense totals \$736,444 in the Statement of Activities (included in Debt Service and Wastewater lines). Interest expense totals \$538,408 in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges) and \$132,836 in the Statement of Revenues, Expenses, and Changes and Net Position – Proprietary Funds (included in the line Interest and Other Charges).

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.D. NONCURRENT LIABILITIES (Continued)

Annual Debt Service Requirements

At December 31, 2024, the estimated annual debt service requirements to maturity, including principal and interest, are as follows:

Governmental Activities			
Years Ending December 31,	G.O. Bonds and Notes		
	Principal	Interest	Total
2025	\$ 1,704,520	\$ 568,557	\$ 2,273,077
2026	1,480,000	562,851	2,042,851
2027	1,557,000	519,463	2,076,463
2028	1,419,000	476,522	1,895,522
2029	1,471,000	434,412	1,905,412
2030-2034	7,059,533	1,523,509	8,583,042
2035-2039	4,878,000	449,497	5,327,497
2040-2041	195,000	7,900	202,900
Totals	<u>\$ 19,764,053</u>	<u>\$ 4,542,711</u>	<u>\$ 24,306,764</u>

Governmental Activities			
Years Ending December 31,	Notes Payable		
	Principal	Interest	Total
2025	\$ 450,000	\$ -	\$ 450,000
2026	375,000	-	375,000
Totals	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ 825,000</u>

Governmental Activities			
Years Ending December 31,	Financing Arrangements		
	Principal	Interest	Total
2025	\$ 44,224	\$ 13,319	\$ 57,543
2026	46,026	11,517	57,543
2027	47,907	9,636	57,543
2028	49,870	7,672	57,542
2029	51,920	5,622	57,542
2030-2031	110,357	4,727	115,084
Totals	<u>\$ 350,304</u>	<u>\$ 52,493</u>	<u>\$ 402,797</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.D. NONCURRENT LIABILITIES (Continued)

Governmental Activities			
Years Ending	Lease Liabilities		
December 31,	Principal	Interest	Total
2025	114,717	26,026	\$ 140,743
2026	123,217	16,098	139,315
2027	113,521	6,126	119,647
2028	22,171	426	22,597
Totals	<u>\$ 373,626</u>	<u>\$ 48,676</u>	<u>\$ 422,302</u>

Business-Type Activities			
Years Ending	G.O. Bonds and Notes		
December 31,	Principal	Interest	Total
2025	\$ 488,000	\$ 131,530	\$ 619,530
2026	493,000	126,650	619,650
2027	497,000	121,720	618,720
2028	502,000	116,750	618,750
2029	507,000	111,730	618,730
2030-2034	2,614,000	481,540	3,095,540
2035-2039	2,748,000	348,190	3,096,190
2040-2044	2,887,000	208,030	3,095,030
2045-2048	2,004,736	60,740	2,065,476
Totals	<u>\$ 12,740,736</u>	<u>\$ 1,706,880</u>	<u>\$ 14,447,616</u>

Business-Type Activities			
Years Ending	Financing Arrangements		
December 31,	Principal	Interest	Total
2025	\$ 30,907	\$ 1,597	\$ 32,504
2026	5,853	153	6,006
2027	349	6	355
Totals	<u>\$ 37,109</u>	<u>\$ 1,756</u>	<u>\$ 38,865</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.D. NONCURRENT LIABILITIES (Continued)

Business-Type Activities			
Years Ending December 31,	Lease Liabilities		
	Principal	Interest	Total
2025	\$ 38,197	\$ 9,494	\$ 47,691
2026	36,255	6,959	43,214
2027	37,791	4,502	42,293
2028	26,895	2,231	29,126
2029	18,647	771	19,418
Totals	<u>\$ 157,785</u>	<u>\$ 23,957</u>	<u>\$ 181,742</u>

Governmental activity debt is typically funded through the Debt Service Fund. Business-type activity debt is funded through the Wastewater Fund. Severance pay is typically funded through the Employee Severance Pay internal service fund in the fund financial statements.

2.E. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2024:

		Transfers In							
		Major Funds				Nonmajor Funds			
		Economic							
Major Funds	Transfers Out	General	Development Loan	Debt Service	Equipment Reserve	Other Gov't	Other Enterprise	Internal Service	Total
General	\$2,028,513	\$ -	\$ -	\$ -	\$ 396,200	\$1,515,249	\$ 25,000	\$ 92,064	\$2,028,513
Economic Development Authority	27,097	27,000	-	-	-	-	-	97	27,097
Debt Service	879,847	-	38,046	-	-	841,417	-	384	879,847
Water Utility	535,722	404,800	-	-	-	115,000	-	15,922	535,722
Wastewater Utility	494,453	469,900	-	-	-	-	-	24,553	494,453
	3,965,632	901,700	38,046	-	396,200	2,471,666	25,000	133,020	3,965,632
Nonmajor Funds									
Governmental	295,662	55,000		18	-	202,827	-	37,817	295,662
Enterprise	150,545	143,900	-	-	-	-	-	6,645	150,545
	446,207	198,900	-	18	-	202,827	-	44,462	446,207
	\$4,411,839	\$1,100,600	\$ 38,046	\$ 18	\$ 396,200	\$2,674,493	\$ 25,000	\$ 177,482	\$4,411,839

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.E. INTERFUND TRANSACTIONS AND BALANCES (Continued)

The interfund balances are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
	4th Street NE		
Debt Service	Project	\$ 855,901	Eliminate fund cash deficit
Debt Service	Childcare Grant	5,291	Eliminate fund cash deficit
	Project 407 -		
	Clubhouse Project		
Debt Service	Fund	2,231,251	Eliminate fund cash deficit
	Municipal Golf		
General	Course Fund	954,402	Eliminate fund cash deficit
General	Storm Water Fund	19,369	Eliminate fund cash deficit
	Employee		
Liability Insurance	Severance Pay Fund	86,281	Eliminate fund cash deficit
<u>Advances</u>	<u>Advances</u>		
<u>Payable To</u>	<u>Payable From</u>		
Economic			
Development Loan	Debt Service	76,323	ABS Supply TIF
Debt Service	Water	974,083	Share of improvement bond debt
Debt Service	Wastewater	<u>690,089</u>	Share of improvement bond debt
Total Interfund Balances		<u>\$ 5,892,990</u>	
Due from Proprietary to Governmental		\$ (2,637,943)	
Interfund activity to eliminate internal			
service funds		<u>156,577</u>	
Government-wide internal balances		<u>\$ (2,481,366)</u>	

Interfund balance for the ABS Supply TIF shortfall is to be repaid as cash flows become available. Water and Wastewater fund shares of improvement bond debt are anticipated to be paid following a set payment schedule. Interfund balances to eliminate fund cash deficits are to be repaid as cash flows become available.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.F. FUND EQUITY

At December 31, 2024, governmental fund equity consists of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund					
Nonspendable - Prepays	\$ 167,188	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335,338</u>
Total General Fund Balance	<u>\$ 167,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,335,338</u>
Economic Development Authority Fund					
Nonspendable - Loans Receivable	\$ 220,872	\$ -	\$ -	\$ -	\$ -
Restricted for Community Development	<u>-</u>	<u>1,209,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Economic Development Authority Fund Balance	<u>\$ 220,872</u>	<u>\$ 1,209,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Economic Development Loan Fund					
Nonspendable - Loans Receivable	\$ 2,422,197	\$ -	\$ -	\$ -	\$ -
Nonspendable - Advances to Other Funds	76,323	-	-	-	-
Assigned for Community Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281,916</u>	<u>-</u>
Total Economic Development Loan Fund Balance	<u>\$ 2,498,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,281,916</u>	<u>\$ -</u>
Debt Service Fund					
Nonspendable - Advances to Other Funds	\$ 1,664,172	\$ -	\$ -	\$ -	\$ -
Restricted for Debt Service	<u>-</u>	<u>4,241,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service Fund Balance	<u>\$ 1,664,172</u>	<u>\$ 4,241,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equipment Reserve Fund					
Assigned for Equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,226,411</u>	<u>\$ -</u>
4th Street Northeast Project Fund					
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (877,632)</u>
Childcare Grant Fund					
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,291)</u>
Project 407 - Clubhouse Project Fund					
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,232,402)</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

2.F. FUND EQUITY (Continued)

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
Nonmajor Special Revenue Funds					
Nonspendable - Inventory	\$ 20,933	\$ -	\$ -	\$ -	\$ -
Nonspendable - Prepays	8,168	-	-	-	-
Nonspendable - Loans Receivable	678,079	-	-	-	-
Nonspendable - Leases Receivable	(123)	-	-	-	-
Restricted for Community Development	-	220,401	-	-	-
Restricted for Tourism	-	29,936	-	-	-
Restricted for Public Safety	-	429	-	-	-
Committed for Park Dedication	-	-	13,203	-	-
Committed for Culture and Recreation	-	-	987,656	-	-
Committed for Public Safety	-	-	63,863	-	-
Assigned for Public Works	-	-	-	294,005	-
Assigned for Culture and Recreation	-	-	-	1,561,166	-
Assigned for Community Development	-	-	-	137,294	-
Assigned for Airport	-	-	-	298,731	-
Unassigned	-	-	-	-	(199,920)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Nonmajor Special Revenue Funds Balance	<u>\$ 707,057</u>	<u>\$ 250,766</u>	<u>\$ 1,064,722</u>	<u>\$ 2,291,196</u>	<u>\$ (199,920)</u>
Nonmajor Capital Project Funds					
Nonspendable - Loans Receivable	\$ 14,509	\$ -	\$ -	\$ -	\$ -
Nonspendable - Leases Receivable	10,447	-	-	-	-
Assigned for Equipment	-	-	-	519,456	-
Assigned for Capital Projects	-	-	-	1,265,404	-
Unassigned	-	-	-	-	(1,303,649)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Nonmajor Capital Project Funds Balance	<u>\$ 24,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,784,860</u>	<u>\$ (1,303,649)</u>

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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

2.F. FUND EQUITY (Continued)

Additionally, nonmajor funds with deficit fund balances or net positions at December 31, 2024 are as follows:

Fund	Deficit
Major Capital Project Funds	
4th Street Northeast Project	\$ (877,632)
Childcare Grant	\$ (5,291)
Project 407 - Clubhouse Project Fund	\$ (2,232,402)
Nonmajor Special Revenue Funds	
Cable TV Fund	\$ (10,647)
CARES Act Fund	\$ (144,701)
Nonmajor Capital Project Funds	
Wastewater Project Fund	\$ (45,698)
Zoo Project Fund	\$ (217,111)
Library Building Fund	\$ (5,327)
Bridge/Railroad Crossing Project Fund	\$ (43,010)
Safe Routes to Schools Fund	\$ (26,106)
18th Street Southeast Project Fund	\$ (86,629)
Truck HWY/9th Street East Project Fund	\$ (47,832)
18th Street Northeast Fund	\$ (92,297)
1st Street Northeast Project Fund	\$ (36,069)
Project 402 - Ripley Rail Spur Fund	\$ (126,563)
Falls Fab TIF 44 Fund	\$ (21,298)
Project 406 - CMHP TIF 45 Fund	\$ (16,591)
Project 408 - 153rd St/7th Ave SE	\$ (99,781)
Project 409 - 2025 Water Clarifier	\$ (34,365)
Project 410 - Lead Service Grant	\$ (5,586)
Project 411 - Wastewater Dewatering	\$ (360,627)
Project 412 - 2025 Projects	\$ (4,743)
Project 413 - Rock Ridge TIF 45	\$ (11,590)
Project 414 - PFAS Source Reduction Grant	\$ (5,765)
Project 415 - Centrasota Site	\$ (6,214)
Nonmajor Internal Service Fund	
Employee Severance Pay Fund	\$ (125,929)

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Plan Description

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

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

General Employees Retirement Plan (General Plan)

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

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

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

Benefits Provided

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

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20 percent of the highest average salary for each of the first 10 years of service and 1.70 percent for each additional year. Under the Level formula, General Plan members receive 1.70 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.50 percent. The 2024 annual increase was 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 30 before the effective date of the increase will receive a prorated increase.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

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

Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024 were \$229,686. The City's contributions were equal to the required contributions as set by State Statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024 were \$281,028. The City's contributions were equal to the required contributions as set by State Statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,318,976 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity, and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$34,106.

City's proportionate share of the net pension liability:	\$1,318,976
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>34,106</u>
Total	<u>\$1,353,082</u>

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 City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0357 percent at the end of the measurement period and 0.0333 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$100,671 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$914 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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

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 City recognized \$60,688 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.

At December 31, 2024, the City 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	\$ 120,951	\$ -
Changes in Actuarial Assumption	5,740	474,916
Difference between projected and actual investment earnings	-	49,633
Changes in proportion	174,061	-
Contributions paid to PERA subsequent to the measurement date	110,989	-
Total City Deferred Outflows/Inflows	<u>\$ 411,741</u>	<u>\$ 524,549</u>

The \$110,989 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2025	\$ 25,429
2026	(22,654)
2027	(125,481)
2028	(101,091)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,476,145 for its proportionate share of the Police and Fire Fund's net pension liability. 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 City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1122 percent at the end of the measurement period and 0.1115 percent for the beginning of the period.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$56,270.

City's proportionate share of the net pension liability:	\$1,476,145
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>56,270</u>
Total	<u><u>\$1,532,415</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$184,728 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$6,294 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$31,865 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 Police and Fire Fund.

At December 31, 2024, the City 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	\$ 563,275	\$ -
Changes in Actuarial Assumption	1,517,907	2,159,637
Difference between projected and actual investment earnings	-	477,676
Changes in proportion	190,738	10,824
Contributions paid to PERA subsequent to the measurement date	<u>145,390</u>	<u>-</u>
Total City Deferred Outflows/Inflows	<u><u>\$ 2,417,310</u></u>	<u><u>\$ 2,648,137</u></u>

The \$145,390 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Year ended December 31:	Pension Expense
2025	\$ (56,269)
2026	367,092
2027	(195,204)
2028	(527,874)
2029	36,038

Aggregate Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2024, including the amortization of deferred balances, was \$285,399.

Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	100%	

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 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 7.00 percent. The 7.00 percent assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan and Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 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.

Police and Fire Fund

Changes in Actuarial Assumptions:

- There were no changes made to actuarial assumptions during 2024.

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Pension Liability Sensitivity

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

Sensitivity of Net Pension Liability at Different Discount Rates					
	General Employees Fund			Police and Fire Fund	
1% Increase in Discount Rate	8.00%	\$	34,187	8.00%	\$ (176,353)
Current Discount Rate	7.00%	\$	1,318,976	7.00%	\$ 1,476,145
1% Decrease in Discount Rate	6.00%	\$	2,880,855	6.00%	\$ 3,488,420

Pension Plan Fiduciary Net Position

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

NOTE 4 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PENSION PLAN

All council members of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2024 were:

	<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
2024	\$ <u>3,000</u>	\$ <u>3,000</u>	5.00%	5.00%	5.00%

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

Plan Description

Firefighters of the City of Little Falls are members of the Little Falls Fire Department Relief Association. The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The plan operates under the provisions of Minnesota laws 1965 Ch. 446 as amended, and the applicable provisions of Minnesota Statute Chs. 69 and 424 and 424A. It is governed by a Board of Trustees consisting of six members elected by the members of the Association, City Administrator, one elected official, and Fire Chief, who serve as the ex-officio members of the Board.

Benefits Provided

At the age of 50 and upon retirement, each member who has served as an active firefighter in the Association is eligible for varying levels of pension benefits, dependent upon the individual's years of service. In addition, members or their beneficiaries may qualify for death or disability benefits.

Contributions

The Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statute 1980) specifies minimum contributions required on an annual basis. The minimum support rates from the municipality and state aid are determined in the amount required to meet the normal cost plus amortizing any existing prior year service costs over a 10 year period. The City's contributions to the Association for the year ended December 31, 2024 total \$10,000.

Pension Costs

At December 31, 2024, the City of Little Falls reported a net pension asset of \$199,528 for the Fire Relief Association's plan. The net pension asset was measured as of December 31, 2023, as determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2024, the City recognized pension expense of negative \$36,171 for the Association. The City also recognized \$139,886 for the year ended December 31, 2024, as pension expense (and grant revenue) for the State of Minnesota's contributions to the Association.

The following table presents the changes in net pension asset during the year measurement period:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance 1/1/23	\$ 1,517,467	\$ 1,629,483	\$ (112,016)
Changes for the Year			
Service Cost	57,061	-	57,061
Interest on Pension Liability	92,221	-	92,221
Plan Changes	59,559	-	59,559
Projected Investment Income	-	99,660	(99,660)
Fire State Aid	-	139,886	(139,886)
Municipal Contributions	-	9,000	(9,000)
Asset (Gain)/Loss	-	58,631	(58,631)
Benefit Payouts	(75,023)	(75,023)	-
Administrative Fees	-	(10,824)	10,824
Net Changes	<u>133,818</u>	<u>221,330</u>	<u>(87,512)</u>
Balance End of Year 12/31/23	<u>\$ 1,651,285</u>	<u>\$ 1,850,813</u>	<u>\$ (199,528)</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (Continued)

At December 31, 2024, the City of Little Falls reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 24,827	\$ 21,358
Change in Actuarial Assumption	-	24,560
Difference between projected and actual investment earnings	140,386	-
Contributions paid subsequent to the measurement date	10,000	-
Total City Deferred Outflows/Inflows	<u>\$ 175,213</u>	<u>\$ 45,918</u>

A total of \$10,000 reported as deferred outflows of resources related to the pension resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2025.

Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2025	\$ 43,165
2026	48,137
2027	52,519
2028	(14,490)
2029	(3,272)
2030-2032	(6,764)

Actuarial Assumptions

The total pension asset at December 31, 2023, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Assumptions	Rates
Investment Rate of Return (Discount)	6.00%
Expected Long-Term Rate of Return	6.00%
20-Year Municipal Bond Yield	N/A
Salary Increases	2.50%
Interest on Deferred Amounts	5.00%

There were no changes made to actuarial assumptions since the prior valuation.

There were no changes made to plan provisions during 2023 except for a benefit level increase from \$4,700 to \$4,900.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (Continued)

Pension Liability Sensitivity

The following presents the City's net pension asset for the Fire Relief Association's plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net Pension Asset	\$ (139,942)	\$ (199,528)	\$ (256,361)

Plan Investments

Asset Allocation

The long-term expected rate of return on pension plan investments is 6.00 percent. The target allocation and best estimates of geometric real rates of return for each major asset class of the Association's pension fund investments are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	12.00%	2.00%
Fixed Income	28.00%	3.20%
Equities	60.00%	7.90%

Description of significant investment policy changes during the year

The Fire Relief Association made no significant changes to their investment policy during Fiscal Year 2023.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the City at 100 7th Ave NE, Little Falls, MN 56345.

NOTE 6 OTHER NOTES

6.A. RISK MANAGEMENT

Claims and Judgements

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER NOTES (Continued)

6.A. RISK MANAGEMENT (Continued)

The City is self-insured up to a deductible of \$50,000 per occurrence and \$50,000 aggregate. Commercial insurance is purchased for losses beyond the deductibles. Loss claims are recorded in the Liability Insurance (Internal Service) Fund. Funds are charged based on the commercial insurance premiums.

There were no significant reductions in insurance from the previous year. The City is also self-insured for state unemployment compensation insurance.

Self-insured claims paid out or accrued in the Liability Insurance Fund for the year ended December 31, 2024 total \$0.

6.B. COMMITMENTS AND CONTINGENCIES

Pay-as-You-Go-Debt

The City issues Pay-As-You-Go Revenue Notes to finance various tax increment projects. Such projects are financed with loans to developers. The notes are not general obligations of the City as they are payable only to the extent of future tax increments received. As such, these obligations do not appear on the City's financial statements. At December 31, 2024, outstanding Pay-As-You-Go debt approximates \$896,784 including accrued interest. Amounts carry interest rates of 0.00% - 6.00% and are due over various payment terms. All payments are contingent upon collection of tax increment and are not due if such collections are not received by the City.

Joint Venture

Pursuant to an agreement authorized by Minnesota Statutes, the City has joined other cities to be a part of Sourcewell, an entity through which member cities may jointly and cooperatively provide group employee benefits for their employees and obtain other financial and risk management services as deemed necessary or beneficial for their operations. For the year ended December 31, 2024, the employer share of benefits paid to Sourcewell totals \$1,000,181.

Construction Contracts

The City entered into various contracts during the year for construction services. Remaining commitment under these contracts at December 31, 2024 totals \$3,433,026, not including retainage which has been accrued in these financial statements.

6.C. OTHER EMPLOYEE BENEFITS

The City provides eligible employees future retirement benefits through participation in the Minnesota Deferred Compensation Plan (MNDGP), which is a section 457 plan administered by the Minnesota State Retirement System. Eligible employees of the City may begin participating in the MNDGP commencing on the date of their employment by electing to have a percentage of their pay contributed to the Plan. The City does not make employer contributions to the Plan.

6.D. TAX INCREMENT DISTRICTS

The City occasionally enters into tax increment financing arrangements with local businesses for the purpose of stimulating economic growth within the City. Eligibility for businesses seeking tax abatements of this nature is determined in accordance the applicable Minnesota Statutes contained within Chapter 469, and such arrangements generally include a commitment by the local business to use the abated funds for financing a development or redevelopment project. Amounts abated consist of incremental increases in property taxes, or "tax increments," generated by the increased taxable value of a new development. Taxes are still paid in full, but any tax increment generated by the district and not retained by the City for administrative costs is used to finance the debt incurred for the related improvements.

During the year ended December 31, 2024, the taxes abated under the City's TIF programs totaled \$452,948.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 OTHER NOTES (Continued)

6.E. ADJUSTMENTS AND RESTATEMENTS, AND CORRECTION OF AN ERROR

During the current year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement increases the usefulness of governmental financial statements by updating the recognition and measurement guidance for compensated absences. The effects of this change in accounting principle are summarized in the table below in the “Change in Accounting Principle” column.

During the year ended December 31, 2024, the City also determined an adjustment to beginning equity was necessary to correct an error identified in the City’s prior year financial statements. Loans disbursed during the year ended December 31, 2023 were not included in the December 31, 2023 loans receivable balances, resulting in an understatement in December 31, 2023 loans receivable and an understatement in the December 31, 2023 fund balance and governmental activities net position. An adjustment has been recorded to correct this error. The table below displays the impact of this adjustment on the prior year financial statements in the “Error Correction” column.

	Net Position 12/31/2023 As Previously Reported	Change in Accounting Principle	Error Correction	Net Position 12/31/2023 As Adjusted or Restated
Government-Wide				
Governmental Activities	\$ 41,673,034	\$ (719,057)	\$ 83,094	\$ 41,037,071
Business-Type Activities	34,226,124	(72,352)	-	34,153,772
Total Government-Wide	<u>\$ 75,899,158</u>	<u>\$ (791,409)</u>	<u>\$ -</u>	<u>\$ 75,190,843</u>
Governmental Funds				
Major Funds:				
Economic Development Loan Fund	<u>\$ 3,286,500</u>	<u>\$ -</u>	<u>\$ 83,094</u>	<u>\$ 3,369,594</u>
Proprietary Funds				
Major Funds:				
Water Utility Fund	\$ 12,438,358	\$ (41,713)	\$ -	\$ 12,396,645
Wastewater Utility Fund	<u>21,289,620</u>	<u>(30,639)</u>	<u>-</u>	<u>21,258,981</u>
Total Proprietary Funds	<u>\$ 33,727,978</u>	<u>\$ (72,352)</u>	<u>\$ -</u>	<u>\$ 33,655,626</u>

6.F. SUBSEQUENT EVENTS

Construction Contracts

Subsequent to year end and prior to the issuance of these financial statements, the City contracted for various construction projects at an estimated combined cost of \$1,859,210.

Equipment Purchase

Subsequent to year-end and prior to the issuance of these financial statements, the City approved the purchase of a 2025 Tandem Axle Chassis in the amount of \$156,713.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LITTLE FALLS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budget Amounts Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 3,604,500	\$ 3,612,075	\$ 7,575
Licenses and Permits	326,800	303,864	(22,936)
Intergovernmental Revenue			
State Revenue			
Local Government Aid	3,304,375	3,304,375	-
Transportation	30,000	29,820	(180)
Police and Fire Aid	142,000	187,075	45,075
Other State Grants and Aids	31,000	63,618	32,618
Total Intergovernmental Revenue	3,507,375	3,584,888	77,513
Charges for Services			
General Government	8,200	11,369	3,169
Police and Fire Contracts	218,000	190,125	(27,875)
Streets and Highways	19,100	15,714	(3,386)
Total Charges for Services	245,300	217,208	(28,092)
Fines and Forfeitures	20,000	17,025	(2,975)
Miscellaneous Revenue			
Investment Earnings	13,000	72,005	59,005
Contributions and Donations	-	50	50
Other Miscellaneous	6,500	24,223	17,723
Total Miscellaneous Revenue	19,500	96,278	76,778
TOTAL REVENUES	7,723,475	7,831,338	107,863
EXPENDITURES			
General Government			
Mayor and Council	194,920	165,445	(29,475)
Administration and Finance	1,019,600	1,017,964	(1,636)
Other General Government	367,800	497,887	130,087
Capital Outlay	1,000	478	(522)
Total General Government	1,583,320	1,681,774	98,454

CITY OF LITTLE FALLS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Amounts Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
Public Safety			
Police			
Current	\$ 2,893,125	\$ 2,739,582	\$ (153,543)
Capital Outlay	18,500	21,658	3,158
Fire			
Current	334,730	363,772	29,042
Capital Outlay	12,800	-	(12,800)
Other Public Safety			
Current	278,850	235,690	(43,160)
Total Public Safety	3,538,005	3,360,702	(177,303)
Public Works			
Street Maintenance and Storm Sewers	1,760,300	1,628,755	(131,545)
Snow and Ice Removal	-	81,112	81,112
Capital Outlay - Street Construction	6,500	2,993	(3,507)
Total Public Works	1,766,800	1,712,860	(53,940)
Culture and Recreation			
Libraries			
Current	-	77,008	77,008
Parks and Recreation			
Current	97,950	12,689	(85,261)
Total Culture and Recreation	97,950	89,697	(8,253)
TOTAL EXPENDITURES	6,986,075	6,845,033	(141,042)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	737,400	986,305	248,905
OTHER FINANCING SOURCES (USES)			
Transfers			
From Other Funds	1,100,600	1,100,600	-
To Other Funds	(1,838,000)	(2,028,513)	(190,513)
TOTAL OTHER FINANCING SOURCES (USES)	(737,400)	(927,913)	(190,513)
NET CHANGE IN FUND BALANCE	\$ -	58,392	\$ 58,392
FUND BALANCES - BEGINNING		1,444,134	
FUND BALANCE - ENDING		\$ 1,502,526	

**CITY OF LITTLE FALLS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE-ECONOMIC DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budget Amounts Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
REVENUES			
Taxes			
Property Taxes	\$ 128,000	\$ 128,230	\$ 230
Charges for Services			
Other Service Charges	1,000	-	(1,000)
Miscellaneous Revenue			
Investment Earnings	2,000	33,396	31,396
Loan Collections	25,000	10,839	(14,161)
Sale of Assets	-	(123)	(123)
Total Miscellaneous Revenue	<u>27,000</u>	<u>44,112</u>	<u>17,112</u>
TOTAL REVENUES	156,000	172,342	16,342
EXPENDITURES			
Housing and Economic Development			
Economic Development			
Current	82,100	66,435	(15,665)
Capital Outlay	<u>46,300</u>	<u>-</u>	<u>(46,300)</u>
Total Housing and Economic Development	<u>128,400</u>	<u>66,435</u>	<u>(61,965)</u>
TOTAL EXPENDITURES	<u>128,400</u>	<u>66,435</u>	<u>(61,965)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	27,600	105,907	78,307
OTHER FINANCING SOURCES (USES)			
Transfers			
To Other Funds	<u>(27,600)</u>	<u>(27,097)</u>	<u>503</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	78,810	<u>\$ 78,810</u>
FUND BALANCES - BEGINNING		<u>1,351,592</u>	
FUND BALANCE - ENDING		<u>\$ 1,430,402</u>	

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
LAST TEN YEARS**

For the Measurement Year Ended June 30	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<i>General Employees Retirement Pension Plan</i>							
2024	0.0357%	\$ 1,318,976	\$ 34,106	\$ 1,353,082	\$ 3,019,573	44.8%	89.1%
2023	0.0333%	\$ 1,862,099	\$ 51,305	\$ 1,913,404	\$ 2,643,933	72.4%	83.1%
2022	0.0318%	\$ 2,518,570	\$ 73,990	\$ 2,592,560	\$ 2,377,787	109.0%	76.7%
2021	0.0304%	\$ 1,298,216	\$ 39,609	\$ 1,337,825	\$ 2,191,587	61.0%	87.0%
2020	0.0287%	\$ 1,720,696	\$ 53,087	\$ 1,773,783	\$ 2,047,507	86.6%	79.1%
2019	0.0258%	\$ 1,426,425	\$ 44,330	\$ 1,470,755	\$ 1,828,667	80.4%	80.2%
2018	0.0271%	\$ 1,503,397	\$ 49,334	\$ 1,552,731	\$ 1,815,800	85.5%	79.5%
2017	0.0267%	\$ 1,704,510	\$ 21,454	\$ 1,725,964	\$ 1,721,747	100.2%	75.9%
2016	0.0272%	\$ 2,208,505	\$ 28,786	\$ 2,237,291	\$ 1,664,799	134.4%	68.9%
2015	0.0255%	\$ 1,321,542	\$ -	\$ 1,321,542	\$ 1,501,511	88.0%	78.2%
<i>Public Employees Police and Fire Pension Plan</i>							
2024	0.1122%	\$ 1,476,145	\$ 56,270	\$ 1,532,415	\$ 1,553,712	98.6%	90.2%
2023	0.1115%	\$ 1,925,460	\$ 77,565	\$ 2,003,025	\$ 1,464,299	136.8%	86.5%
2022	0.1059%	\$ 4,608,350	\$ 201,270	\$ 4,809,620	\$ 1,286,424	373.9%	70.5%
2021	0.1029%	\$ 794,279	\$ 35,700	\$ 829,979	\$ 1,216,401	68.2%	93.7%
2020	0.1014%	\$ 1,336,560	\$ 31,490	\$ 1,368,050	\$ 1,144,087	119.6%	87.2%
2019	0.1075%	\$ 1,144,446	\$ -	\$ 1,144,446	\$ 1,134,202	100.9%	89.3%
2018	0.1028%	\$ 1,095,742	\$ -	\$ 1,095,742	\$ 1,083,926	101.1%	88.8%
2017	0.1020%	\$ 1,377,121	\$ -	\$ 1,377,121	\$ 1,047,463	131.5%	85.4%
2016	0.1030%	\$ 4,133,569	\$ -	\$ 4,133,569	\$ 992,904	416.3%	63.9%
2015	0.0990%	\$ 1,124,872	\$ -	\$ 1,124,872	\$ 909,300	123.7%	86.6%

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS**

For the Fiscal Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>General Employees Retirement Pension Plan</i>					
2024	\$ 229,686	\$ 229,686	\$ -	\$ 3,062,480	7.50%
2023	\$ 213,536	\$ 213,536	\$ -	\$ 2,847,147	7.50%
2022	\$ 186,339	\$ 186,339	\$ -	\$ 2,484,520	7.50%
2021	\$ 170,368	\$ 170,368	\$ -	\$ 2,271,573	7.50%
2020	\$ 155,751	\$ 155,751	\$ -	\$ 2,076,680	7.50%
2019	\$ 145,567	\$ 145,567	\$ -	\$ 1,940,893	7.50%
2018	\$ 136,815	\$ 136,815	\$ -	\$ 1,824,200	7.50%
2017	\$ 133,032	\$ 133,032	\$ -	\$ 1,773,760	7.50%
2016	\$ 125,966	\$ 125,966	\$ -	\$ 1,679,547	7.50%
2015	\$ 117,153	\$ 117,153	\$ -	\$ 1,562,020	7.50%
<i>Public Employees Police and Fire Pension Plan</i>					
2024	\$ 281,028	\$ 281,028	\$ -	\$ 1,587,729	17.70%
2023	\$ 274,505	\$ 274,505	\$ -	\$ 1,550,876	17.70%
2022	\$ 241,371	\$ 241,371	\$ -	\$ 1,363,678	17.70%
2021	\$ 219,965	\$ 219,965	\$ -	\$ 1,242,740	17.70%
2020	\$ 206,927	\$ 206,927	\$ -	\$ 1,169,079	17.70%
2019	\$ 193,718	\$ 193,718	\$ -	\$ 1,142,879	16.95%
2018	\$ 181,038	\$ 181,038	\$ -	\$ 1,117,519	16.20%
2017	\$ 173,056	\$ 173,056	\$ -	\$ 1,068,247	16.20%
2016	\$ 163,837	\$ 163,837	\$ -	\$ 1,011,337	16.20%
2015	\$ 149,127	\$ 149,127	\$ -	\$ 920,544	16.20%
<i>Little Falls Fire Department Relief Association</i>					
2024	\$ -	\$ -	\$ -	N/A	N/A
2023	\$ -	\$ -	\$ -	N/A	N/A
2022	\$ -	\$ -	\$ -	N/A	N/A
2021	\$ -	\$ -	\$ -	N/A	N/A
2020	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ -	\$ -	N/A	N/A
2016	\$ -	\$ -	\$ -	N/A	N/A
2015	\$ -	\$ -	\$ -	N/A	N/A

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
FIRE DEPARTMENT RELIEF ASSOCIATION
LAST TEN YEARS

	Measurement Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes in Total Pension Liability (TPL)										
Balance at January 1st	\$ 1,517,467	\$ 1,588,336	\$ 1,316,597	\$ 1,517,245	\$ 1,291,313	\$ 1,163,195	\$ 1,131,698	\$ 948,743	\$ 1,025,637	\$ 962,738
Service Cost	57,061	69,227	56,043	62,070	52,792	55,980	54,615	57,136	57,832	56,422
Interest on the TPL	92,221	86,615	72,357	76,591	71,354	67,055	62,882	37,720	35,274	35,557
Assumption Changes	-	(30,699)	-	-	-	-	-	(66,869)	-	-
Plan Changes	59,559	-	257,439	-	195,293	-	-	133,576	-	-
Benefit Payments	(75,023)	(165,500)	(114,100)	(373,500)	(93,507)	-	(86,000)	-	(170,000)	(29,080)
Net Investment Income (Loss)	-	(30,512)	-	34,191	-	5,083	-	21,392	-	-
Balance at December 31st	<u>\$ 1,651,285</u>	<u>\$ 1,517,467</u>	<u>\$ 1,588,336</u>	<u>\$ 1,316,597</u>	<u>\$ 1,517,245</u>	<u>\$ 1,291,313</u>	<u>\$ 1,163,195</u>	<u>\$ 1,131,698</u>	<u>\$ 948,743</u>	<u>\$ 1,025,637</u>
Plan Fiduciary Net Position (PFNP)										
Balance at January 1st	\$ 1,629,483	\$ 1,916,913	\$ 1,754,466	\$ 1,900,176	\$ 1,631,901	\$ 1,651,225	\$ 1,426,415	\$ 1,243,603	\$ 1,386,787	\$ 1,276,155
Fire State Aid	139,886	110,567	105,098	103,420	96,025	93,094	92,637	85,645	86,825	77,582
Municipal Contributions	9,000	8,000	9,000	9,000	9,000	8,000	8,000	8,000	8,000	22,052
Projected Investment Income	99,660	103,883	96,254	97,147	89,875	93,402	78,675	48,260	50,476	49,070
Net Investment Income (Loss)	58,631	(335,043)	74,990	24,858	174,007	(206,714)	138,042	47,865	(112,113)	(3,189)
Total Additions	307,177	(112,593)	285,342	234,425	368,907	(12,218)	317,354	189,770	33,188	145,515
Benefit Payments	(75,023)	(165,500)	(114,100)	(373,500)	(93,507)	-	(86,000)	-	(170,000)	(29,080)
Administrative Expenses	(10,824)	(9,337)	(8,795)	(6,635)	(7,125)	(7,106)	(6,544)	(6,958)	(6,372)	(5,803)
Total Reductions	(85,847)	(174,837)	(122,895)	(380,135)	(100,632)	(7,106)	(92,544)	(6,958)	(176,372)	(34,883)
Balance at December 31st	<u>\$ 1,850,813</u>	<u>\$ 1,629,483</u>	<u>\$ 1,916,913</u>	<u>\$ 1,754,466</u>	<u>\$ 1,900,176</u>	<u>\$ 1,631,901</u>	<u>\$ 1,651,225</u>	<u>\$ 1,426,415</u>	<u>\$ 1,243,603</u>	<u>\$ 1,386,787</u>
Net Pension Liability (Asset) - December 31st	<u>\$ (199,528)</u>	<u>\$ (112,016)</u>	<u>\$ (328,577)</u>	<u>\$ (437,869)</u>	<u>\$ (382,931)</u>	<u>\$ (340,588)</u>	<u>\$ (488,030)</u>	<u>\$ (294,717)</u>	<u>\$ (294,860)</u>	<u>\$ (361,150)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	112%	107%	121%	133%	125%	126%	142%	126%	131%	135%

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 BUDGETARY COMPARISON SCHEDULES

The City did not adopt a budget for the Economic Development Loan major Special Revenue Fund for the year ended December 31, 2024.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct State aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent Joint & Survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

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

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- 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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND

2024 Changes

Changes in Actuarial Assumptions

- There have been no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

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

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The annual increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

2023 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- A benefit increase from \$4,700 to \$4,900 was reflected in the active liability.

2022 Changes

Changes in Actuarial Assumptions

- Discount rate changed from 5.50 percent to 6.00 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- A benefit increase from \$3,900 to \$4,700 was reflected in the active liability.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (Continued)

2020 Changes

Changes in Actuarial Assumptions

- There were no changes made to actuarial assumptions during 2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- There were no changes made to actuarial assumptions during 2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- There were no changes made to actuarial assumptions during 2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2017 Changes

Changes in Actuarial Assumptions

- There were no changes made to actuarial assumptions during 2017.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- Discount rate changed from 3.75 percent to 5.50 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- There were no changes made to actuarial assumptions during 2015.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (Continued)

2014 Changes

Changes in Actuarial Assumptions

- The discount rate was determined based on the portion of plan liabilities expected to be funded through the Plan's Financial Net Position, projected forward with investment earnings and future contributions, offset by benefit payments and administrative expenses. A closed group was used for this projection.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 3,463,877	\$ 672,168	\$ 4,136,045
Property Taxes Receivable	2,335	-	2,335
Assessments Receivable	1,730	-	1,730
Accounts Receivable	4,705	-	4,705
Interest Receivable	2,301	2,537	4,838
Due from Other Governments	103,095	-	103,095
Inventory	20,933	-	20,933
Prepays	8,168	-	8,168
Loans Receivable (Net)	678,079	14,509	692,588
Leases Receivable	41,946	128,711	170,657
TOTAL ASSETS	<u>\$ 4,327,169</u>	<u>\$ 817,925</u>	<u>\$ 5,145,094</u>
LIABILITIES			
Accounts Payable	\$ 53,912	\$ 193,494	\$ 247,406
Salaries Payable	11,147	-	11,147
Total Liabilities	65,059	193,494	258,553
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property Taxes	895	-	895
Special Assessments	1,730	-	1,730
Grants Receivable	103,595	-	103,595
Leases	42,069	118,264	160,333
Total Deferred Inflows of Resources	148,289	118,264	266,553
FUND BALANCES			
Nonspendable	707,057	24,956	732,013
Restricted	250,766	-	250,766
Committed	1,064,722	-	1,064,722
Assigned	2,291,196	1,784,860	4,076,056
Unassigned	(199,920)	(1,303,649)	(1,503,569)
Total Fund Balances	<u>4,113,821</u>	<u>506,167</u>	<u>4,619,988</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,327,169</u>	<u>\$ 817,925</u>	<u>\$ 5,145,094</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 393,762	\$ -	\$ 393,762
Franchise Taxes	122,660	-	122,660
Special Assessments	-	235,973	235,973
Licenses, Permits, and Fees	34,550	-	34,550
Intergovernmental	987,126	152,629	1,139,755
Charges for Services	228,569	39,086	267,655
Investment Income (Loss)	80,526	(22,634)	57,892
Loan Collections	(194)	379	185
Miscellaneous	61,715	118,953	180,668
TOTAL REVENUES	1,908,714	524,386	2,433,100
EXPENDITURES			
Current:			
Public Safety	164,540	267	164,807
Public Works	1,497	692,120	693,617
Culture and Recreation	826,380	1,761	828,141
Community Development	424,866	-	424,866
Airport	281,901	-	281,901
Capital Outlay	616,328	1,345,512	1,961,840
TOTAL EXPENDITURES	2,315,512	2,039,660	4,355,172
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(406,798)	(1,515,274)	(1,922,072)
OTHER FINANCING SOURCES (USES)			
Transfers In	1,142,425	1,532,067	2,674,492
Transfers Out	(295,644)	(18)	(295,662)
TOTAL OTHER FINANCING SOURCES (USES)	846,781	1,532,049	2,378,830
NET CHANGE IN FUND BALANCES	439,983	16,775	456,758
FUND BALANCES - BEGINNING (As Previously Reported)	3,673,838	(252,154)	3,421,684
ADJUSTMENTS AND RESTATEMENTS			
Adjustment - Change in Nonmajor Funds	-	741,546	741,546
FUND BALANCES - BEGINNING (As Adjusted)	3,673,838	489,392	4,163,230
FUND BALANCES - ENDING	\$ 4,113,821	\$ 506,167	\$ 4,619,988

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
DECEMBER 31, 2024

	Cable TV Fund	Housing & Redevelopment Authority Fund	Parking Lot Fund	Sister City Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ (5,558)	\$ 222,925	\$ 293,734	\$ 30,121
Property Taxes Receivable	-	1,124	1,038	-
Assessments Receivable	-	1,730	-	-
Accounts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Inventory	-	-	-	-
Prepays	-	270	-	-
Loans Receivable (Net)	-	607,799	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ (5,558)</u>	<u>\$ 833,848</u>	<u>\$ 294,772</u>	<u>\$ 30,121</u>
LIABILITIES				
Accounts Payable	\$ 5,089	\$ 345	\$ -	\$ -
Salaries Payable	-	3,203	-	-
Total Liabilities	5,089	3,548	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property Taxes	-	-	767	-
Special Assessments	-	1,730	-	-
Grants Receivable	-	100	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	1,830	767	-
FUND BALANCES				
Nonspendable	-	608,069	-	-
Restricted	-	220,401	-	-
Committed	-	-	-	-
Assigned	-	-	294,005	30,121
Unassigned	(10,647)	-	-	-
Total Fund Balances	<u>(10,647)</u>	<u>828,470</u>	<u>294,005</u>	<u>30,121</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ (5,558)</u>	<u>\$ 833,848</u>	<u>\$ 294,772</u>	<u>\$ 30,121</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2024

	Tourism Fund	Heritage Preservation Commission Fund	Rosenmeier Property Fund	Parks & Recreation Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 32,123	\$ 83,741	\$ 2,524	\$ 1,585,877
Property Taxes Receivable	-	-	-	-
Assessments Receivable	-	-	-	-
Accounts Receivable	-	-	-	575
Interest Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	7,823
Loans Receivable (Net)	-	70,280	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 32,123</u>	<u>\$ 154,021</u>	<u>\$ 2,524</u>	<u>\$ 1,594,275</u>
LIABILITIES				
Accounts Payable	\$ 23,611	\$ 440	\$ 514	\$ 4,139
Salaries Payable	-	-	-	7,944
Total Liabilities	23,611	440	514	12,083
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property Taxes	-	-	-	-
Special Assessments	-	-	-	-
Grants Receivable	-	400	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	400	-	-
FUND BALANCES				
Nonspendable	-	70,280	-	7,823
Restricted	29,936	-	-	-
Committed	-	-	-	13,203
Assigned	-	82,901	2,010	1,561,166
Unassigned	(21,424)	-	-	-
Total Fund Balances	<u>8,512</u>	<u>153,181</u>	<u>2,010</u>	<u>1,582,192</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 32,123</u>	<u>\$ 154,021</u>	<u>\$ 2,524</u>	<u>\$ 1,594,275</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2024

	Airport Operating Fund	Airport Improvement Fund	Police Forfeiture Fund	Fire Relief Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 120,018	\$ 194,357	\$ 429	\$ 63,818
Property Taxes Receivable	-	-	-	173
Assessments Receivable	-	-	-	-
Accounts Receivable	4,130	-	-	-
Interest Receivable	-	-	-	-
Due from Other Governments	-	103,095	-	-
Inventory	20,933	-	-	-
Prepays	75	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	41,946	-	-	-
TOTAL ASSETS	<u>\$ 187,102</u>	<u>\$ 297,452</u>	<u>\$ 429</u>	<u>\$ 63,991</u>
LIABILITIES				
Accounts Payable	\$ 2,014	\$ 17,760	\$ -	\$ -
Salaries Payable	-	-	-	-
Total Liabilities	2,014	17,760	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property Taxes	-	-	-	128
Special Assessments	-	-	-	-
Grants Receivable	-	103,095	-	-
Leases	42,069	-	-	-
Total Deferred Inflows of Resources	42,069	103,095	-	128
FUND BALANCES				
Nonspendable	20,885	-	-	-
Restricted	-	-	429	-
Committed	-	-	-	63,863
Assigned	122,134	176,597	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>143,019</u>	<u>176,597</u>	<u>429</u>	<u>63,863</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 187,102</u>	<u>\$ 297,452</u>	<u>\$ 429</u>	<u>\$ 63,991</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2024

	Frank & Alice Dewey Trust Fund	Musser Trust Fund	William & Burneze Krafve Park Fund	CARES Act Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash, Cash Equivalents, and Investments	\$ 521,042	\$ 271,665	\$ 191,762	\$ (144,701)	\$ 3,463,877
Property Taxes Receivable	-	-	-	-	2,335
Assessments Receivable	-	-	-	-	1,730
Accounts Receivable	-	-	-	-	4,705
Interest Receivable	1,220	625	456	-	2,301
Due from Other Governments	-	-	-	-	103,095
Inventory	-	-	-	-	20,933
Prepays	-	-	-	-	8,168
Loans Receivable (Net)	-	-	-	-	678,079
Leases Receivable	-	-	-	-	41,946
TOTAL ASSETS	<u>\$ 522,262</u>	<u>\$ 272,290</u>	<u>\$ 192,218</u>	<u>\$ (144,701)</u>	<u>\$ 4,327,169</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 53,912
Salaries Payable	-	-	-	-	11,147
Total Liabilities	-	-	-	-	65,059
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	-	-	-	-	895
Special Assessments	-	-	-	-	1,730
Grants Receivable	-	-	-	-	103,595
Leases	-	-	-	-	42,069
Total Deferred Inflows of Resources	-	-	-	-	148,289
FUND BALANCES					
Nonspendable	-	-	-	-	707,057
Restricted	-	-	-	-	250,766
Committed	500,000	294,084	193,572	-	1,064,722
Assigned	22,262	-	-	-	2,291,196
Unassigned	-	(21,794)	(1,354)	(144,701)	(199,920)
Total Fund Balances	<u>522,262</u>	<u>272,290</u>	<u>192,218</u>	<u>(144,701)</u>	<u>4,113,821</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 522,262</u>	<u>\$ 272,290</u>	<u>\$ 192,218</u>	<u>\$ (144,701)</u>	<u>\$ 4,327,169</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Cable TV	Housing & Redevelopment	Parking Lot	Sister City
	Fund	Authority Fund	Fund	Fund
REVENUES				
Taxes	\$ -	\$ 128,137	\$ 30,125	\$ -
Franchise Taxes	74,423	-	-	-
Licenses, Permits, and Fees	-	34,550	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	(13)	7,265	7,949	814
Loan Collections	-	121	-	-
Miscellaneous	-	248	285	-
TOTAL REVENUES	<u>74,410</u>	<u>170,321</u>	<u>38,359</u>	<u>814</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	-	-	1,497	-
Culture and Recreation	106,637	-	-	-
Community Development	-	101,115	-	-
Airport	-	-	-	-
Capital Outlay	5,828	-	-	-
TOTAL EXPENDITURES	<u>112,465</u>	<u>101,115</u>	<u>1,497</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(38,055)	69,206	36,862	814
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(5,075)	(45,043)	(345)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,075)</u>	<u>(45,043)</u>	<u>(345)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(43,130)	24,163	36,517	814
FUND BALANCES - BEGINNING	<u>32,483</u>	<u>804,307</u>	<u>257,488</u>	<u>29,307</u>
FUND BALANCES - ENDING	<u>\$ (10,647)</u>	<u>\$ 828,470</u>	<u>\$ 294,005</u>	<u>\$ 30,121</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Tourism Fund	Heritage Preservation Commission Fund	Rosenmeier Property Fund	Parks & Recreation Fund
REVENUES				
Taxes	\$ 230,479	\$ -	\$ -	\$ -
Franchise Taxes	-	-	-	48,237
Licenses, Permits, and Fees	-	-	-	-
Intergovernmental	-	464	-	304,500
Charges for Services	-	-	-	1,320
Investment Income (Loss)	939	1,588	106	20,451
Loan Collections	-	(315)	-	-
Miscellaneous	-	-	-	59,873
TOTAL REVENUES	<u>231,418</u>	<u>1,737</u>	<u>106</u>	<u>434,381</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	16,486	2,391	660,866
Community Development	323,751	-	-	-
Airport	-	-	-	-
Capital Outlay	-	-	-	65,374
TOTAL EXPENDITURES	<u>323,751</u>	<u>16,486</u>	<u>2,391</u>	<u>726,240</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(92,333)	(14,749)	(2,285)	(291,859)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	25,000	-	1,054,425
Transfers Out	(2,631)	(23)	(1,409)	(220,994)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,631)</u>	<u>24,977</u>	<u>(1,409)</u>	<u>833,431</u>
NET CHANGE IN FUND BALANCES	(94,964)	10,228	(3,694)	541,572
FUND BALANCES - BEGINNING	<u>103,476</u>	<u>142,953</u>	<u>5,704</u>	<u>1,040,620</u>
FUND BALANCES - ENDING	<u>\$ 8,512</u>	<u>\$ 153,181</u>	<u>\$ 2,010</u>	<u>\$ 1,582,192</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Airport Operating Fund	Airport Improvement Fund	Police Forfeiture Fund	Fire Relief Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 5,021
Franchise Taxes	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-
Intergovernmental	60,232	467,390	-	154,540
Charges for Services	227,249	-	-	-
Investment Income (Loss)	2,955	4,172	12	1,644
Loan Collections	-	-	-	-
Miscellaneous	309	-	-	1,000
TOTAL REVENUES	<u>290,745</u>	<u>471,562</u>	<u>12</u>	<u>162,205</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	164,540
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	-
Airport	281,901	-	-	-
Capital Outlay	-	112,126	-	-
TOTAL EXPENDITURES	<u>281,901</u>	<u>112,126</u>	<u>-</u>	<u>164,540</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,844	359,436	12	(2,335)
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	40,000	-	3,000
Transfers Out	(9,299)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,701</u>	<u>40,000</u>	<u>-</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCES	19,545	399,436	12	665
FUND BALANCES - BEGINNING	<u>123,474</u>	<u>(222,839)</u>	<u>417</u>	<u>63,198</u>
FUND BALANCES - ENDING	<u>\$ 143,019</u>	<u>\$ 176,597</u>	<u>\$ 429</u>	<u>\$ 63,863</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Frank & Alice Dewey Trust Fund	Musser Trust Fund	William & Burneze Krafve Park Fund	CARES Act Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 393,762
Franchise Taxes	-	-	-	-	122,660
Licenses, Permits, and Fees	-	-	-	-	34,550
Intergovernmental	-	-	-	-	987,126
Charges for Services	-	-	-	-	228,569
Investment Income (Loss)	15,512	8,019	9,113	-	80,526
Loan Collections	-	-	-	-	(194)
Miscellaneous	-	-	-	-	61,715
TOTAL REVENUES	<u>15,512</u>	<u>8,019</u>	<u>9,113</u>	<u>-</u>	<u>1,908,714</u>
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	164,540
Public Works	-	-	-	-	1,497
Culture and Recreation	-	-	40,000	-	826,380
Community Development	-	-	-	-	424,866
Airport	-	-	-	-	281,901
Capital Outlay	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>407,000</u>	<u>616,328</u>
TOTAL EXPENDITURES	<u>26,000</u>	<u>-</u>	<u>40,000</u>	<u>407,000</u>	<u>2,315,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,488)	8,019	(30,887)	(407,000)	(406,798)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	1,142,425
Transfers Out	<u>-</u>	<u>(10,825)</u>	<u>-</u>	<u>-</u>	<u>(295,644)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(10,825)</u>	<u>-</u>	<u>-</u>	<u>846,781</u>
NET CHANGE IN FUND BALANCES	(10,488)	(2,806)	(30,887)	(407,000)	439,983
FUND BALANCES - BEGINNING	<u>532,750</u>	<u>275,096</u>	<u>223,105</u>	<u>262,299</u>	<u>3,673,838</u>
FUND BALANCES - ENDING	<u>\$ 522,262</u>	<u>\$ 272,290</u>	<u>\$ 192,218</u>	<u>\$ (144,701)</u>	<u>\$ 4,113,821</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
DECEMBER 31, 2024**

	Wastewater Project Fund	Street Improvement Fund	Fire Equipment Fund	Zoo Project Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ (45,698)	\$ 1,113,080	\$ 523,139	\$ (227,558)
Interest Receivable	-	2,537	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	128,711
TOTAL ASSETS	<u>\$ (45,698)</u>	<u>\$ 1,115,617</u>	<u>\$ 523,139</u>	<u>\$ (98,847)</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 3,683	\$ -
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	118,264
FUND BALANCES				
Nonspendable	-	-	-	10,447
Assigned	-	1,115,617	519,456	-
Unassigned	(45,698)	-	-	(227,558)
Total Fund Balances	<u>(45,698)</u>	<u>1,115,617</u>	<u>519,456</u>	<u>(217,111)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ (45,698)</u>	<u>\$ 1,115,617</u>	<u>\$ 523,139</u>	<u>\$ (98,847)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2024

	Buckman Grant Fund	Library Building Fund	Bridge/Railroad Crossing Project Fund	2021 Sidewalk Improvements Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 23,123	\$ (5,327)	\$ (43,010)	\$ -
Interest Receivable	-	-	-	-
Loans Receivable (Net)	14,509	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 37,632</u>	<u>\$ (5,327)</u>	<u>\$ (43,010)</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCES				
Nonspendable	14,509	-	-	-
Assigned	23,123	-	-	-
Unassigned	-	(5,327)	(43,010)	-
Total Fund Balances	<u>37,632</u>	<u>(5,327)</u>	<u>(43,010)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 37,632</u>	<u>\$ (5,327)</u>	<u>\$ (43,010)</u>	<u>\$ -</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2024

	Safe Routes to Schools Fund	4th Street SE Project Fund	18th Street Southeast Project	11th Street Northeast Project
ASSETS				
Cash, Cash Equivalents, and Investments	\$ (26,106)	\$ -	\$ (86,629)	\$ -
Interest Receivable	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u><u>\$ (26,106)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (86,629)</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	(26,106)	-	(86,629)	-
Total Fund Balances	<u>(26,106)</u>	<u>-</u>	<u>(86,629)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ (26,106)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (86,629)</u></u>	<u><u>\$ -</u></u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2024

	2022 Petition		Truck	
	Projects Fund	Water Looping	HWY/9th Street East Project	18th Steet Northeast
ASSETS				
Cash, Cash Equivalents, and Investments	\$ -	\$ 127,758	\$ (47,832)	\$ (89,686)
Interest Receivable	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 127,758</u>	<u>\$ (47,832)</u>	<u>\$ (89,686)</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,094	\$ -	\$ 2,611
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Assigned	-	126,664	-	-
Unassigned	-	-	(47,832)	(92,297)
Total Fund Balances	<u>-</u>	<u>126,664</u>	<u>(47,832)</u>	<u>(92,297)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 127,758</u>	<u>\$ (47,832)</u>	<u>\$ (89,686)</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2024**

	1st Street Northeast Project Fund	Project 402 - Ripley Rail Spur Fund	Falls Fab TIF 44 Fund	Project 406 - CMHP TIF 45 Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ (36,069)	\$ (122,738)	\$ (21,298)	\$ (10,813)
Interest Receivable	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ (36,069)</u>	<u>\$ (122,738)</u>	<u>\$ (21,298)</u>	<u>\$ (10,813)</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 3,825	\$ -	\$ 5,778
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>(36,069)</u>	<u>(126,563)</u>	<u>(21,298)</u>	<u>(16,591)</u>
Total Fund Balances	<u>(36,069)</u>	<u>(126,563)</u>	<u>(21,298)</u>	<u>(16,591)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ (36,069)</u>	<u>\$ (122,738)</u>	<u>\$ (21,298)</u>	<u>\$ (10,813)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2024

	Project 408 - 153rd ST / 7th Ave SE	Project 409 - 2025 Water Clarifier	Project 410 - Lead Service Grant	Project 411 - Wastewater Dewatering
ASSETS				
Cash, Cash Equivalents, and Investments	\$ -	\$ (34,365)	\$ (5,586)	\$ (288,360)
Interest Receivable	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ (34,365)</u>	<u>\$ (5,586)</u>	<u>\$ (288,360)</u>
LIABILITIES				
Accounts Payable	\$ 99,781	\$ -	\$ -	\$ 72,267
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	(99,781)	(34,365)	(5,586)	(360,627)
Total Fund Balances	<u>(99,781)</u>	<u>(34,365)</u>	<u>(5,586)</u>	<u>(360,627)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ (34,365)</u>	<u>\$ (5,586)</u>	<u>\$ (288,360)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2024

	Project 412 - 2025 Projects	Project 413 - Rock Ridge TIF 45	Project 414 - PFAS Source Reduction Grant	Project 415 - Centrasota Site	Total Nonmajor Capital Projects Funds
ASSETS					
Cash, Cash Equivalents, and Investments	\$ (4,743)	\$ (11,590)	\$ (1,310)	\$ (6,214)	\$ 672,168
Interest Receivable	-	-	-	-	2,537
Loans Receivable (Net)	-	-	-	-	14,509
Leases Receivable	-	-	-	-	128,711
TOTAL ASSETS	<u>\$ (4,743)</u>	<u>\$ (11,590)</u>	<u>\$ (1,310)</u>	<u>\$ (6,214)</u>	<u>\$ 817,925</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 4,455	\$ -	\$ 193,494
DEFERRED INFLOWS OF RESOURCES					
Leases	-	-	-	-	118,264
FUND BALANCES					
Nonspendable	-	-	-	-	24,956
Assigned	-	-	-	-	1,784,860
Unassigned	(4,743)	(11,590)	(5,765)	(6,214)	(1,303,649)
Total Fund Balances	<u>(4,743)</u>	<u>(11,590)</u>	<u>(5,765)</u>	<u>(6,214)</u>	<u>506,167</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ (4,743)</u>	<u>\$ (11,590)</u>	<u>\$ (1,310)</u>	<u>\$ (6,214)</u>	<u>\$ 817,925</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Wastewater Project Fund	Street Improvement Fund	Fire Equipment Fund	Zoo Project Fund
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	64,512	-	-	-
Charges for Services	-	-	-	39,086
Investment Income (Loss)	(1,235)	22,555	6,690	(6,151)
Loan Collections	-	-	-	-
Miscellaneous	-	-	115,407	(11,484)
TOTAL REVENUES	<u>63,277</u>	<u>22,555</u>	<u>122,097</u>	<u>21,451</u>
EXPENDITURES				
Current:				
Public Safety	-	-	267	-
Public Works	3,523	-	-	-
Culture and Recreation	-	-	-	1,761
Capital Outlay	-	21,146	248,479	106,350
TOTAL EXPENDITURES	<u>3,523</u>	<u>21,146</u>	<u>248,746</u>	<u>108,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	59,754	1,409	(126,649)	(86,660)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	300,000	275,650	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>300,000</u>	<u>275,650</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	59,754	301,409	149,001	(86,660)
FUND BALANCES - BEGINNING (As Previously Reported)	(105,452)	814,208	370,455	(130,451)
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>(105,452)</u>	<u>814,208</u>	<u>370,455</u>	<u>(130,451)</u>
FUND BALANCES - ENDING	<u>\$ (45,698)</u>	<u>\$ 1,115,617</u>	<u>\$ 519,456</u>	<u>\$ (217,111)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Buckman Grant Fund	Library Building Fund	Bridge/Railroad Crossing Project Fund	2021 Sidewalk Improvements Fund
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	625	(144)	(1,163)	(1,020)
Loan Collections	379	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,004</u>	<u>(144)</u>	<u>(1,163)</u>	<u>(1,020)</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	-	-	-	1,691
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,004	(144)	(1,163)	(2,711)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	37,740
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,740</u>
NET CHANGE IN FUND BALANCES	1,004	(144)	(1,163)	35,029
FUND BALANCES - BEGINNING (As Previously Reported)	36,628	(5,183)	(41,847)	(35,029)
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>36,628</u>	<u>(5,183)</u>	<u>(41,847)</u>	<u>(35,029)</u>
FUND BALANCES - ENDING	<u>\$ 37,632</u>	<u>\$ (5,327)</u>	<u>\$ (43,010)</u>	<u>\$ -</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Safe Routes to Schools Fund	4th Street SE Project Fund	18th Street Southeast Project	11th Street Northeast Project
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,681	-	-	81,436
Charges for Services	-	-	-	-
Investment Income (Loss)	(706)	(1,550)	(2,341)	(2,567)
Loan Collections	-	-	-	-
Miscellaneous	-	15	-	-
TOTAL REVENUES	<u>5,975</u>	<u>(1,535)</u>	<u>(2,341)</u>	<u>78,869</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	-	2,022	-	2,399
Culture and Recreation	-	-	-	-
Capital Outlay	-	53,796	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>55,818</u>	<u>-</u>	<u>2,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,975	(57,353)	(2,341)	76,470
OTHER FINANCING SOURCES (USES)				
Transfers In	-	57,353	-	94,968
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>57,353</u>	<u>-</u>	<u>94,968</u>
NET CHANGE IN FUND BALANCES	5,975	-	(2,341)	171,438
FUND BALANCES - BEGINNING (As Previously Reported)	(32,081)	-	(84,288)	(171,438)
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>(32,081)</u>	<u>-</u>	<u>(84,288)</u>	<u>(171,438)</u>
FUND BALANCES - ENDING	<u>\$ (26,106)</u>	<u>\$ -</u>	<u>\$ (86,629)</u>	<u>\$ -</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	2022 Petition		Truck	
	Projects Fund	Water Looping	HWY/9th Street East Project	18th Steet Northeast
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	-	345	(1,293)	(2,424)
Loan Collections	-	-	-	-
Miscellaneous	18	-	-	13,750
TOTAL REVENUES	18	345	(1,293)	11,326
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	-	23,701	12,089	7,397
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	13,689
TOTAL EXPENDITURES	-	23,701	12,089	21,086
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18	(23,356)	(13,382)	(9,760)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	115,000	-	-
Transfers Out	(18)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(18)	115,000	-	-
NET CHANGE IN FUND BALANCES	-	91,644	(13,382)	(9,760)
FUND BALANCES - BEGINNING (As Previously Reported)	-	35,020	(34,450)	(82,537)
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	-	35,020	(34,450)	(82,537)
FUND BALANCES - ENDING	\$ -	\$ 126,664	\$ (47,832)	\$ (92,297)

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	1st Street Northeast Project Fund	Project 402 - Ripley Rail Spur Fund	Falls Fab TIF 44 Fund	Project 406 - CMHP TIF 45 Fund
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	(953)	(3,318)	(576)	(292)
Loan Collections	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>(953)</u>	<u>(3,318)</u>	<u>(576)</u>	<u>(292)</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	24,893	110,251	250	15,825
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>24,893</u>	<u>110,251</u>	<u>250</u>	<u>15,825</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,846)	(113,569)	(826)	(16,117)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(25,846)	(113,569)	(826)	(16,117)
FUND BALANCES - BEGINNING (As Previously Reported)	(10,223)	(12,994)	(20,472)	(474)
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>(10,223)</u>	<u>(12,994)</u>	<u>(20,472)</u>	<u>(474)</u>
FUND BALANCES - ENDING	<u>\$ (36,069)</u>	<u>\$ (126,563)</u>	<u>\$ (21,298)</u>	<u>\$ (16,591)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Project 408 - 153rd ST / 7th Ave SE	Project 409 - 2025 Water Clarifier	Project 410 - Lead Service Grant	Project 411 - Wastewater Dewatering
REVENUES				
Special Assessments	\$ 235,973	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	(17,606)	(929)	(151)	(7,794)
Loan Collections	-	-	-	-
Miscellaneous	-	-	1,247	-
TOTAL REVENUES	<u>218,367</u>	<u>(929)</u>	<u>1,096</u>	<u>(7,794)</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	72,660	33,436	5,929	352,833
Culture and Recreation	-	-	-	-
Capital Outlay	<u>896,844</u>	<u>-</u>	<u>753</u>	<u>-</u>
TOTAL EXPENDITURES	<u>969,504</u>	<u>33,436</u>	<u>6,682</u>	<u>352,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(751,137)	(34,365)	(5,586)	(360,627)
OTHER FINANCING SOURCES (USES)				
Transfers In	651,356	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>651,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(99,781)	(34,365)	(5,586)	(360,627)
FUND BALANCES - BEGINNING (As Previously Reported)	-	-	-	-
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING (As Adjusted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (99,781)</u>	<u>\$ (34,365)</u>	<u>\$ (5,586)</u>	<u>\$ (360,627)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Project 412 - 2025 Projects	Project 413 - Rock Ridge TIF 45	Project 414 - PFAS Source Reduction Grant	Project 415 - Centrasota Site
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	(120)	(313)	(35)	(168)
Loan Collections	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>(120)</u>	<u>(313)</u>	<u>(35)</u>	<u>(168)</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Public Works	4,623	11,277	1,275	6,046
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	4,455	-
TOTAL EXPENDITURES	<u>4,623</u>	<u>11,277</u>	<u>5,730</u>	<u>6,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,743)	(11,590)	(5,765)	(6,214)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,743)	(11,590)	(5,765)	(6,214)
FUND BALANCES - BEGINNING (As Previously Reported)	-	-	-	-
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (4,743)</u>	<u>\$ (11,590)</u>	<u>\$ (5,765)</u>	<u>\$ (6,214)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	4th Street Northeast Project	Childcare Grant	Project 407 - Clubhouse Project Fund	Total Nonmajor Capital Projects Funds
REVENUES				
Special Assessments				\$ 235,973
Intergovernmental				152,629
Charges for Services				39,086
Investment Income (Loss)				(22,634)
Loan Collections				379
Miscellaneous				<u>118,953</u>
TOTAL REVENUES				524,386
EXPENDITURES				
Current:				
Public Safety				267
Public Works				692,120
Culture and Recreation				1,761
Capital Outlay				<u>1,345,512</u>
TOTAL EXPENDITURES				2,039,660
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				(1,515,274)
OTHER FINANCING SOURCES (USES)				
Transfers In				1,532,067
Transfers Out				<u>(18)</u>
TOTAL OTHER FINANCING SOURCES (USES)				<u>1,532,049</u>
NET CHANGE IN FUND BALANCES				16,775
FUND BALANCES - BEGINNING (As Previously Reported)	(62,460)	(5,148)	(673,938)	(252,154)
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	<u>62,460</u>	<u>5,148</u>	<u>673,938</u>	<u>741,546</u>
FUND BALANCE - BEGINNING (As Adjusted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,392</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,167</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2024

	Storm Water Fund	Municipal Golf Course Fund	Recycling and Garbage Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash, Cash Equivalents, and Investments	\$ -	\$ -	\$ 382	\$ 382
Accounts Receivable	14,737	-	131,468	146,205
Inventory	-	23,094	-	23,094
Prepays	2,784	1,674	119	4,577
Total Current Assets	17,521	24,768	131,969	174,258
Noncurrent Assets				
Capital Assets Not Being Depreciated/Amortized	443,834	25,709	-	469,543
Capital Assets Being Depreciated/Amortized (Net)	442,972	3,198,396	-	3,641,368
Total Noncurrent Assets	886,806	3,224,105	-	4,110,911
TOTAL ASSETS	904,327	3,248,873	131,969	4,285,169
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	-	26,816	-	26,816
LIABILITIES				
Current Liabilities				
Accounts Payable	1,546	33,409	78,460	113,415
Salaries Payable	-	5,191	-	5,191
Due to Other Funds	19,369	954,402	-	973,771
Compensated Absences Due Within One Year	-	8,113	-	8,113
Debt Due Within One Year	-	69,103	-	69,103
Total Current Liabilities	20,915	1,070,218	78,460	1,169,593
Noncurrent Liabilities				
Debt Due After One Year	-	125,791	-	125,791
Net Pension Liability	-	87,845	-	87,845
Total Noncurrent Liabilities	-	213,636	-	213,636
TOTAL LIABILITIES	20,915	1,283,854	78,460	1,383,229
DEFERRED INFLOWS OF RESOURCES				
Pensions	-	34,936	-	34,936
NET POSITION				
Net Investment in Capital Assets	886,806	3,029,211	-	3,916,017
Unrestricted	(3,394)	(1,072,312)	53,509	(1,022,197)
TOTAL NET POSITION	\$ 883,412	\$ 1,956,899	\$ 53,509	\$ 2,893,820

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Storm Water Fund	Municipal Golf Course Fund	Recycling and Garbage Fund	Total Nonmajor Enterprise Funds
SALES AND COST OF SALES				
Sales	\$ -	\$ 72,662	\$ -	\$ 72,662
Cost of Sales	-	(36,984)	-	(36,984)
GROSS PROFIT	-	35,678	-	35,678
OPERATING REVENUES				
Charges for Services	136,130	403,854	1,030,725	1,570,709
TOTAL GROSS PROFIT AND OPERATING REVENUES	136,130	439,532	1,030,725	1,606,387
OPERATING EXPENSES				
Wages and Benefits	33,060	346,589	1,812	381,461
Materials and Supplies	4,257	64,568	683	69,508
Repairs and Maintenance	15,006	36,304	7,276	58,586
Professional Services	6,319	14,066	897,586	917,971
Insurance	-	2,766	-	2,766
Utilities	8,216	21,201	8,538	37,955
Dues and Subscriptions	870	6,160	-	7,030
Other Services and Charges	5,530	29,899	3,748	39,177
Depreciation/Amortization	2,189	93,648	-	95,837
TOTAL OPERATING EXPENSES	75,447	615,201	919,643	1,610,291
NET OPERATING INCOME (LOSS)	60,683	(175,669)	111,082	(3,904)
NONOPERATING INCOME (EXPENSE)				
Taxes	-	63,592	-	63,592
Intergovernmental	-	4,103	28,983	33,086
Investment Income (Loss)	22,820	(27,048)	3,118	(1,110)
Miscellaneous	31,730	13,622	2,725	48,077
Interest and Other Charges	-	(2,980)	-	(2,980)
TOTAL NONOPERATING INCOME (EXPENSE)	54,550	51,289	34,826	140,665
CHANGE IN NET POSITION PRIOR TO TRANSFERS	115,233	(124,380)	145,908	136,761
TRANSFERS				
Interfund Capital Asset Transfers	-	2,525,489	-	2,525,489
Operating Transfers In	-	25,000	-	25,000
Operating Transfers Out	(23,910)	(5,814)	(120,821)	(150,545)
NET TRANSFERS	(23,910)	2,544,675	(120,821)	2,399,944
CHANGE IN NET POSITION	91,323	2,420,295	25,087	2,536,705
NET POSITION - BEGINNING OF YEAR (As Previously Reported)	792,089	(463,396)	-	328,693
ADJUSTMENTS AND RESTATEMENTS				
Adjustment - Change in Nonmajor Funds	-	-	28,422	28,422
NET POSITION - BEGINNING OF YEAR (As Adjusted)	792,089	(463,396)	28,422	357,115
NET POSITION - END OF YEAR	\$ 883,412	\$ 1,956,899	\$ 53,509	\$ 2,893,820

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Storm Water Fund	Municipal Golf Course Fund	Recycling and Garbage Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 137,133	\$ 503,768	\$ 1,046,258	\$ 1,687,159
Cash Paid to Suppliers	(40,196)	(225,525)	(892,236)	(1,157,957)
Cash Paid to Employees	(33,066)	(317,396)	(1,947)	(352,409)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	63,871	(39,153)	152,075	176,793
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental	-	67,695	28,983	96,678
Nonoperating Receipts	31,730	13,622	2,725	48,077
Net Operating Subsidies and Transfers from (to) Other Funds	(4,541)	75,192	(186,519)	(115,868)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	27,189	156,509	(154,811)	28,887
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(218,586)	(159,019)	-	(377,605)
Payments on Debt Principal	-	(51,703)	-	(51,703)
Proceeds from Debt Issuance	-	123,394	-	123,394
Cash Paid for Interest	-	(2,980)	-	(2,980)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(218,586)	(90,308)	-	(308,894)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	(140,000)	-	-	(140,000)
Investment Income (Loss)	17,307	(27,048)	3,118	(6,623)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(122,693)	(27,048)	3,118	(146,623)
Net Change in Cash and Cash Equivalents	(250,219)	-	382	(249,837)
Cash and Cash Equivalents - Beginning of Year	(347,131)	-	-	(347,131)
Cash and Cash Equivalents - End of Year	<u>\$ (597,350)</u>	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ (596,968)</u>
Investments	<u>597,350</u>	<u>-</u>	<u>-</u>	<u>597,350</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ 382</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Storm Water Fund	Municipal Golf Course Fund	Recycling and Garbage Fund	Total Nonmajor Enterprise Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ 60,683	\$ (175,669)	\$ 111,082	\$ (3,904)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation/Amortization	2,189	93,648	-	95,837
Changes in Assets, Liabilities, and Deferrals:				
Accounts Receivable	1,003	27,252	15,533	43,788
Inventory	-	(12,178)	-	(12,178)
Prepays	(887)	329	(24)	(582)
Accounts Payable	889	(1,728)	25,619	24,780
Salaries Payable	(6)	2,549	(135)	2,408
Net Pension Liability	-	(34,692)	-	(34,692)
Deferred Outflows or Resources - Pensions	-	52,644	-	52,644
Deferred Inflows or Resources - Pensions	-	579	-	579
Compensated Absences	-	8,113	-	8,113
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 63,871</u>	<u>\$ (39,153)</u>	<u>\$ 152,075</u>	<u>\$ 176,793</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2024**

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets				
Cash, Cash Equivalents, and Investments	\$ -	\$ 244,536	\$ 34,349	\$ 278,885
Interest Receivable	-	775	-	775
Due from Other Funds	-	86,281	-	86,281
Prepays	-	15,454	-	15,454
TOTAL ASSETS	-	347,046	34,349	381,395
LIABILITIES				
Current Liabilities				
Accounts Payable	-	-	156	156
Due to Other Funds	86,281	-	-	86,281
Total Current Liabilities	86,281	-	156	86,437
Noncurrent Liabilities				
Severance Due After One Year	39,648	-	-	39,648
TOTAL LIABILITIES	125,929	-	156	126,085
NET POSITION				
Unrestricted	<u>\$ (125,929)</u>	<u>\$ 347,046</u>	<u>\$ 34,193</u>	<u>\$ 255,310</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Other Income	\$ -	\$ 64,365	\$ 291,186	\$ 355,551
OPERATING EXPENSES				
Wages and Benefits	98,103	-	-	98,103
Professional Services	-	4,399	1,838	6,237
Insurance	-	288,954	291,487	580,441
Other Services and Charges	-	110	830	940
TOTAL OPERATING EXPENSES	<u>98,103</u>	<u>293,463</u>	<u>294,155</u>	<u>685,721</u>
NET OPERATING INCOME (LOSS)	(98,103)	(229,098)	(2,969)	(330,170)
NONOPERATING INCOME (EXPENSE)				
Investment Income (Loss)	<u>(2,467)</u>	<u>11,448</u>	<u>928</u>	<u>9,909</u>
CHANGE IN NET POSITION PRIOR TO TRANSFERS	(100,570)	(217,650)	(2,041)	(320,261)
TRANSFERS				
Operating Transfers In	<u>5,000</u>	<u>172,481</u>	<u>-</u>	<u>177,481</u>
CHANGE IN NET POSITION	(95,570)	(45,169)	(2,041)	(142,780)
NET POSITION - BEGINNING OF YEAR	<u>(30,359)</u>	<u>392,215</u>	<u>36,234</u>	<u>398,090</u>
NET POSITION - END OF YEAR	<u>\$ (125,929)</u>	<u>\$ 347,046</u>	<u>\$ 34,193</u>	<u>\$ 255,310</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Other Receipts	\$ -	\$ 64,365	\$ 318,666	\$ 383,031
Cash Paid to Suppliers	-	(177,881)	(280,564)	(458,445)
Cash Paid to Employees	(100,932)	-	-	(100,932)
Claims Paid	-	(117,588)	(13,581)	(131,169)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(100,932)	(231,104)	24,521	(307,515)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Operating Subsidies and Transfers from (to) Other Funds	91,281	86,200	-	177,481
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income (Loss)	(2,467)	15,923	928	14,384
Net Change in Cash and Cash Equivalents	(12,118)	(128,981)	25,449	(115,650)
Cash and Cash Equivalents - Beginning of Year	12,118	373,517	8,900	394,535
Cash and Cash Equivalents - End of Year	\$ -	\$ 244,536	\$ 34,349	\$ 278,885

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ (98,103)	\$ (229,098)	\$ (2,969)	\$ (330,170)
Changes in Assets and Liabilities:				
Accounts Receivable	-	-	27,480	27,480
Prepays	-	(2,006)	-	(2,006)
Accounts Payable	-	-	10	10
Severance Payable	(2,829)	-	-	(2,829)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (100,932)	\$ (231,104)	\$ 24,521	\$ (307,515)

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF DEBT MATURITIES
DECEMBER 31, 2024**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
GOVERNMENTAL DEBT			
2025	\$ 2,198,744	\$ 581,876	\$ 2,780,620
2026	1,901,026	574,368	2,475,394
2027	1,604,907	529,099	2,134,006
2028	1,468,870	484,194	1,953,064
2029	1,522,920	440,034	1,962,954
2030	1,552,060	394,269	1,946,329
2031	1,527,297	347,970	1,875,267
2032	1,394,000	303,704	1,697,704
2033	1,372,000	261,764	1,633,764
2034	1,324,533	220,529	1,545,062
2035	1,130,000	161,394	1,291,394
2036	1,162,000	124,481	1,286,481
2037	999,000	88,207	1,087,207
2038	897,000	53,442	950,442
2039	690,000	21,973	711,973
2040	95,000	5,900	100,900
2041	100,000	2,000	102,000
	<u>\$ 20,939,357</u>	<u>\$ 4,595,204</u>	<u>\$ 25,534,561</u>

BUSINESS-TYPE DEBT

2025	\$ 518,907	\$ 133,127	\$ 652,034
2026	498,853	126,803	625,656
2027	497,349	121,726	619,075
2028	502,000	116,750	618,750
2029	507,000	111,730	618,730
2030	512,000	106,660	618,660
2031	518,000	101,540	619,540
2032	523,000	96,360	619,360
2033	528,000	91,130	619,130
2034	533,000	85,850	618,850
2035	539,000	80,520	619,520
2036	544,000	75,130	619,130
2037	549,000	69,690	618,690
2038	555,000	64,200	619,200
2039	561,000	58,650	619,650
2040	566,000	53,040	619,040
2041	572,000	47,380	619,380
2042	577,000	41,660	618,660
2043	583,000	35,890	618,890
2044	589,000	30,060	619,060
2045	595,000	24,170	619,170
2046	601,000	18,220	619,220
2047	607,000	12,210	619,210
2048	201,736	6,140	207,876
	<u>\$ 12,777,845</u>	<u>\$ 1,708,636</u>	<u>\$ 14,486,481</u>

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE
DECEMBER 31, 2024**

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
GOVERNMENTAL DEBT					
General Obligation PIR Fund Bonds Series 2011B	9/1/2011	4.00	2/1/2025	\$ 90,000	\$ 8,600
		4.00	2/1/2026	90,000	5,000
		4.00	2/1/2027	<u>80,000</u>	<u>1,600</u>
				260,000	15,200
General Obligation Advance Refunding Series 2013A	1/1/2013	2.10	2/1/2025	100,000	5,145
		2.10	2/1/2026	100,000	3,045
		2.10	2/1/2027	<u>95,000</u>	<u>998</u>
				295,000	9,188
General Obligation Revolving Fund Series 2015A	3/1/2015	2.60	2/1/2025	65,000	11,085
		2.60	2/1/2026	70,000	9,330
		2.60	2/1/2027	70,000	7,510
		3.00	2/1/2028	70,000	5,550
		3.00	2/1/2029	75,000	3,375
		3.00	2/1/2030	<u>75,000</u>	<u>1,125</u>
				425,000	37,975
General Obligation Refunding Bonds Series 2015B	4/1/2015	2.10	2/1/2025	90,000	945
General Obligation Revolving Fund Series 2015C	12/1/2015	2.10	2/1/2025	70,000	12,501
		2.50	2/1/2026	70,000	10,891
		2.50	2/1/2027	70,000	9,141
		2.70	2/1/2028	70,000	7,321
		2.70	2/1/2029	75,000	5,363
		2.90	2/1/2030	75,000	3,263
		2.90	2/1/2031	<u>75,000</u>	<u>1,088</u>
				505,000	49,568

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2024

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
GOVERNMENTAL DEBT (Continued)					
General Obligation Revolving Fund Series 2017A	5/1/2017	2.00	2/1/2025	\$ 55,000	\$ 13,150
		3.00	2/1/2026	55,000	11,775
		3.00	2/1/2027	55,000	10,125
		3.00	2/1/2028	60,000	8,400
		3.00	2/1/2029	60,000	6,600
		3.00	2/1/2030	60,000	4,800
		3.00	2/1/2031	65,000	2,925
		3.00	2/1/2032	65,000	975
				<u>475,000</u>	<u>58,750</u>
General Obligation Refunding Bonds Series 2017B	5/1/2017	2.00	2/1/2025	290,000	8,600
		3.00	2/1/2026	25,000	5,325
		3.00	2/1/2027	30,000	4,500
		3.00	2/1/2028	30,000	3,600
		3.00	2/1/2029	35,000	2,625
		3.00	2/1/2030	35,000	1,575
		3.00	2/1/2031	35,000	525
				<u>480,000</u>	<u>26,750</u>
General Obligation Revolving Bonds Series 2018A	5/1/2018	3.00	2/1/2025	60,000	17,080
		3.00	2/1/2026	60,000	15,280
		3.00	2/1/2027	60,000	13,480
		3.00	2/1/2028	60,000	11,680
		3.00	2/1/2029	65,000	9,805
		3.00	2/1/2030	65,000	7,855
		3.00	2/1/2031	70,000	5,760
		3.00	2/1/2032	70,000	3,520
		3.00	2/1/2033	75,000	1,200
				<u>585,000</u>	<u>85,660</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2024

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
GOVERNMENTAL DEBT (Continued)					
General Obligation Revolving Bonds Series 2019A	5/1/2019	3.00	2/1/2025	\$ 115,000	\$ 37,575
		3.00	2/1/2026	120,000	34,050
		3.00	2/1/2027	120,000	30,450
		3.00	2/1/2028	125,000	26,775
		3.00	2/1/2029	130,000	22,950
		3.00	2/1/2030	130,000	19,050
		3.00	2/1/2031	135,000	15,075
		3.00	2/1/2032	140,000	10,950
		3.00	2/1/2033	145,000	6,675
		3.00	2/1/2034	<u>150,000</u>	<u>2,250</u>
				1,310,000	205,800
General Obligation Revolving Bonds Series 2020A	7/20/2020	1.00	2/1/2025	165,000	29,371
		1.00	2/1/2026	165,000	27,721
		1.00	2/1/2027	170,000	26,046
		1.00	2/1/2028	170,000	24,346
		1.13	2/1/2029	175,000	22,512
		1.25	2/1/2030	175,000	20,434
		1.38	2/1/2031	180,000	18,103
		1.50	2/1/2032	185,000	15,478
		1.60	2/1/2033	185,000	12,610
		1.70	2/1/2034	190,000	9,515
		2.00	2/1/2035	195,000	5,950
		2.00	2/1/2036	<u>200,000</u>	<u>2,000</u>
				2,155,000	214,086
General Obligation Revolving Bonds Series 2021A	6/1/2021	1.38	2/1/2025	110,000	22,514
		1.38	2/1/2026	115,000	20,966
		1.38	2/1/2027	115,000	19,386
		1.38	2/1/2028	115,000	17,804
		1.38	2/1/2029	115,000	16,223
		1.38	2/1/2030	120,000	14,608
		1.38	2/1/2031	120,000	12,957
		1.50	2/1/2032	120,000	11,233
		1.50	2/1/2033	125,000	9,395
		1.55	2/1/2034	125,000	7,489
		1.55	2/1/2035	130,000	5,512
		1.70	2/1/2036	130,000	3,400
		1.70	2/1/2037	<u>135,000</u>	<u>1,148</u>
				1,575,000	162,635

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2024

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
GOVERNMENTAL DEBT (Continued)					
General Obligation Revolving Bonds Series 2022A	6/2/2022	3.30	2/1/2025	\$ 155,000	\$ 86,740
		3.30	2/1/2026	160,000	81,543
		3.30	2/1/2027	166,000	76,164
		3.30	2/1/2028	171,000	70,603
		3.30	2/1/2029	177,000	64,862
		3.30	2/1/2030	182,000	58,938
		3.30	2/1/2031	188,000	52,833
		3.30	2/1/2032	195,000	46,514
		3.30	2/1/2033	201,000	39,980
		3.30	2/1/2034	208,000	33,231
		3.30	2/1/2035	215,000	26,251
		3.30	2/1/2036	222,000	19,041
		3.30	2/1/2037	229,000	11,600
		3.30	2/1/2038	237,000	3,910
				<u>2,706,000</u>	<u>672,210</u>
General Obligation Revolving Bonds Series 2023A	11/20/2023	4.00	2/1/2025	305,000	273,956
		4.00	2/1/2026	375,000	260,356
		4.00	2/1/2027	390,000	245,056
		4.00	2/1/2028	405,000	229,156
		4.00	2/1/2029	420,000	212,657
		4.00	2/1/2030	430,000	195,656
		4.00	2/1/2031	450,000	178,056
		4.00	2/1/2032	465,000	159,756
		4.00	2/1/2033	480,000	140,856
		4.00	2/1/2034	495,000	121,357
		4.00	2/1/2035	510,000	101,256
		4.00	2/1/2036	525,000	80,556
		4.00	2/1/2037	550,000	59,056
		4.13	2/1/2038	570,000	36,301
		4.13	2/1/2039	595,000	12,272
				<u>6,965,000</u>	<u>2,306,303</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2024

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
GOVERNMENTAL DEBT (Continued)					
General Obligation Revolving Bonds Series 2024A	12/16/2024	3.50	2/1/2025	\$ -	\$ 26,922
		3.50	2/1/2026	-	43,075
		3.50	2/1/2027	60,000	42,025
		3.50	2/1/2028	65,000	39,838
		3.50	2/1/2029	65,000	37,563
		3.50	2/1/2030	70,000	35,200
		3.50	2/1/2031	70,000	32,750
		3.50	2/1/2032	70,000	30,300
		3.50	2/1/2033	75,000	27,763
		3.50	2/1/2034	75,000	25,137
		3.50	2/1/2035	80,000	22,425
		3.63	2/1/2036	85,000	19,484
		3.63	2/1/2037	85,000	16,403
		3.63	2/1/2038	90,000	13,231
		4.00	2/1/2039	95,000	9,701
		4.00	2/1/2040	95,000	5,900
		4.00	2/1/2041	100,000	2,000
				<u>1,180,000</u>	<u>429,717</u>
General Obligation Drinking Water Revenue Note of 2024 Taxable	11/19/2024	2.02	8/20/2025	34,520	14,373
		2.02	8/20/2026	75,000	34,494
		2.02	8/20/2027	76,000	32,982
		2.02	8/20/2028	78,000	31,449
		2.02	8/20/2029	79,000	29,877
		2.02	8/20/2030	81,000	28,284
		2.02	8/20/2031	83,000	26,652
		2.02	8/20/2032	84,000	24,978
		2.02	8/20/2033	86,000	23,285
		2.02	8/20/2034	81,533	21,550
				<u>758,053</u>	<u>267,924</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2024

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
GOVERNMENTAL DEBT (Continued)					
Lakeshirts MIF Loan	6/30/2022	0.00	4/1/2025	450,000	-
North Freeze Dry DEED MIF Loan	8/16/2024	0.00	11/16/2026	375,000	-
Axon Body Cameras	1/1/2022	3.25	12/30/2025	29,564	6,453
		3.25	12/30/2026	30,539	5,478
		3.25	12/30/2027	31,546	4,471
		3.25	12/30/2028	32,587	3,430
		3.25	12/30/2029	33,662	2,355
		3.25	12/30/2030	34,772	1,244
		3.25	12/30/2031	<u>35,920</u>	<u>97</u>
				228,590	23,528
Axon Fleet Cameras	1/1/2023	5.50	12/30/2025	14,660	6,866
		5.50	12/30/2026	15,487	6,039
		5.50	12/30/2027	16,361	5,165
		5.50	12/30/2028	17,283	4,242
		5.50	12/30/2029	18,258	3,267
		5.50	12/30/2030	19,288	2,237
		5.50	12/30/2031	<u>20,377</u>	<u>1,149</u>
				<u>121,714</u>	<u>28,965</u>
TOTAL GOVERNMENTAL DEBT				<u>\$ 20,939,357</u>	<u>\$ 4,595,204</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2024

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
BUSINESS-TYPE DEBT					
General Obligation Wastewater Revenue Note of 2019 Taxable	7/1/2019	1.00	8/20/2025	\$ 488,000	\$ 131,530
		1.00	8/20/2026	493,000	126,650
		1.00	8/20/2027	497,000	121,720
		1.00	8/20/2028	502,000	116,750
		1.00	8/20/2029	507,000	111,730
		1.00	8/20/2030	512,000	106,660
		1.00	8/20/2031	518,000	101,540
		1.00	8/20/2032	523,000	96,360
		1.00	8/20/2033	528,000	91,130
		1.00	8/20/2034	533,000	85,850
		1.00	8/20/2035	539,000	80,520
		1.00	8/20/2036	544,000	75,130
		1.00	8/20/2037	549,000	69,690
		1.00	8/20/2038	555,000	64,200
		1.00	8/20/2039	561,000	58,650
		1.00	8/20/2040	566,000	53,040
		1.00	8/20/2041	572,000	47,380
		1.00	8/20/2042	577,000	41,660
		1.00	8/20/2043	583,000	35,890
		1.00	8/20/2044	589,000	30,060
		1.00	8/20/2045	595,000	24,170
		1.00	8/20/2046	601,000	18,220
		1.00	8/20/2047	607,000	12,210
		1.00	8/20/2048	201,736	6,140
				<u>12,740,736</u>	<u>1,706,880</u>
Lawn Mower	5/1/2021	4.75	5/1/2025	25,297	1,201
TX Turf Gator	6/29/2022	4.75	6/29/2025	1,960	165
		4.75	6/29/2026	2,055	70
		4.75	6/29/2027	349	6
				<u>4,364</u>	<u>241</u>
Bunker Rake	5/5/2022	4.00	5/5/2025	3,650	231
		4.00	5/5/2026	3,798	83
				<u>7,448</u>	<u>314</u>
TOTAL BUSINESS-TYPE DEBT				<u>\$ 12,777,845</u>	<u>\$ 1,708,636</u>

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

	Issue Date	Interest Rate	Maturity Date	Initial Authorized Issue	Outstanding Balance 01/01/24	Issued	Paid	Outstanding Balance 12/31/24	Principal Due in 2025
GOVERNMENTAL DEBTS									
GO Permanent Improvement Revolving Fund Bonds - 2011B	9/1/2011	1.00-4.00%	2/1/2027	\$ 1,220,000	\$ 345,000	\$ -	\$ 85,000	\$ 260,000	\$ 90,000
GO Advanced Refunding Bonds - 2013A	1/1/2013	0.45-2.10%	2/1/2027	2,585,000	390,000	-	95,000	295,000	100,000
GO Permanent Improvement Revolving Fund Bonds - 2015A	3/1/2015	1.00-3.00%	2/1/2030	1,000,000	490,000	-	65,000	425,000	65,000
GO Refunding Bonds - 2015B	4/1/2015	2.00-2.10%	2/1/2025	2,555,000	280,000	-	190,000	90,000	90,000
GO Permanent Improvement Revolving Fund Bonds - 2015C	12/1/2015	1.10-2.90%	2/1/2031	1,045,000	575,000	-	70,000	505,000	70,000
GO Permanent Improvement Revolving Fund Bonds - 2017A	5/1/2017	2.00-3.00%	2/1/2032	885,000	530,000	-	55,000	475,000	55,000
GO Refunding Bonds - 2017B	5/1/2017	2.00-3.00%	2/1/2031	3,280,000	760,000	-	280,000	480,000	290,000
GO Permanent Improvement Revolving Fund Bonds - 2018A	5/1/2018	2.00-3.20%	2/1/2033	910,000	640,000	-	55,000	585,000	60,000
GO Permanent Improvement Revolving Fund Bonds - 2019A	5/1/2019	3.00%	2/1/2034	1,755,000	1,425,000	-	115,000	1,310,000	115,000
GO Permanent Improvement Revolving Fund Bonds - 2020A	7/20/2020	1.00-2.00%	2/1/2036	2,640,000	2,320,000	-	165,000	2,155,000	165,000
GO Permanent Improvement Revolving Fund Bonds - 2021A	6/1/2021	1.38-1.70%	2/1/2037	1,795,000	1,685,000	-	110,000	1,575,000	110,000
GO Permanent Improvement Revolving Fund Bonds - 2022A	6/2/2022	3.30%	2/1/2038	2,856,000	2,856,000	-	150,000	2,706,000	155,000
GO Permanent Improvement Revolving Fund Bonds - 2023A	11/20/2023	4.00-4.13%	2/1/2039	6,965,000	6,965,000	-	-	6,965,000	305,000
GO Permanent Improvement Revolving Fund Bonds - 2024B	12/16/2024	3.50 - 4.00%	2/1/2041	1,180,000	-	1,180,000	-	1,180,000	-
Lakeshirts MIF Loan - Note Payable	6/30/2022	0.00%	4/1/2025	450,000	450,000	-	-	450,000	450,000
Axon Body Cameras - Financing Arrangement	1/1/2022	3.25%	12/30/2031	311,737	257,210	-	28,620	228,590	29,564
Axon Fleet Cameras - Financing Arrangement	1/1/2023	5.50%	12/30/2031	169,476	135,591	-	13,877	121,714	14,660
2022 Ford Interceptor - Unit #26H5TQ - Lease Liability	1/1/2023	7.50%	10/31/2026	28,637	21,939	-	7,218	14,721	7,779
2022 Ford F-150 - Unit #26HB8W - Lease Liability	1/1/2023	7.50%	12/31/2026	25,848	20,092	-	6,203	13,889	6,685
2022 Ford F-350 Chassis - Unit #26HCPX - Lease Liability	4/1/2023	8.00%	3/31/2028	32,156	28,111	-	5,784	22,327	6,264
2023 Chevy Malibu - Unit #26HCQF - Lease Liability	7/1/2023	8.25%	6/30/2028	19,779	18,147	-	3,473	14,674	3,771
2023 Ford F150 Lighting - Unit #277QKW - Lease Liability	10/1/2023	8.50%	9/30/2027	42,511	40,255	-	9,517	30,738	10,359
2023 Ford F-150 Lighting - Unit #277QKQ - Lease Liability	11/1/2023	8.50%	10/31/2027	39,981	38,571	-	8,888	29,683	9,674
2023 Ford Police Interceptor Utility - Unit #26HCPK - Lease Liability	1/1/2024	8.50%	12/31/2027	36,746	-	36,746	8,054	28,692	8,766
2023 Ford Police Interceptor Utility - Unit #26HCN3 - Lease Liability	1/1/2024	8.50%	12/31/2027	37,710	-	37,710	8,266	29,444	8,996
2023 Ford Police Interceptor Utility - Unit #26HCNM - Lease Liability	1/1/2024	8.50%	12/31/2027	36,746	-	36,746	8,054	28,692	8,766
2023 Ford Police Interceptor Utility - Unit #26HCNN - Lease Liability	1/1/2024	8.50%	12/31/2027	36,746	-	36,746	8,054	28,692	8,766
2023 Ford F-150 - Unit #26H9TS - Lease Liability	2/1/2024	8.50%	1/31/2028	39,102	-	39,102	7,829	31,273	9,263
2024 Ford Police Interceptor Utility - Unit #27H6CH - Lease Liability	4/1/2024	8.50%	3/31/2028	38,336	-	38,336	6,235	32,101	8,954
2025 Ford Police Interceptor - Unit #27SNBR - Lease Liability	9/1/2024	8.50%	8/31/2028	36,976	-	36,976	2,626	34,350	8,337
2025 Ford Police Interceptor - Unit #27SNBW - Lease Liability	9/1/2024	8.50%	8/31/2028	36,976	-	36,976	2,626	34,350	8,337
GO Drinking Water Revenue (PFA) Taxable Bonds - 2024	11/19/2024	2.02%	8/20/2044	1,745,520	-	758,053	-	758,053	34,520
North Freeze Dry MIF Loan	8/16/2024	0.00%	11/16/2026	375,000	-	375,000	-	375,000	-
TOTAL GOVERNMENTAL DEBTS				34,210,983	20,270,916	2,612,391	1,570,324	21,312,983	2,313,461
ENTERPRISE DEBT									
GO Wastewater Revenue (PFA) Taxable Bonds - 2019	7/1/2019	1.00%	8/20/2048	15,498,248	13,223,736	-	483,000	12,740,736	488,000
Lawn Mowers - Financing Arrangement	5/1/2021	4.75%	5/1/2025	121,008	49,447	-	24,150	25,297	25,297
TX Turf Gator - Financing Arrangement	6/29/2022	4.75%	6/29/2027	9,554	6,233	-	1,869	4,364	1,960
Bunker Rake - Financing Arrangement	5/5/2022	4.00%	5/5/2027	17,797	10,955	-	3,507	7,448	3,650
Fairway Mower - Lease Liability	11/10/2022	7.00%	10/10/2027	56,958	45,814	-	10,284	35,530	11,027
Golf Greens Roller - Lease Liability	6/20/2023	6.95%	6/20/2026	14,834	10,754	-	4,748	6,006	5,110
2024 Fairway Mower - Lease Liability	8/30/2024	6.50%	8/30/2029	123,394	-	123,394	7,145	116,249	22,059
TOTAL ENTERPRISE DEBTS				15,841,793	13,346,939	123,394	534,703	12,935,630	557,103
TOTAL INDEBTEDNESS				<u>\$ 50,052,776</u>	<u>\$ 33,617,855</u>	<u>\$ 2,735,785</u>	<u>\$ 2,105,027</u>	<u>\$ 34,248,613</u>	<u>\$ 2,870,564</u>

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	\$ 1,500,000
DEPARTMENT OF TRANSPORTATION		
Pass-through Programs from Minnesota Department of Transportation Airport Improvement Program, Infrastructure Investment, and Jobs Act Programs, and COVID-19 Airport Programs	20.106	360,659
DEPARTMENT OF THE INTERIOR		
Pass-through Programs from the State of Minnesota Historic Preservation Fund Grants-In-Aid	15.904	464
 TOTAL FEDERAL EXPENDITURES		 <u>\$ 1,861,123</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The above Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Little Falls (the City) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the City, it is not intended to and does not present the financial position or changes in financial position of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Subrecipients

The City did not pass any federal funds to subrecipients during the year ended December 31, 2024.

Note 4 - Pass-Through Identifier

The City's pass-through identifying number is unknown.

Note 5 - Indirect Cost Rate

The City did not use an indirect cost rate when calculating federal expenditures.

**OTHER REQUIRED REPORTS
AND SCHEDULES**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Little Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Little Falls, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Little Falls' basic financial statements and have issued our report thereon dated July 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Little Falls' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as items 2024-001, 2024-003, and 2024-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Little Falls' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

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

City of Little Falls' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Little Falls' response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs* and *Corrective Action Plans*. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

July 21, 2025

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Little Falls, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Little Falls' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the City of Little Falls complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item 2024-005 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Schlenger Wenner & Co.".

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

July 21, 2025

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
* Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
* Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
* Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u> X </u>	Yes	<u> </u> No
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<u> </u>	Yes	<u> X </u> No

Identification of major programs:

<u>ALN(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.251</u>	<u>Economic Development Initiative, Community Project Funding, and Miscellaneous Grants</u>

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION II: FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding 2024-001 Limited Segregation of Duties

Condition: During our audit we reviewed procedures over cash receipts, cash disbursements, payroll and financial reporting and found the City to have limited segregation of duties over those transaction cycles.

Criteria: Internal control that supports the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties. In other words, no one person may have control over two or more of these responsibilities.

Cause: Limited number of staff members.

Effect: The existence of limited segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Recommendation: Although the number of staff members may not be large enough to eliminate this deficiency, we recommend that the City evaluate current procedures and segregate where possible and implement compensating controls. It is important that the Council is aware of this condition and monitor all financial information.

*Views of Responsible
Officials And Planned
Corrective Actions:* Management agrees with the recommendation. See corresponding Corrective Action Plan.

Finding 2024-002 Financial Statement Preparation

Condition: Schlenner Wenner & Co. drafted the audited financial statements and related footnote disclosures for the City. It is management's responsibility to provide for the preparation of financial statements and the auditors' responsibility to determine the fairness of the presentation. This deficiency could result in a material misstatement that could have been prevented or detected by management.

Criteria: Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis.

Cause: The City's staff does not possess the expertise to prepare financial statements internally. This is not unusual for a City of your size.

Effect: The inability to internally prepare the City's financial statements can result in undetected errors in financial reporting.

Recommendation: We recommend that management review a draft of the financial statements in detail for accuracy. During review we recommend a disclosure checklist be utilized to ensure all required disclosures are presented and the City should agree the financial statement numbers to their accounting software. The City may not have the ability to eliminate this finding.

*Views of Responsible
Officials And Planned
Corrective Actions:* Management agrees with the recommendation. See corresponding Corrective Action Plan.

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION II: FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)

Finding 2024-003 Material Audit Adjustments

Condition: Audit adjustments were required to correct material misstatements identified in the trial balance presented for the audit.

Criteria: The City is required to report financial information in accordance with accounting principles generally accepted in the United States of America.

Cause: The City failed to record all year-end adjustments required under the accrual basis of accounting and various other adjustments were required to correct misstatements.

Effect: The misstatements in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation under accounting principles generally accepted in the United States of America.

Recommendation: We recommend management perform a thorough review of the trial balance prior to the audit and ensure all accounts have been properly adjusted at year-end.

*Views of Responsible
Officials And Planned
Corrective Actions:* Management agrees with the recommendation. See corresponding Corrective Action Plan.

Finding 2024-004 Prior Period Adjustment

Condition: The City's prior year financial statements contained a material misstatement.

Criteria: The City is required to report accurate financial information that is accurately presented in accordance with accounting principles generally accepted within the United States of America.

Cause: Loans disbursed during the year ended December 31, 2023 were not included in the December 31, 2023 loans receivable balances, resulting in an understatement in December 31, 2023 accounts receivable and an understatement in the December 31, 2023 fund balance and governmental activities net position. See further details described in Note 6.E. in the notes to the basic financial statements.

Effect: The misstatements in the prior year's audited financial statements resulted in the need to restate beginning fund balance and net position of the current year.

Recommendation: We recommend management perform a thorough review of the audited financial statements and year-end adjustments to ensure their accuracy and completeness.

*Views of Responsible
Officials And Planned
Corrective Actions:* Management agrees with our recommendation. See corresponding Corrective Action Plan.

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2024-005	Internal Controls Over Compliance for Subrecipient Monitoring
<i>Federal Program:</i>	14.251 Economic Development Initiative, Community Project Funding, and Miscellaneous Grants
<i>Condition:</i>	The City does not have formally documented written controls to ensure compliance with the U.S. Office of Management and Budget's (OMB) <i>Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance), in regard to determining subrecipient monitoring.
<i>Criteria:</i>	2 CFR § 200.302(b) requires the City to have written procedures related to managing subrecipient monitoring in accordance with 2 CFR 200 Subpart D – Subrecipient Monitoring.
<i>Cause:</i>	The City's policies and procedures have not been formally drafted and updated in written form.
<i>Effect:</i>	The failure to have written policies and procedures resulted in the City's noncompliance with the requirements of the Uniform Guidance.
<i>Context:</i>	This is a general requirement that pertains to many federal grants. This was not identified via sampling procedures.
<i>Questioned Costs:</i>	None identified.
<i>Recommendation:</i>	We recommend the City review the Electronic Code of Federal Regulations, particularly the sections referenced above, to obtain a better understanding of the related requirements under Uniform Guidance. Based on this understanding, we recommend the City adopt written policies and procedures pertaining to subrecipient monitoring for all applicable federal programs.
<i>Views of Responsible Officials and Planned Corrective Actions:</i>	Management agrees with our recommendation. See corresponding Corrective Action Plan.



Established in 1849
"Where Minnesota History Begins"

CORRECTIVE ACTION PLANS FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL STATEMENT FINDINGS

Finding 2024-001 Limited Segregation of Duties

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City currently has the following procedures in place:
 - The City's Department Heads review all invoices received. The City Council also reviews the invoices and approves the expenditures.
 - The City utilizes claim listings which are approved by the City Administrator.The City will review current procedures and implement additional controls where possible.
3. Official Responsible
Ms. Sony Lubrecht, Finance Director, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

Finding 2024-002 Financial Statement Preparation

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City may continue to have the auditor prepare the financial statements and will continue to document the annual review of the financial statements and related footnote disclosures. The City will revisit this decision on an ongoing annual basis.
3. Official Responsible
Ms. Sony Lubrecht, Finance Director, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.



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**CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2024-003 Material Audit Adjustments

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will continue to have Schlenner Wenner & Co. prepare certain audit adjustments and the City will review the adjustments and schedules provided to the auditor. The City will be more diligent in the review of schedules, including those prepared by third parties, to ensure they are correct and agree with the unaudited trial balance.
3. Office Responsible
Ms. Sony Lubrecht, Finance Director, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring the Corrective Action Plan.

Finding 2024-004 Prior Period Adjustment

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will perform a thorough review of the audited financial statements and year-end adjustments to ensure their accuracy and completeness.
3. Official Responsible
Ms. Sony Lubrecht, Finance Director, is the official responsible for ensuring corrective action.
4. Planned Completion Date
December 31, 2025.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.



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**CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FEDERAL AWARDS FINDING

Finding 2024-005 Internal Controls Over Compliance for Subrecipient Monitoring

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The City will adopt the referenced policies in order to comply with Uniform Guidance.
3. Official Responsible
Ms. Sony Lubrecht, Finance Director, is the official responsible for ensuring corrective action.
4. Planned Completion Date
December 31, 2025.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Plan.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Financial statement findings in accordance with *Government Auditing Standards* that were reported in the prior year have been reported again in the current year as findings 2024-001 and 2024-002.