

City of Little Falls, Minnesota

Audited Financial Statements

December 31, 2022

**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, 2022**

CITY COUNCIL

		<u>Term Expires</u>
Gregory Zylka	Mayor	December 31, 2022
Brad Hircock	Council Member, At Large	December 31, 2022
Leif Hanson	Council Member, First Ward	December 31, 2022
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, 2022
Frank Gosiak	Council Member, Third Ward	December 31, 2024
James Storlie	Council Member, Third Ward	December 31, 2022

CITY OFFICIALS

Jon Radermacher	City Administrator
Hannah Kurkowski	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 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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, during the current fiscal year the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Little Falls' 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 GAAS 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 GAAS, 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 information, and pension schedules 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 of Little Falls, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor governmental funds financial statements and additional schedules listed as supplementary information in the table of contents 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 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 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 12, 2023 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 of Little Falls' 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." in dark ink.

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

July 12, 2023

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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, 2022. 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 \$1,497,480 compared to the prior year as a result of this year's operations.
- In the City's business-type activities, revenues increased \$243,119 (or 4.44 percent), while program expenses increased \$398,957 (or 9.44 percent). These changes are discussed in greater detail throughout the following pages.
- Total cost of all of the City's programs increased \$2,922,293 (or 22.00 percent).
- The City's General Fund generated more revenue than budgeted of \$61,181, excluding transfers in from other funds, and expenditures were more than budgeted by \$182,806, excluding transfers to other funds. See additional details on page sixty-eight.
- As discussed in Note 1.H. in the Notes to the Basic Financial Statements, the City adopted Governmental Accounting Standards Board Statement No. 87 Leases (GASB 87) during the current fiscal year. This standard changes the previous lease accounting methodology and requires the recognition of all lease assets and liabilities on the Statement of Net Position. Due to the adoption of this standard, the City reported leased right-of-use assets of \$56,958 (net of accumulated amortization) and corresponding lease liabilities of \$55,404, as well as lease receivables of \$139,481 and corresponding deferred inflows of resources totaling \$130,874, at December 31, 2022. Because the overall impact of the change was not significant, no restatements to beginning net position or the comparative information in this Management's Discussion and Analysis were necessary.

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-one. 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, 2022**

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 thirteen. The fund financial statements on page twenty-one 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, 2022**

THE CITY AS A WHOLE

The City's combined net position increased \$1,497,480 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	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 17,246,382	\$ 17,667,977	\$ 4,722,603	\$ 6,444,172	\$ 21,968,985	\$ 24,112,149
Net Capital Assets	45,657,876	42,072,045	39,240,758	37,888,138	84,898,634	79,960,183
Net Pension Asset	328,577	437,869	-	-	328,577	437,869
Total Assets	63,232,835	60,177,891	43,963,361	44,332,310	107,196,196	104,510,201
Deferred Outflows of Resources	4,594,632	2,278,711	494,503	292,561	5,089,135	2,571,272
Current Liabilities	1,558,679	1,350,515	483,443	412,962	2,042,122	1,763,477
Noncurrent Liabilities	21,062,536	14,265,113	14,452,839	14,787,215	35,515,375	29,052,328
Total Liabilities	22,621,215	15,615,628	14,936,282	15,200,177	37,557,497	30,815,805
Deferred Inflows of Resources	276,371	2,981,047	9,440	340,078	285,811	3,321,125
Net Position:						
Net Investment in						
Capital Assets	31,079,254	29,632,133	25,470,373	23,465,061	56,549,627	53,097,194
Restricted	6,880,216	6,211,713	-	-	6,880,216	6,211,713
Unrestricted	6,970,411	8,016,081	4,041,769	5,619,555	11,012,180	13,635,636
Total Net Position	<u>\$ 44,929,881</u>	<u>\$ 43,859,927</u>	<u>\$ 29,512,142</u>	<u>\$ 29,084,616</u>	<u>\$ 74,442,023</u>	<u>\$ 72,944,543</u>

The net position of the City's governmental activities increased by \$1,069,954 (2.44 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 \$1,045,670 compared to the prior year.

The net position of the City's business-type activities increased by \$427,526 (1.47 percent) from the prior year. Such increase can be attributed primarily to the operations of the Sewer Fund, which individually experienced an increase in net position of \$484,143 from the prior year.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

THE CITY AS A WHOLE (Continued)

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
REVENUE						
Charges for Services	\$ 831,436	\$ 774,491	\$ 5,555,461	\$ 5,370,205	\$ 6,386,897	\$ 6,144,696
Operating Grants and Contributions	1,426,488	1,351,002	44,090	37,768	1,470,578	1,388,770
Capital Grants and Contributions	1,108,408	4,343,142	-	-	1,108,408	4,343,142
Taxes	5,029,919	4,838,034	84,599	84,350	5,114,518	4,922,384
Intergovernmental	3,596,547	2,799,626	211,268	897	3,807,815	2,800,523
Investment Income	(160,224)	2,331	(212,973)	(28,747)	(373,197)	(26,416)
Other	193,375	185,343	34,665	9,518	228,040	194,861
Total Revenues	12,025,949	14,293,969	5,717,110	5,473,991	17,743,059	19,767,960
PROGRAM EXPENSES						
General Government	1,600,846	1,401,667	-	-	1,600,846	1,401,667
Public Safety	3,529,320	2,493,274	-	-	3,529,320	2,493,274
Public Works	3,641,633	2,503,754	-	-	3,641,633	2,503,754
Culture and Recreation	878,004	907,050	-	-	878,004	907,050
Community Development	535,411	595,377	-	-	535,411	595,377
Airport	383,295	382,349	-	-	383,295	382,349
Unallocated Depreciation	12,800	12,799	-	-	12,800	12,799
Debt Service	998,996	725,613	-	-	998,996	725,613
Water	-	-	1,505,416	1,228,688	1,505,416	1,228,688
Wastewater	-	-	1,444,620	1,446,922	1,444,620	1,446,922
Storm Water	-	-	88,839	73,252	88,839	73,252
Golf	-	-	755,244	587,075	755,244	587,075
Recycling and Garbage	-	-	831,393	925,704	831,393	925,704
Total Expenses	11,580,305	9,021,883	4,625,512	4,261,641	16,205,817	13,283,524
Loss on Disposal of Assets	(39,762)	(632,387)	-	-	(39,762)	(632,387)
Capital Asset Transfers	(1,231,975)	(1,146,812)	1,231,975	1,146,812	-	-
Transfers	1,896,047	647,600	(1,896,047)	(647,600)	-	-
Change in Net Position	\$ 1,069,954	\$ 4,140,487	\$ 427,526	\$ 1,711,562	\$ 1,497,480	\$ 5,852,049

The City's total revenues decreased by \$2,024,901 (10.24 percent). The total cost of all programs and services increased by \$2,922,293 (22.00 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, 2022**

THE CITY AS A WHOLE (Continued)

Governmental Activities

Revenue for the City's governmental activities decreased by \$2,268,020 (15.87 percent). The decrease in revenue is primarily due to a decrease in grant revenue related to financing the Wastewater Improvement Project. Total expenses increased \$2,558,422 (28.36 percent). The increase in expenses is primarily due to capital outlay and pension 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 items:

- Public Safety and Public Works net cost of services increased, primarily due to increased costs and receiving fewer state grants in the current year.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
General Government	\$ 1,600,846	\$ 1,401,667	\$ 1,047,845	\$ 872,369
Public Safety	3,529,320	2,493,274	2,846,805	1,836,741
Public Works	3,641,633	2,503,754	2,571,884	(1,311,564)
Culture and Recreation	878,004	907,050	709,692	835,902
Community Development	535,411	595,377	(164)	500,206
Airport	383,295	382,349	26,115	(918,818)
Unallocated Depreciation	12,800	12,799	12,800	12,799
Debt Service	998,996	725,613	998,996	725,613
Totals	<u>\$ 11,580,305</u>	<u>\$ 9,021,883</u>	<u>\$ 8,213,973</u>	<u>\$ 2,553,248</u>

Business-type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$243,119 (4.44 percent) and program expenses increased by \$363,871 (8.54 percent). The increase in business-type revenues is mainly due to an increase in revenues from charges for services and pension revenue. The increase in business-type expenses is mainly due to an increase in capital outlay expenditures.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

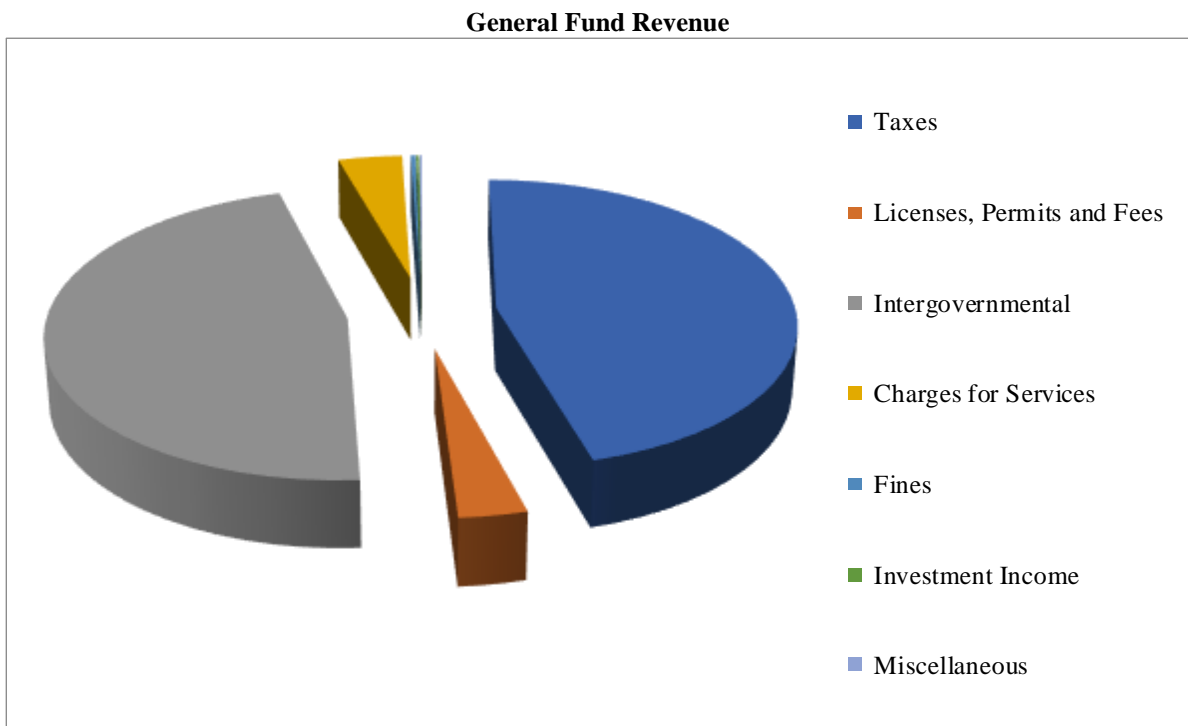
THE CITY'S FUNDS

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet on page twenty-one) reported a combined fund balance of \$13,300,953. This is a decrease of \$303,772 from the prior year. Operations were comparable to the prior year, with the exception of decreased capital outlay expenditures related to various construction projects and related grant revenue and debt proceeds. Financial information specific to the governmental funds is detailed on the following pages. Such information was derived from the fund financials.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2022	2021	
General	\$ 1,584,531	\$ 1,711,713	\$ (127,182)

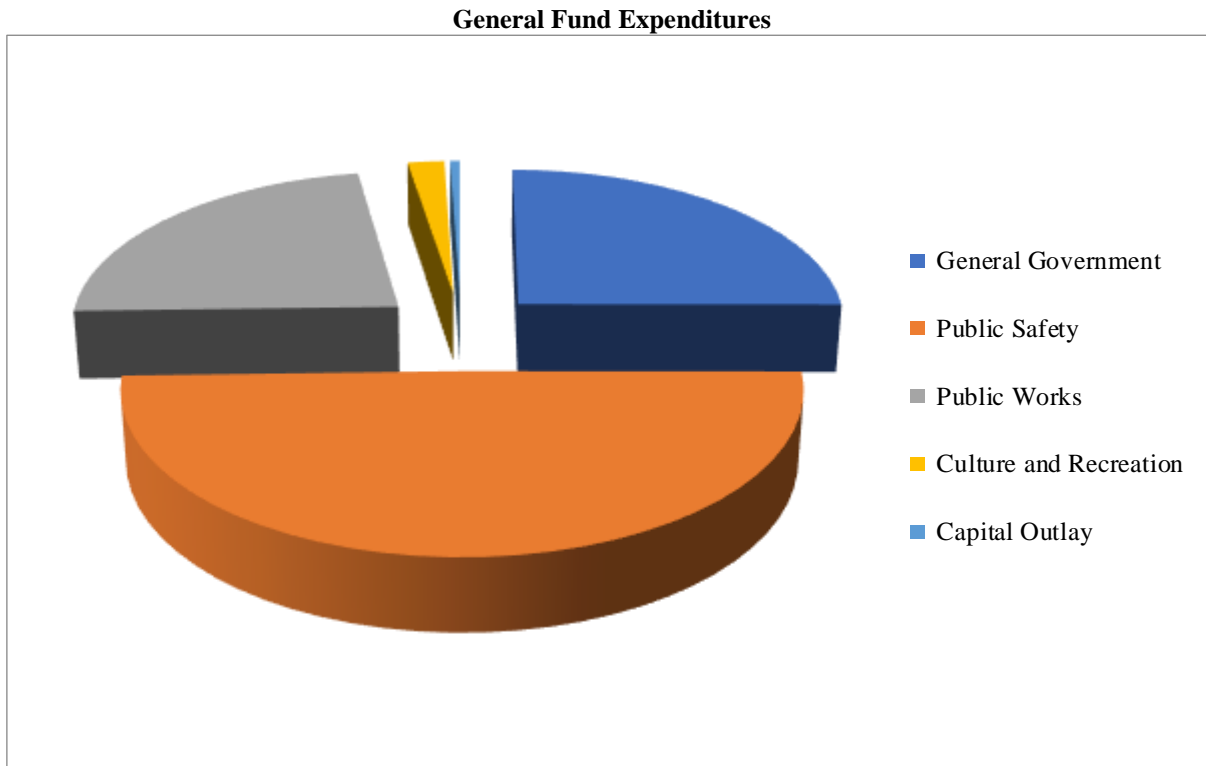
The fund balance of the General Fund decreased by \$127,182 compared to 2021. Details of the General Fund's revenues and expenditures are displayed below:



The City receives the majority of its funding in the General Fund in the form of grants and funding received from other governmental agencies (46.56 percent) and taxes (45.72 percent). Overall, the City's General Fund revenues were comparable to the prior year, with the exception of decreases in intergovernmental revenue.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

THE CITY'S FUNDS (Continued)



A significant portion of the City's General Fund expenditures are used for public safety (49.53 percent). Remaining expenditures are used primarily on public works activities (22.87 percent) and general government operations (25.03 percent). Expenditures are comparable to the prior year, with slight increases being experienced in the majority of City departments.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2022	2021	
Economic Development Authority	\$ 1,376,628	\$ 1,356,851	\$ 19,777

The Economic Development Authority fund balance increased during the year. The City did not receive any miscellaneous revenues in the current year, but revenues still slightly exceeded expenditures.

Economic Development Loan	\$ 3,339,959	\$ 2,745,123	\$ 594,836
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The Economic Development Loan fund balance increased mainly due to receiving state aid in the current year for a MIF Loan payout.

Debt Service	\$ 4,892,836	\$ 4,739,528	\$ 153,308
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The Debt Service fund balance increased mainly due to receiving 2022A 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, 2022**

THE CITY'S FUNDS (Continued)

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2022	2021	
Equipment Reserve	\$ 2,484,086	\$ 2,727,385	\$ (243,299)

The Equipment Reserve fund balance decreased due to receiving fewer intergovernmental revenues during the year and expenditures exceeding revenues in the current year.

4th Street SE Project	\$ (2,849,865)	\$ (23,174)	\$ (2,826,691)
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The 4th Street SE Project fund balance decreased primarily due to capital outlay expenditures from the street project exceeding revenues in the current year.

2022 Petition Projects	\$ (2,297,080)	\$ (11,067)	\$ (2,286,013)
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The 2022 Petition Projects fund balance decreased primarily due to capital outlay expenditures from the petition project exceeding revenues in the current year.

General Fund Budgetary Highlights

The City's General Fund generated more revenue than budgeted of \$61,181, excluding transfers in from other funds, primarily due to charges for services exceeding anticipated amounts. Expenditures were more than those budgeted by \$182,806, excluding transfers to other funds, due primarily to actual public safety expenditures being more than budgeted amounts. The original budget was not amended during 2022.

Proprietary Funds

As the City completed the year, its business-type activities (as presented in the statement of net position on page twenty-five) reported a combined net position of \$29,370,149, an increase of \$427,526 from the prior year. The following is a summary of the City's major proprietary funds:

Major Funds	Net Position December 31,		Increase (Decrease)
	2022	2021	
Water Utility	\$ 9,939,113	\$ 9,941,717	\$ (2,604)

The Water Utility Fund net position decreased slightly due to operating expenses and transfers to other funds being higher than charges for services and interfund capital asset transfers.

Wastewater Utility	\$ 18,877,092	\$ 18,392,949	\$ 484,143
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The Wastewater Utility Fund increased in the current year due to an increase in charges for services and revenues exceeding expenses in the current year.

Recycling and Garbage	\$ 9,250	\$ 21,191	\$ (11,941)
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The Recycling and Garbage Fund decreased slightly due to operating expenses and transfers to other funds being higher than charges for services and transfers in.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the City had a \$84,898,634 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 \$4,938,451 (6.18 percent) from last year.

**Table 4
Capital Assets Net of Depreciation**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,337,417	\$ 5,283,517	\$ 995,355	\$ 742,813	\$ 6,332,772	\$ 6,026,330
Construction In Progress	7,237,285	5,592,501	22,806,645	22,566,598	30,043,930	28,159,099
Land Improvements and Infrastructure	28,415,243	26,659,411	71,702	74,269	28,486,945	26,733,680
Buildings and Structures	3,040,261	2,806,134	8,918,968	8,097,239	11,959,229	10,903,373
Machinery and Equipment	967,638	979,123	1,172,450	1,119,103	2,140,088	2,098,226
Vehicles	660,032	751,359	150,255	77,353	810,287	828,712
Mains and Lines	-	-	5,070,292	5,210,763	5,070,292	5,210,763
Leased Equipment	-	-	55,091	-	55,091	-
Totals	<u>\$45,657,876</u>	<u>\$42,072,045</u>	<u>\$39,240,758</u>	<u>\$37,888,138</u>	<u>\$84,898,634</u>	<u>\$79,960,183</u>

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 \$28,216,301 in debt versus \$26,708,077 last year (an increase of 5.65 percent). 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+ and the Moody's bond rating is A2. Both bond ratings are unchanged from the prior year.

**CITY OF LITTLE FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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 2023 of 2.2% or \$59,752. The Council increased the tax levy by 15% or \$447,651 for 2023. Unfortunately, the childcare crisis is still with us, and having a detrimental impact on the hiring in our community. In March 2022, the City was awarded \$1,500,000 for construction of a new childcare facility from the Department of Housing and Urban Development. The City has partnered with the Little Falls School District to construct the childcare facility. After construction is completed, the School District will operate the facility. Housing continues to be a concern for the City. With the high demand for workforce, the housing market has exploded, and inflated building costs have slowed the construction of new homes. In 2022, City Council approved a new TIF district and development agreement for a new 49-unit apartment complex to be constructed in Little Falls. In addition, the City is currently in conversation with another developer to construct a 45-unit affordable housing apartment complex.

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, including Lakeshirts, Wabash, and Falls Fabricating among many other small businesses with the use of various grants and loans. The Wastewater Treatment Plant Renovation has completed the two-year project and will come in close to the original \$24,000,000 estimate. The cost of the debt service for this project is already built into the current rate structure for the Wastewater revenues and will continue to be self-sustaining. 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, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 10,867,976	\$ 4,696,796	\$ 15,564,772
Property Taxes Receivable	148,519	-	148,519
Assessments Receivable	2,198,118	-	2,198,118
Accounts Receivable	311,893	637,115	949,008
Interest Receivable	3,659	9,755	13,414
Internal Balances	713,567	(713,567)	-
Due from Other Governments	190,929	-	190,929
Inventory	42,407	27,270	69,677
Prepays	176,689	36,334	213,023
Deposit on Asset	21,526	28,900	50,426
Noncurrent Assets:			
Capital Assets Not Being Depreciated/Amortized	12,574,702	23,858,958	36,433,660
Capital Assets Being Depreciated/Amortized (Net)	33,083,174	15,381,800	48,464,974
Loans Receivable (Net)	2,431,618	-	2,431,618
Leases Receivable	139,481	-	139,481
Net Pension Asset	328,577	-	328,577
TOTAL ASSETS	63,232,835	43,963,361	107,196,196
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	4,594,632	494,503	5,089,135
LIABILITIES			
Accounts Payable	669,791	286,519	956,310
Salaries Payable	146,459	32,045	178,504
Accrued Interest Payable	144,197	49,074	193,271
Construction Contracts Payable	209,223	-	209,223
Deposits Payable	-	58,733	58,733
Compensated Absences	389,009	57,072	446,081
Noncurrent Liabilities:			
Debt Due Within One Year	1,442,706	515,796	1,958,502
Debt Due After One Year	13,175,365	13,254,589	26,429,954
Net Pension Liability	6,444,465	682,454	7,126,919
TOTAL LIABILITIES	22,621,215	14,936,282	37,557,497
DEFERRED INFLOWS OF RESOURCES			
Pensions	145,497	9,440	154,937
Leases	130,874	-	130,874
TOTAL DEFERRED INFLOWS OF RESOURCES	276,371	9,440	285,811
NET POSITION			
Net Investment in Capital Assets	31,079,254	25,470,373	56,549,627
Restricted	6,880,216	-	6,880,216
Unrestricted	6,970,411	4,041,769	11,012,180
TOTAL NET POSITION	\$ 44,929,881	\$ 29,512,142	\$ 74,442,023

**CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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	\$ 1,600,846	\$ 59,518	\$ 493,483	\$ -	\$ (1,047,845)	\$ -	\$ (1,047,845)
Public Safety	3,529,320	406,560	275,955	-	(2,846,805)	-	(2,846,805)
Public Works	3,641,633	15,417	29,820	1,024,512	(2,571,884)	-	(2,571,884)
Culture and Recreation	878,004	39,143	129,169	-	(709,692)	-	(709,692)
Community Development	535,411	85,575	450,000	-	164	-	164
Airport	383,295	225,223	48,061	83,896	(26,115)	-	(26,115)
Debt Service	998,996	-	-	-	(998,996)	-	(998,996)
Unallocated Depreciation	12,800	-	-	-	(12,800)	-	(12,800)
Total Governmental Activities	11,580,305	831,436	1,426,488	1,108,408	(8,213,973)	-	(8,213,973)
Business-Type Activities:							
Water	1,505,416	1,768,017	-	-	-	262,601	262,601
Wastewater	1,444,620	2,236,799	-	-	-	792,179	792,179
Storm Water	88,839	110,371	-	-	-	21,532	21,532
Golf	755,244	533,527	15,540	-	-	(206,177)	(206,177)
Recycling and Garbage	831,393	906,747	28,550	-	-	103,904	103,904
Total Business-Type Activities	4,625,512	5,555,461	44,090	-	-	974,039	974,039
TOTALS	\$ 16,205,817	\$ 6,386,897	\$ 1,470,578	\$ 1,108,408	(8,213,973)	974,039	(7,239,934)
General Revenues:							
Property Taxes					4,361,377	-	4,361,377
Tax Increment					276,037	-	276,037
Franchise Taxes					153,367	84,599	237,966
Lodging and Restaurant Tax					239,138	-	239,138
Intergovernmental					3,596,547	211,268	3,807,815
Investment Income (Loss)					(160,224)	(212,973)	(373,197)
Gain (Loss) on Sale of Assets					(39,762)	-	(39,762)
Miscellaneous					193,375	34,665	228,040
Total General Revenues					8,619,855	117,559	8,737,414
Capital Asset Transfers					(1,231,975)	1,231,975	-
Transfers					1,896,047	(1,896,047)	-
Total General Revenues and Transfers					9,283,927	(546,513)	8,737,414
CHANGE IN NET POSITION					1,069,954	427,526	1,497,480
NET POSITION - BEGINNING OF YEAR					43,859,927	29,084,616	72,944,543
NET POSITION - END OF YEAR					\$ 44,929,881	\$ 29,512,142	\$ 74,442,023

**CITY OF LITTLE FALLS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	Economic Development Authority	Economic Development Loan	Debt Service Fund	Equipment Reserve Fund	4th Street SE Project Fund	2022 Petition Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS									
Cash, Cash Equivalents, and Investments	\$ 694,156	\$ 1,183,744	\$ 1,183,227	\$ -	\$ 2,479,783	\$ -	\$ -	\$ 4,962,634	\$ 10,503,544
Property Taxes Receivable	96,726	3,259	-	39,984	7,343	-	-	1,207	148,519
Assessments Receivable	2,538	-	-	2,167,516	-	-	-	28,064	2,198,118
Accounts Receivable	41,725	812	-	-	8,340	-	-	166,273	217,150
Interest Receivable	-	-	-	-	(770)	-	-	4,679	3,909
Due from Other Funds	955,958	-	-	4,759,990	-	-	-	-	5,715,948
Due from Other Governments	-	-	-	-	-	-	-	190,929	190,929
Inventory	-	-	-	-	-	-	-	42,407	42,407
Prepays	157,640	-	-	-	-	-	-	5,811	163,451
Deposit on Asset	-	-	-	-	21,526	-	-	-	21,526
Loans Receivable (Net)	-	192,874	2,122,499	-	-	-	-	116,245	2,431,618
Leases Receivable	-	4,737	-	-	-	-	-	134,744	139,481
Advances to Other Funds	-	-	94,450	208,172	-	-	-	-	302,622
TOTAL ASSETS	\$ 1,948,743	\$ 1,385,426	\$ 3,400,176	\$ 7,175,662	\$ 2,516,222	\$ -	\$ -	\$ 5,652,993	\$ 22,079,222
LIABILITIES									
Accounts Payable	\$ 150,360	\$ 1,714	\$ 60,217	\$ -	\$ 32,136	\$ 71,246	\$ 480	\$ 352,833	\$ 668,986
Salaries Payable	139,442	-	-	-	-	173	1,022	5,822	146,459
Construction Contracts Payable	-	-	-	-	-	-	109,168	100,055	209,223
Due to Other Funds	-	-	-	-	-	2,778,446	2,186,410	103,704	5,068,560
Advances from Other Funds	-	-	-	94,450	-	-	-	-	94,450
Total Liabilities	289,802	1,714	60,217	94,450	32,136	2,849,865	2,297,080	562,414	6,187,678
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue:									
Property Taxes	71,872	2,420	-	30,030	-	-	-	902	105,224
Special Assessments	2,538	-	-	2,158,346	-	-	-	28,064	2,188,948
Grants Receivable	-	-	-	-	-	-	-	165,545	165,545
Leases	-	4,664	-	-	-	-	-	126,210	130,874
Total Deferred Inflows of Resources	74,410	7,084	-	2,188,376	-	-	-	320,721	2,590,591
FUND BALANCES									
Nonspendable	157,640	192,947	2,216,949	208,172	21,526	-	-	172,997	2,970,231
Restricted	-	1,183,681	-	4,684,664	-	-	-	1,153,648	7,021,993
Committed	-	-	-	-	-	-	-	1,057,798	1,057,798
Assigned	-	-	1,123,010	-	2,462,560	-	-	3,204,390	6,789,960
Unassigned	1,426,891	-	-	-	-	(2,849,865)	(2,297,080)	(818,975)	(4,539,029)
Total Fund Balances	1,584,531	1,376,628	3,339,959	4,892,836	2,484,086	(2,849,865)	(2,297,080)	4,769,858	13,300,953
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,948,743	\$ 1,385,426	\$ 3,400,176	\$ 7,175,662	\$ 2,516,222	\$ -	\$ -	\$ 5,652,993	\$ 22,079,222

See accompanying notes.

**CITY OF LITTLE FALLS, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Total Fund Balances - Governmental Funds \$ 13,300,953

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	\$ 72,331,781	
Accumulated Depreciation	<u>(26,673,905)</u>	
Capital Assets (Net)		45,657,876

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	(13,711,000)	
Note Principal Payable	(450,000)	
Financing Arrangement Principal Payable	(284,916)	
Bond Premium, Net of Accumulated Amortization	(132,706)	
Compensated Absences	<u>(389,009)</u>	
		(14,967,631)

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	328,577	
Net Pension Liability	(6,444,465)	
Deferred Outflows - Pensions	4,594,632	
Deferred Inflows - Pensions	<u>(145,497)</u>	
		(1,666,753)

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: (144,197)

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	105,224	
Special Assessments Receivable	2,188,948	
Grants Receivable	<u>165,545</u>	
		2,459,717

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. 289,916

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 44,929,881

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Economic Development Authority	Economic Development Loan	Debt Service Fund	Equipment Reserve Fund	4th Street SE Project Fund	2022 Petition Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES									
Property Taxes	\$ 2,959,251	\$ 99,109	\$ -	\$ 1,138,727	\$ 22,066	\$ -	\$ -	\$ 374,423	\$ 4,593,576
Tax Increment	-	-	-	276,037	-	-	-	-	276,037
Franchise Taxes	-	-	-	-	-	-	-	153,367	153,367
Special Assessments	-	-	-	556,071	-	-	-	37,679	593,750
Licenses, Permits, and Fees	211,801	-	-	-	-	-	-	32,725	244,526
Intergovernmental	3,013,304	-	450,000	-	8,194	-	-	1,463,792	4,935,290
Charges for Services	251,140	885	-	-	-	-	-	264,366	516,391
Fines	18,554	-	-	-	-	-	-	-	18,554
Investment Income (Loss)	9,490	4,368	3,604	20,160	(104,388)	(4,768)	(2,438)	(86,252)	(160,224)
Loan Collections	-	8,076	43,566	-	-	-	-	323	51,965
Miscellaneous	8,951	-	-	839	41,383	36,490	-	115,120	202,783
TOTAL REVENUES	6,472,491	112,438	497,170	1,991,834	(32,745)	31,722	(2,438)	2,355,543	11,426,015
EXPENDITURES									
Current:									
General Government	1,427,178	-	-	-	42,513	-	12,355	105,215	1,587,261
Public Safety	2,823,751	-	-	-	-	-	-	118,567	2,942,318
Public Works	1,303,549	-	-	3,720	-	32,661	-	89,785	1,429,715
Culture and Recreation	116,067	-	-	-	-	-	-	647,543	763,610
Community Development	-	76,071	72,742	-	-	-	-	288,645	437,458
Airport	-	-	-	-	-	-	-	283,644	283,644
Capital Outlay	30,221	-	-	-	759,561	2,825,752	2,271,220	1,544,912	7,431,666
Debt Service:									
Principal	-	-	-	1,448,838	26,821	-	-	-	1,475,659
Interest and Other Charges	-	-	-	496,775	9,196	-	-	-	505,971
TOTAL EXPENDITURES	5,700,766	76,071	72,742	1,949,333	838,091	2,858,413	2,283,575	3,078,311	16,857,302
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	771,725	36,367	424,428	42,501	(870,836)	(2,826,691)	(2,286,013)	(722,768)	(5,431,287)
OTHER FINANCING SOURCES (USES)									
Bond Issuance	-	-	-	2,856,000	-	-	-	-	2,856,000
Issuance of Debt	-	-	-	-	311,737	-	-	185,573	497,310
Transfers In	852,950	-	170,408	-	497,800	-	-	5,235,796	6,756,954
Transfers Out	(1,751,857)	(16,590)	-	(2,745,193)	(182,000)	-	-	(287,109)	(4,982,749)
TOTAL OTHER FINANCING SOURCES (USES)	(898,907)	(16,590)	170,408	110,807	627,537	-	-	5,134,260	5,127,515
NET CHANGE IN FUND BALANCES	(127,182)	19,777	594,836	153,308	(243,299)	(2,826,691)	(2,286,013)	4,411,492	(303,772)
FUND BALANCES - BEGINNING	1,711,713	1,356,851	2,745,123	4,739,528	2,727,385	(23,174)	(11,067)	358,366	13,604,725
FUND BALANCES - ENDING	\$ 1,584,531	\$ 1,376,628	\$ 3,339,959	\$ 4,892,836	\$ 2,484,086	\$ (2,849,865)	\$ (2,297,080)	\$ 4,769,858	\$ 13,300,953

See accompanying notes.

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (303,772)

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	\$ 6,724,283	
Depreciation Expense	(1,658,563)	
Transfer of Capital Assets	(1,417,548)	
Loss on Disposal of Assets	<u>(62,341)</u>	
		3,585,831

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	1,430,000	
Financing Arrangement Principal Repayments	26,821	
Bond Issuance	(2,856,000)	
Note Issuance	(450,000)	
Financing Arrangement Issuance	(311,737)	
Issuance of Debt	(185,573)	
Transfer of Debt	185,573	
Amortization of Bond Premium	<u>22,206</u>	
		(2,138,710)

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: (31,609)

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	6,939	
Special Assessments	(289,961)	
Grants Receivable	<u>20,343</u>	
		(262,679)

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	(53,605)
----------------------	----------

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	326,071
--	---------

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.

(51,573)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,069,954

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Recycling and Garbage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current Assets						
Cash, Cash Equivalents, and Investments	\$ 2,342,765	\$ 2,006,420	\$ -	\$ 347,611	\$ 4,696,796	\$ 364,432
Accounts Receivable	186,428	279,209	135,391	36,087	637,115	94,743
Interest Receivable	4,804	4,378	-	573	9,755	(250)
Due from Other Funds	-	103,704	-	-	103,704	-
Inventory	-	-	-	27,270	27,270	-
Prepays	22,037	10,302	95	3,900	36,334	13,238
Deposit on Asset	28,900	-	-	-	28,900	-
Total Current Assets	2,584,934	2,404,013	135,486	415,441	5,539,874	472,163
Noncurrent Assets						
Capital Assets Not Being Depreciated/Amortized	403,454	22,974,145	-	481,359	23,858,958	-
Capital Assets Being Depreciated/Amortized (Net)	7,291,125	7,475,089	67	615,519	15,381,800	-
Total Noncurrent Assets	7,694,579	30,449,234	67	1,096,878	39,240,758	-
TOTAL ASSETS	10,279,513	32,853,247	135,553	1,512,319	44,780,632	472,163
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	161,090	235,438	-	97,975	494,503	-
LIABILITIES						
Current Liabilities						
Accounts Payable	77,217	60,328	112,189	36,785	286,519	805
Salaries Payable	12,027	14,434	500	5,084	32,045	-
Deposits Payable	58,733	-	-	-	58,733	-
Accrued Interest	-	49,074	-	-	49,074	-
Compensated Absences Due Within One Year	25,710	31,362	-	-	57,072	-
Debt Due Within One Year	-	478,000	-	37,796	515,796	-
Total Current Liabilities	173,687	633,198	126,303	817,143	1,750,331	805
Noncurrent Liabilities						
Severance Due After One Year	-	-	-	-	-	39,449
Advances from Other Funds	104,083	104,089	-	-	208,172	-
Debt Due After One Year	-	13,142,140	-	112,449	13,254,589	-
Net Pension Liability	220,668	327,634	-	134,152	682,454	-
Total Noncurrent Liabilities	324,751	13,573,863	-	246,601	14,145,215	39,449
TOTAL LIABILITIES	498,438	14,207,061	126,303	1,063,744	15,895,546	40,254
DEFERRED INFLOWS OF RESOURCES						
Pensions	3,052	4,532	-	1,856	9,440	-
NET POSITION						
Net Investment in Capital Assets	7,694,579	16,829,094	67	946,633	25,470,373	-
Unrestricted	2,244,534	2,047,998	9,183	(401,939)	3,899,776	431,909
TOTAL NET POSITION	\$ 9,939,113	\$ 18,877,092	\$ 9,250	\$ 544,694	29,370,149	\$ 431,909
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.					141,993	
Net Position - Business-type Activities					\$ 29,512,142	

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Recycling and Garbage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
SALES AND COST OF SALES						
Sales	\$ -	\$ -	\$ -	\$ 190,896	\$ 190,896	\$ -
Cost of Sales	-	-	-	(118,625)	(118,625)	-
GROSS PROFIT	-	-	-	72,271	72,271	-
OPERATING REVENUES						
Charges for Services	1,747,596	2,192,372	899,454	441,370	5,280,792	-
Other Income	-	-	-	-	-	347,094
TOTAL OPERATING REVENUES	<u>1,747,596</u>	<u>2,192,372</u>	<u>899,454</u>	<u>441,370</u>	<u>5,280,792</u>	<u>347,094</u>
TOTAL GROSS PROFIT AND OPERATING REVENUES	1,747,596	2,192,372	899,454	513,641	5,353,063	347,094
OPERATING EXPENSES						
Wages and Benefits	380,036	456,714	3,244	382,979	1,222,973	4,997
Materials and Supplies	423,272	64,539	408	94,511	582,730	-
Repairs and Maintenance	107,758	75,544	7,332	58,733	249,367	-
Professional Services	65,550	76,680	804,193	41,010	987,433	5,759
Insurance	-	-	-	4,979	4,979	500,957
Utilities	139,612	297,944	10,824	37,235	485,615	-
Dues and Subscriptions	2,615	3,814	-	7,060	13,489	-
Other Services and Charges	45,058	16,446	4,623	32,945	99,072	537
Depreciation/Amortization	330,487	308,001	410	55,058	693,956	-
TOTAL OPERATING EXPENSES	<u>1,494,388</u>	<u>1,299,682</u>	<u>831,034</u>	<u>714,510</u>	<u>4,339,614</u>	<u>512,250</u>
NET OPERATING INCOME (LOSS)	253,208	892,690	68,420	(200,869)	1,013,449	(165,156)
NONOPERATING INCOME (EXPENSE)						
Taxes	-	-	-	84,599	84,599	-
Intergovernmental	78,944	70,339	28,550	61,985	239,818	-
Connection Fees	18,773	17,373	-	-	36,146	-
Investment Income (Loss)	(82,148)	(86,108)	(67)	(44,650)	(212,973)	(14,784)
Miscellaneous	1,648	27,054	7,293	27,172	63,167	-
Interest and Other Charges	-	(120,953)	-	(5,130)	(126,083)	-
TOTAL NONOPERATING INCOME (EXPENSE)	<u>17,217</u>	<u>(92,295)</u>	<u>35,776</u>	<u>123,976</u>	<u>84,674</u>	<u>(14,784)</u>
CHANGE IN NET POSITION PRIOR TO TRANSFERS	270,425	800,395	104,196	(76,893)	1,098,123	(179,940)
TRANSFERS						
Interfund Capital Asset Transfers	1,177,501	54,474	-	-	1,231,975	-
Operating Transfers In	-	-	-	25,000	25,000	161,557
Operating Transfers Out	(1,450,530)	(370,726)	(116,137)	(23,369)	(1,960,762)	-
NET TRANSFERS	<u>(273,029)</u>	<u>(316,252)</u>	<u>(116,137)</u>	<u>1,631</u>	<u>(703,787)</u>	<u>161,557</u>
CHANGE IN NET POSITION	(2,604)	484,143	(11,941)	(75,262)	394,336	(18,383)
NET POSITION - BEGINNING OF YEAR	<u>9,941,717</u>	<u>18,392,949</u>	<u>21,191</u>	<u>619,956</u>		<u>450,292</u>
NET POSITION - END OF YEAR	<u>\$ 9,939,113</u>	<u>\$ 18,877,092</u>	<u>\$ 9,250</u>	<u>\$ 544,694</u>		<u>\$ 431,909</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					33,190	
Change in Net Position - Business-type Activities					<u>\$ 427,526</u>	

**CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Business-type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Recycling and Garbage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 1,727,212	\$ 2,165,112	\$ 884,441	\$ 629,104	\$ 5,405,869	\$ -
Cash Paid to Suppliers	(794,880)	(540,237)	(796,043)	(373,720)	(2,504,880)	(375,772)
Cash Paid to Employees	(476,649)	(515,035)	(2,856)	(441,441)	(1,435,981)	(62,392)
Claims Paid	-	-	-	-	-	(134,922)
Other Receipts	-	-	-	-	-	252,351
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	455,683	1,109,840	85,542	(186,057)	1,465,008	(320,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental	78,944	70,339	28,550	146,584	324,417	-
Nonoperating Receipts	20,421	44,427	7,293	27,172	99,313	-
Net Operating Subsidies and Transfers from (to) Other Funds	(1,450,530)	(401,207)	(102,523)	739,109	(1,215,151)	161,557
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,351,165)	(286,441)	(66,680)	912,865	(791,421)	161,557
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of Capital Assets	(41,800)	(150,405)	-	(436,824)	(629,029)	-
Payments on Interfund Advances	(46,000)	(46,000)	-	-	(92,000)	-
Payments on Debt Principal	-	(894,000)	-	(28,574)	(922,574)	-
Proceeds from Debt Issuance	-	-	-	84,309	84,309	-
Cash Paid for Interest	-	(136,433)	-	(5,130)	(141,563)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(87,800)	(1,226,838)	-	(386,219)	(1,700,857)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Investments	225,000	-	-	-	225,000	200,000
Purchase of Investments	(225,000)	-	-	-	(225,000)	(200,000)
Investment Income	21,350	25,001	(67)	5,070	51,354	(14,743)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	21,350	25,001	(67)	5,070	51,354	(14,743)
Net Change in Cash and Cash Equivalents	(961,932)	(378,438)	18,795	345,659	(975,916)	(173,921)
Cash and Cash Equivalents - Beginning of Year	2,395,160	1,408,444	(18,795)	(434,982)	3,349,827	538,353
Cash and Cash Equivalents - End of Year	<u>\$ 1,433,228</u>	<u>\$ 1,030,006</u>	<u>\$ -</u>	<u>\$ (89,323)</u>	<u>\$ 2,373,911</u>	<u>\$ 364,432</u>
Investments	909,537	976,414	-	436,934	2,322,885	-
Total Cash, Cash Equivalents, and Investments	<u>\$ 2,342,765</u>	<u>\$ 2,006,420</u>	<u>\$ -</u>	<u>\$ 347,611</u>	<u>\$ 4,696,796</u>	<u>\$ 364,432</u>

CITY OF LITTLE FALLS, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Recycling and Garbage Fund	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)	\$ 253,208	\$ 892,690	\$ 68,420	\$ (200,869)	\$ 1,013,449	\$ (165,156)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation/Amortization Expense	330,487	308,001	410	55,058	693,956	-
Changes in Assets, Liabilities, and Deferrals:						
Accounts Receivable	(21,738)	(27,260)	(15,013)	(3,162)	(67,173)	(94,743)
Inventory	-	-	-	(3,288)	(3,288)	-
Prepays	(15,690)	1,160	25	(229)	(14,734)	416
Deposit on Asset	(28,900)	-	-	-	(28,900)	-
Accounts Payable	33,575	(6,430)	31,312	24,895	83,352	(3,857)
Salaries Payable	564	3,747	388	4,112	8,811	-
Deposits Payable	1,354	-	-	-	1,354	-
Net Pension Liability	93,602	179,022	-	45,692	318,316	-
Deferred Outflows or Resources - Pensions	(57,897)	(116,538)	-	(27,507)	(201,942)	-
Deferred Inflows or Resources - Pensions	(115,618)	(134,261)	-	(80,759)	(330,638)	-
Compensated Absences	(17,264)	9,709	-	-	(7,555)	-
Severance Payable	-	-	-	-	-	(57,395)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 455,683</u>	<u>\$ 1,109,840</u>	<u>\$ 85,542</u>	<u>\$ (186,057)</u>	<u>\$ 1,465,008</u>	<u>\$ (320,735)</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 89,766
LIABILITIES	
Accounts Payable	<u>2,253</u>
FIDUCIARY NET POSITION	
Fiduciary Net Position - Held for Others	<u>\$ 87,513</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Contributions and Donations	\$ 60,515
DEDUCTIONS	
Culture and Recreation	<u>105,919</u>
CHANGE IN FIDUCIARY NET POSITION	(45,404)
FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>132,917</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 87,513</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Little Falls (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, 2022

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, 2022, 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, 2022, 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, 2022, the City has elected this as a major fund.

The *4th Street SE Project Fund* is a capital project fund used to account for financial resources to be used for street improvements.

The *2022 Petition Projects Fund* is a capital project fund used to account for the activities associated with the 2022 resident petitioned capital improvements.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

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.

The *Recycling and Garbage Fund* accounts for business-like activities related to the operation of a recycling and garbage 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.

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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

- 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. 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.E. 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 in brokered certificates of deposit are separately held and reported in their respective funds at fair value.

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 from and to 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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prepaid Expenditures/Expenses

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

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 Golf Course Fund carries inventory that consists of items held for resale. The cost of inventory is recorded as an expense when purchased and adjusted 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.

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.

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.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is 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.

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, 2022 totals \$39,449.

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 associated 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 bonds payable.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, except the PERA's fiscal year is June 30. 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.

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 receivable 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 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.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2022 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.

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.F. 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.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.G. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the current year presentation in the City's Management's Discussion and Analysis. Such reclassifications have no impact on the change in net position.

1.H. RECENTLY ISSUED ACCOUNTING STANDARDS

During the current fiscal year, the City adopted Governmental Accounting Standard Board (GASB) Statement No. 87, *Leases*. This standard changes previous lease accounting methodology and requires the recognition of all lease assets and liabilities on the Statement of Net Position. Because the overall impact of the changes was not significant, no restatements to beginning net position were necessary.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

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% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). 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.

At December 31, 2022, 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 or by collateral held by the government’s agent in the government’s name.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

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.

Investment balances at December 31, 2022 are as follows:

Type of Investments	Interest Rate	Moody's Credit Rating	Segmented Time Distribution	Fair Value	Percent of Total
Brokered Certificates of Deposit	1.75 - 3.15	N/A	< 1 year	\$ 602,226	13.56
	0.55 - 4.85	N/A	1-5 years	3,132,596	70.53
	1.00 - 2.30	N/A	6-10 years	<u>706,749</u>	<u>15.91</u>
Totals				<u>\$ 4,441,571</u>	<u>100.00</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. 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. At December 31, 2022, the City has determined it is not exposed to a significant concentration of credit risk.
- 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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

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.

All of the City's investments detailed on the prior page are valued using significant other observable inputs (level 2).

Deposits and Investments Summary

A reconciliation of cash and temporary investments as shown on the Statements of Net Position for the City follows:

Carrying Amount of Deposits	\$ 11,212,967
Investments	<u>4,441,571</u>
 Total	 <u><u>\$ 15,654,538</u></u>
 Government-wide Cash, Cash Equivalents, and Investments	 \$ 15,564,772
Fiduciary - Agency Fund	<u>89,766</u>
 Total	 <u><u>\$ 15,654,538</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	\$ 112,051	\$8,752-23,281	3.25%	5/31/2030	\$ 106,840
Land Lease	5,441	\$855	3.25%	12/31/2028	4,737
Land Lease	10,583	\$1,663	3.25%	12/31/2028	9,214
Land Lease	18,230	\$2,865	3.25%	12/31/2028	15,872
Airport Land Lease	3,083	\$355	3.25%	12/31/2031	<u>2,818</u>
Total Governmental Activities Lease Receivables					<u><u>\$ 139,481</u></u>

During the year ended December 31, 2022, the City recognized revenues from leasing activities under the arrangements above within governmental activities in the amount of \$23,097.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

2.C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 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					
Land	\$ 5,283,517	\$ 53,900	\$ -	\$ -	\$ 5,337,417
Construction In Progress	5,592,501	5,998,215	-	(4,353,431)	7,237,285
Total Capital Assets not Being Depreciated	10,876,018	6,052,115	-	(4,353,431)	12,574,702
Capital Assets Being Depreciated					
Land Improvements and Infrastructure	44,882,389	79,026	-	2,799,699	47,761,114
Buildings and Structures	5,855,359	229,285	-	136,184	6,220,828
Machinery and Equipment	2,766,613	244,566	25,753	(271,516)	2,713,910
Vehicles	2,876,350	119,291	167,793	233,379	3,061,227
Total Capital Assets Being Depreciated	56,380,711	672,168	193,546	2,897,746	59,757,079
Less: Accumulated Depreciation					
Land Improvements and Infrastructure	18,222,978	1,122,893	-	-	19,345,871
Buildings and Structures	3,049,225	131,342	-	-	3,180,567
Machinery and Equipment	1,787,490	176,000	25,753	(191,465)	1,746,272
Vehicles	2,124,991	228,328	105,452	153,328	2,401,195
Total Accumulated Depreciation	25,184,684	1,658,563	131,205	(38,137)	26,673,905
Total Capital Assets Being Depreciated, Net	31,196,027	(986,395)	62,341	2,935,883	33,083,174
Capital Assets, Net	<u>\$ 42,072,045</u>	<u>\$ 5,065,720</u>	<u>\$ 62,341</u>	<u>\$ (1,417,548)</u>	<u>\$ 45,657,876</u>

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

<i>Governmental Activities:</i>	
General Government	\$ 42,414
Public Safety	212,996
Public Works	1,082,179
Culture and Recreation	141,294
Community Development	85,265
Airport Operations	81,615
Unallocated	12,800
Total Depreciation Expense	<u>\$ 1,658,563</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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	\$ 742,813	\$ 252,542	\$ -	\$ -	\$ 995,355
Construction In Progress	22,566,598	-	-	240,047	22,806,645
Total Capital Assets not Being					
Depreciated or Amortized	23,309,411	252,542	-	240,047	23,802,000
Capital Assets Being					
Depreciated and Amortized					
Land Improvements	1,774,526	9,049	-	-	1,783,575
Buildings and Structures	21,336,889	-	-	1,177,501	22,514,390
Mains and Lines	13,507,946	41,800	-	-	13,549,746
Machinery and Equipment	3,486,502	181,848	35,689	-	3,632,661
Vehicles	168,703	86,831	-	38,137	293,671
Leased Equipment	-	56,958	-	-	56,958
Total Capital Assets Being					
Depreciated and Amortized	40,274,566	376,486	35,689	1,215,638	41,831,001
Less: Accumulated Depreciation					
Land Improvements	1,700,257	11,616	-	-	1,711,873
Buildings and Structures	13,239,650	355,772	-	-	13,595,422
Mains and Lines	8,297,183	182,271	-	-	8,479,454
Machinery and Equipment	2,367,399	128,501	35,689	-	2,460,211
Vehicles	91,350	13,929	-	38,137	143,416
Less: Accumulated Amortization					
Leased Equipment	-	1,867	-	-	1,867
Total Accumulated					
Depreciation and Amortization	25,695,839	693,956	35,689	38,137	26,392,243
Total Capital Assets Being					
Depreciated and Amortized, Net	14,578,727	(317,470)	-	1,177,501	15,438,758
Capital Assets, Net	\$ 37,888,138	\$ (64,928)	\$ -	\$ 1,417,548	\$ 39,240,758

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

2.C. CAPITAL ASSETS (Continued)

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

Business-type Activities:

Water	\$ 330,487
Wastewater	308,001
Golf	53,735
Stormwater	1,323
Recycling and Garbage	<u>410</u>

Total Depreciation and Amortization Expense	<u><u>\$ 693,956</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, 2022, 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	\$ 430,000
03/15	1,000,000	\$60,000 - 75,000	1.00% - 3.00%	02/30	555,000
12/15	1,045,000	\$65,000 - 75,000	1.10% - 2.90%	02/31	645,000
05/17	885,000	\$50,000 - 100,000	2.00% - 3.00%	02/32	585,000
05/18	910,000	\$50,000 - 75,000	2.00% - 3.20%	02/33	695,000
05/19	1,755,000	\$110,000 - 150,000	3.00%	02/34	1,535,000
07/20	2,640,000	\$160,000 - 200,000	1.00% - 2.00%	02/36	2,480,000
06/21	1,795,000	\$110,000 - 135,000	1.38% - 1.70%	02/37	1,795,000
06/22	2,856,000	\$150,000 - 237,000	3.30%	02/38	<u>2,856,000</u>
					11,576,000

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	485,000
04/15	2,555,000	\$75,000 - 335,000	2.00% - 2.10%	02/25	615,000
05/17	3,280,000	\$25,000 - 725,000	2.00% - 3.00%	02/31	<u>1,035,000</u>
					2,135,000
Total Governmental Activities Bonds Payable					<u><u>\$ 13,711,000</u></u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

2.D. NONCURRENT LIABILITIES (Continued)

Notes Payable					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
06/22	\$ 450,000	-	0.00%	04/25	<u>\$ 450,000</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	<u>\$ 284,916</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>\$ 13,620,140</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	\$ 72,501
06/22	9,554	\$349 - 2,055	4.75%	06/27	8,016
05/22	17,797	\$3,369 - 3,798	4.00%	05/27	14,324
					<u>\$ 94,841</u>

Lease Liabilities

The City of Little Falls currently leases a Fairway Mower 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, 2022 are detailed below:

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	<u>\$ 55,404</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022:

Type of Debt	Balance 1/1/2022	Additions	Deductions	Balance 12/31/2022	Amounts Due Within One Year
Governmental Activities:					
G.O. Bonds	\$ 9,315,000	\$ 2,856,000	\$ (595,000)	\$ 11,576,000	\$ 710,000
G.O. Refunding Bonds	2,970,000	-	(835,000)	2,135,000	705,000
Note Payable	-	450,000	-	450,000	-
Financing Arrangements	-	311,737	(26,821)	284,916	27,706
Unamortized Bond Premium	154,912	-	(22,206)	132,706	-
Severance Pay	96,844	21,591	(78,986)	39,449	-
Total	<u>\$ 12,536,756</u>	<u>\$ 3,639,328</u>	<u>\$ (1,558,013)</u>	<u>\$ 14,618,071</u>	<u>\$ 1,442,706</u>
Business-Type Activities:					
G.O. Bonds	\$ 14,328,567	\$ 185,573	\$ (894,000)	\$ 13,620,140	\$ 478,000
Financing Arrangements	94,510	27,351	(27,020)	94,841	28,206
Lease Liabilities	-	56,958	(1,554)	55,404	9,590
Total	<u>\$ 14,423,077</u>	<u>\$ 269,882</u>	<u>\$ (922,574)</u>	<u>\$ 13,770,385</u>	<u>\$ 515,796</u>

Interest expense totals \$389,060 in the Statement of Activities (included in Debt Service and Wastewater lines). Interest expense totals \$221,714 in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges) and \$120,953 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, 2022

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

2.D. NONCURRENT LIABILITIES (Continued)

Annual Debt Service Requirements

At December 31, 2022, the estimated annual debt service requirements to maturity, including principal and interest, are as follows:

Governmental Activities			
Years Ending December 31,	G.O. Bonds		
	Principal	Interest	Total
2023	\$ 1,415,000	\$ 329,125	\$ 1,744,125
2024	1,435,000	284,281	1,719,281
2025	1,365,000	253,306	1,618,306
2026	1,030,000	224,926	1,254,926
2027	1,031,000	199,400	1,230,400
2028-2032	4,338,000	659,977	4,997,977
2033-2037	2,860,000	197,247	3,057,247
2038	237,000	3,911	240,911
Totals	<u>\$ 13,711,000</u>	<u>\$ 2,152,173</u>	<u>\$ 15,863,173</u>

Governmental Activities			
Years Ending December 31,	Notes Payable		
	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	450,000	-	450,000
Totals	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>

Governmental Activities			
Years Ending December 31,	Financing Arrangements		
	Principal	Interest	Total
2023	\$ 27,706	\$ 8,311	\$ 36,017
2024	28,620	7,397	36,017
2025	29,564	6,453	36,017
2026	30,539	5,478	36,017
2027	31,546	4,471	36,017
2028-2032	136,941	7,126	144,067
Totals	<u>\$ 284,916</u>	<u>\$ 39,236</u>	<u>\$ 324,152</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

2.D. NONCURRENT LIABILITIES (Continued)

Business-Type Activities			
Years Ending December 31,	G.O. Bonds		
	Principal	Interest	Total
2023	\$ 478,000	\$ 141,140	\$ 619,140
2024	483,000	136,360	619,360
2025	488,000	131,530	619,530
2026	493,000	126,650	619,650
2027	497,000	121,720	618,720
2028-2032	2,562,000	533,040	3,095,040
2033-2037	2,693,000	402,320	3,095,320
2038-2042	2,831,000	264,930	3,095,930
2043-2047	2,975,000	120,550	3,095,550
2048	120,140	6,140	126,280
Totals	<u>\$ 13,620,140</u>	<u>\$ 1,984,380</u>	<u>\$ 15,604,520</u>

Business-Type Activities			
Years Ending December 31,	Financing Arrangements		
	Principal	Interest	Total
2023	\$ 28,206	\$ 4,298	\$ 32,504
2024	29,526	2,979	32,505
2025	30,907	1,597	32,504
2026	5,853	153	6,006
2027	349	6	355
Totals	<u>\$ 94,841</u>	<u>\$ 9,033</u>	<u>\$ 103,874</u>

Business-Type Activities			
Years Ending December 31,	Lease Liabilities		
	Principal	Interest	Total
2023	\$ 9,590	\$ 3,576	\$ 13,166
2024	10,284	2,883	13,167
2025	11,027	2,140	13,167
2026	11,824	1,343	13,167
2027	12,679	488	13,167
Totals	<u>\$ 55,404</u>	<u>\$ 10,430</u>	<u>\$ 65,834</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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

2.E. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2022:

Major Funds	Transfers Out	Transfers In						Total
		Major Funds			Nonmajor Funds			
		Economic						
		General	Development Loan	Equipment Reserve	Other Gov't	Other Enterprise	Internal Service	
General	\$ 1,751,857	\$ -	\$ -	\$ 496,800	\$ 1,146,300	\$ 25,000	\$ 83,757	\$ 1,751,857
Economic Development Authority	16,590	16,000	-	-	-	-	590	16,590
Equipment Reserve	182,000	-	142,000	-	40,000	-	-	182,000
Debt Service	2,745,193	-	28,408	-	2,716,399	-	386	2,745,193
Water Utility	1,450,530	306,800	-	-	1,133,097	-	10,633	1,450,530
Wastewater Utility	370,726	347,600	-	-	-	-	23,126	370,726
Recycling and Garbage	116,137	115,650	-	-	-	-	487	116,137
	6,633,033	786,050	170,408	496,800	5,035,796	25,000	118,979	6,633,033
Nonmajor Funds								
Governmental	287,109	49,000		1,000	200,000	-	37,109	287,109
Enterprise	23,369	17,900	-	-	-	-	5,469	23,369
	310,478	66,900	-	1,000	200,000	-	42,578	310,478
	\$ 6,943,511	\$ 852,950	\$ 170,408	\$ 497,800	\$ 5,235,796	\$ 25,000	\$ 161,557	\$ 6,943,511

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, 2022

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>
Wastewater	Wastewater Project Fund	\$ 103,704	Eliminate fund cash deficit
Debt Service	4th Street SE Project Fund	2,778,446	Eliminate fund cash deficit
Debt Service	2022 Petition Projects Fund	1,981,544	Eliminate fund cash deficit
General	2022 Petition Projects Fund	204,866	Eliminate fund cash deficit
General	Recycling and Garbage Fund	13,614	Eliminate fund cash deficit
General	Municipal Golf Course Fund	737,478	Eliminate fund cash deficit
<u>Advances Payable To</u>	<u>Advances Payable From</u>		
Economic Development Loan	Debt Service	94,450	ABS Supply TIF
Debt Service	Water	104,083	Share of improvement bond debt
Debt Service	Wastewater	104,089	Share of improvement bond debt
Total Interfund Balances		<u>\$ 6,122,274</u>	
Due from Proprietary to Governmental		\$ (959,264)	
Due from Governmental to Proprietary		103,704	
Interfund activity to eliminate internal service funds		<u>141,993</u>	
Government-wide internal balances		<u>\$ (713,567)</u>	

Interfund balance for the Wastewater Project cash deficit and the ABS Supply TIF shortfall are 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, 2022

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

2.F. FUND EQUITY

At December 31, 2022, 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 - Prepaids	\$ 157,640	\$ -	\$ -	\$ -	\$ -
Unassigned	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u>1,426,891</u>
Total General Fund Balance	<u>\$ 157,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,426,891</u>
Economic Development Authority Fund					
Nonspendable - Loans Receivable	\$ 192,874	\$ -	\$ -	\$ -	\$ -
Nonspendable - Leases Receivable	73	-	-	-	-
Restricted for Community Development	<u> -</u>	<u>1,183,681</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total Economic Development Authority Fund Balance	<u>\$ 192,947</u>	<u>\$ 1,183,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Economic Development Loan Fund					
Nonspendable - Loans Receivable	\$ 2,122,499	\$ -	\$ -	\$ -	\$ -
Nonspendable - Advances to Other Funds	94,450	-	-	-	-
Assigned for Community Development	<u> -</u>	<u> -</u>	<u> -</u>	<u>1,123,010</u>	<u> -</u>
Total Economic Development Loan Fund Balance	<u>\$ 2,216,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,123,010</u>	<u>\$ -</u>
Debt Service Fund					
Nonspendable - Advances to Other Funds	\$ 208,172	\$ -	\$ -	\$ -	\$ -
Restricted for Debt Service	<u> -</u>	<u>4,684,664</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total Debt Service Fund Balance	<u>\$ 208,172</u>	<u>\$ 4,684,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equipment Reserve Fund					
Nonspendable - Deposit on Asset	\$ 21,526	\$ -	\$ -	\$ -	\$ -
Assigned for Equipment	<u> -</u>	<u> -</u>	<u> -</u>	<u>2,462,560</u>	<u> -</u>
Total Area Fire Service Fund Balance	<u>\$ 21,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,462,560</u>	<u>\$ -</u>
4th Street SE Project Fund					
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,849,865)</u>
2022 Petition Projects Fund					
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,297,080)</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

2.F. FUND EQUITY (Continued)

	Nonspendable	Restricted	Committed	Assigned	Unassigned
Nonmajor Special Revenue Funds					
Nonspendable - Inventory	\$ 42,407	\$ -	\$ -	\$ -	\$ -
Nonspendable - Prepaids	5,811	-	-	-	-
Nonspendable - Loans Receivable	89,838				
Nonspendable - Leases Receivable	432				
Restricted for Community Development	-	765,952	-	-	-
Restricted for Tourism	-	12,120	-	-	-
Restricted for Public Safety	-	417	-	-	-
Restricted for American Rescue Plan Act Expenditures	-	375,159	-	-	-
Committed for Park Dedication	-	-	6,411	-	-
Committed for Culture and Recreation	-	-	987,656	-	-
Committed for Public Safety	-	-	63,731	-	-
Assigned for Public Works	-	-	-	304,145	-
Assigned for Culture and Recreation	-	-	-	1,181,504	-
Assigned for Community Development	-	-	-	199,840	-
Assigned for Airport	-	-	-	161,985	-
Unassigned	-	-	-	-	(19,069)
Total Nonmajor Special Revenue Funds Balance	<u>\$ 138,488</u>	<u>\$ 1,153,648</u>	<u>\$ 1,057,798</u>	<u>\$ 1,847,474</u>	<u>\$ (19,069)</u>
Nonmajor Capital Project Funds					
Nonspendable - Loans Receivable	\$ 26,407	\$ -	\$ -	\$ -	\$ -
Nonspendable - Leases Receivable	8,102				
Assigned for Equipment	-	-	-	223,342	-
Assigned for Capital Projects	-	-	-	1,133,574	-
Unassigned	-	-	-	-	(799,906)
Total Nonmajor Capital Project Funds Balance	<u>\$ 34,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356,916</u>	<u>\$ (799,906)</u>

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022 are as follows:

Fund	Deficit
Nonmajor Capital Project Funds	
Wastewater Project Fund	\$ (93,624)
Zoo Project Fund	\$ (167,722)
Bridge/Railroad Crossing Project Fund	\$ (41,518)
2021 Petition Projects Fund	\$ (390)
2021 Sidewalk Improvement Fund	\$ (34,756)
Safe Routes to Schools Fund	\$ (105,564)
18th Street Southeast Project Fund	\$ (83,344)
14th Street Southeast Project Fund	\$ (12,909)
11th Street Northeast Project Fund	\$ (166,808)
Water Looping Fund	\$ (43,190)
4th Street Northeast Project Fund	\$ (20,067)
Truck HWY/9th Street East Project Fund	\$ (5,877)
18th Street Northeast Fund	\$ (9,983)
Childcare Grant Fund	\$ (5,102)
1st Street Northeast Project Fund	\$ (950)
Nonmajor Enterprise Fund	
Municipal Golf Course Fund	\$ (238,011)
Nonmajor Internal Service Fund	
Employee Severance Pay Fund	\$ (32,387)

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). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Benefits Provided

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.20 percent for each of the first 10 years of service and 1.70 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70 percent for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.50 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 reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022 were \$186,339. The City's contributions were equal to the required contributions as set by State Statute.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70 percent for the Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022 were \$241,371. 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, 2022, the City reported a liability of \$2,518,570 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 \$73,990. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0318 percent at the end of the measurement period and 0.0304 percent for the beginning of the period.

City's proportionate share of the net pension liability:	\$2,518,570
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>73,990</u>
Total	<u>\$2,592,560</u>

For the year ended December 31, 2022, the City recognized pension expense of \$404,998 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$11,056 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 21,037	\$ 25,591
Changes in Actuarial Assumption	545,662	9,245
Difference between projected and actual investment earnings	1,021,932	-
Changes in proportion	135,885	-
Contributions paid to PERA subsequent to the measurement date	<u>92,530</u>	<u>-</u>
Total City Deferred Outflows/Inflows	<u>\$ 1,817,046</u>	<u>\$ 34,836</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

The \$92,530 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, 2023. 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
2023	\$ 600,154
2024	585,909
2025	275,850
2026	227,767

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$4,608,350 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1059 percent at the end of the measurement period and 0.1029 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. 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 is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$901,555 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$39,041 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$9,531 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City's proportionate share of the net pension liability:	\$4,608,350
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>201,270</u>
Total	<u>\$4,809,620</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 278,177	\$ -
Changes in Actuarial Assumption	2,685,496	20,431
Difference between projected and actual investment earnings	92,851	-
Changes in proportion	50,978	32,471
Contributions paid to PERA subsequent to the measurement date	124,045	-
Total City Deferred Outflows/Inflows	<u>\$ 3,231,547</u>	<u>\$ 52,902</u>

The \$124,045 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2023	\$ 600,040
2024	591,477
2025	526,219
2026	949,580
2027	387,284

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%	

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Actuarial Methods and Assumptions

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

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

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 from 11.75 percent after one year of service to 3.0 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.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 and were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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	7.50%	\$	1,321,438	6.40%	\$ 2,695,745
Current Discount Rate	6.50%	\$	2,518,570	5.40%	\$ 4,608,350
1% Decrease in Discount Rate	5.50%	\$	3,978,214	4.40%	\$ 6,974,146

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 administer 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.03, 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. 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 2% of employer contributions and twenty-five hundredths of 1% of the assets in each member's account annually.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PENSION PLAN (Continued)

Total contributions made by the City of Little Falls during fiscal year 2022 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>	
2022	\$ <u>3,482</u>	\$ <u>3,482</u>	5.00%	5.00%	5.00%

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, 2022 total \$9,000.

Pension Costs

At December 31, 2022, the City of Little Falls reported a net pension asset of \$328,577 for the Fire Relief Association's plan. The net pension asset was measured as of December 31, 2021, as determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$81,102 for the Association. The City also recognized \$105,098 for the year ended December 31, 2022, as pension expense (and grant revenue) for State of Minnesota's contributions to the Association.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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 12/31/21	\$ 1,316,597	\$ 1,754,466	\$ (437,869)
Changes for the Year			
Service Cost	56,043	-	56,043
Interest on Pension Liability	72,357	-	72,357
Plan Changes	257,439	-	257,439
Projected Investment Income	-	96,254	(96,254)
Fire State Aid	-	105,098	(105,098)
Municipal Contributions	-	9,000	(9,000)
Asset (Gain)/Loss	-	74,990	(74,990)
Benefit Payouts	(114,100)	(114,100)	-
Administrative Fees	-	(8,795)	8,795
Net Changes	<u>271,739</u>	<u>162,447</u>	<u>109,292</u>
Balance End of Year 12/31/22	<u>\$ 1,588,336</u>	<u>\$ 1,916,913</u>	<u>\$ (328,577)</u>

At December 31, 2022, 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	\$ 31,542	\$ 3,056
Change in Actuarial Assumption	-	(9,553)
Difference between projected and actual investment earnings	-	(60,702)
Contributions paid subsequent to the measurement date	<u>9,000</u>	<u>-</u>
Total City Deferred Outflows/Inflows	<u>\$ 40,542</u>	<u>\$ (67,199)</u>

A total of \$9,000 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, 2023. 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
2023	\$ (5,951)
2024	(40,797)
2025	(5,996)
2026	(1,024)
2027	3,358
2028-2032	14,753

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Actuarial Assumptions

The total pension asset at December 31, 2021 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Assumptions	Rates
Investment Rate of Return (Discount)	5.50%
Expected Long-Term Rate of Return	5.50%
20-Year Municipal Bond Yield	N/A
Salary Increases	2.50%
Interest on Deferred Amounts	0.00%

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

There were no changes made to plan provisions during 2021 except that a benefit level increase from \$3,900 to \$4,700 was reflected in the active liability.

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 (4.50%)	Discount Rate (5.50%)	1% Increase in Discount Rate (6.50%)
Net Pension Asset	\$ (258,671)	\$ (328,577)	\$ (394,715)

Plan Investments

Asset Allocation

The long-term expected rate of return on pension plan investments is 5.50%. 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
Equities	61.00%	7.00%
Fixed Income	28.00%	3.40%
Cash and Equivalents	9.00%	1.80%
Other	2.00%	6.00%

Description of significant investment policy changes during the year

The Fire Relief Association made no significant changes to their investment policy during Fiscal Year 2021.

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.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

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, 2022 total \$128,217.

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, 2022, outstanding Pay-As-You-Go debt approximates \$1,247,053 including accrued interest. Amounts carry interest rates of 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, 2022, the employer share of benefits paid to Sourcewell totals \$809,619.

Construction Contracts

The City entered into various contracts during the year for construction services. Remaining commitment under these contracts at December 31, 2022 totals \$533,646, not including retainage which has been accrued in these financial statements.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 OTHER NOTES (Continued)

6.C. OTHER EMPLOYEE BENEFITS

The City provides eligible employees future retirement benefits through participation in the Minnesota Deferred Compensation Plan (MNDCP), which is a section 457 plan administered by the Minnesota State Retirement System. Eligible employees of the City may begin participating in the MNDCP 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 with applicable Minnesota Statutes, and such arrangements generally include a commitment by the local business to use the abated funds for financing a development or redevelopment project. Any tax increment generated by the district and not retained by the City for administrative costs is returned to the business to finance the debt incurred for the related improvements.

The following is a summary of the City's current tax increment financing districts:

	<u>District #1-32</u>	<u>District #1-33</u>	<u>District #1-35</u>
Business/Project Name	Our Lady of Angels Housing	Larson Motor Service	Walgreens Area
Purpose	Redevelopment	Redevelopment	Redevelopment
Authorizing MN Statute	469.174	469.174	469.174
Year Established	2005	2006	2007
Duration of District	Through 2033	Through 2032	Through 2035
Original Base Net Tax Capacity	\$ <u>2,353</u>	\$ <u>5,516</u>	\$ <u>10,993</u>
Current Net Tax Capacity	\$ <u>15,000</u>	\$ <u>29,423</u>	\$ <u>42,559</u>
Captured Net Tax Capacity	\$ <u>12,647</u>	\$ <u>23,907</u>	\$ <u>31,566</u>
Abated in Current Year	\$ <u>-</u>	\$ <u>19,403</u>	\$ <u>32,450</u>
Total Bonds/Loans Issued	\$ <u>233,916</u>	\$ <u>420,000</u>	\$ <u>483,000</u>
Balance at 12/31/22	\$ <u>188,785</u>	\$ <u>-</u>	\$ <u>265,000</u>

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 OTHER NOTES (Continued)

6.D. TAX INCREMENT DISTRICTS (Continued)

	District #1-37	District #1-39	District #1-40
Business/Project Name	Trident Housing	DJ Products Expansion	ABS Supply Project
Purpose	Housing	Economic Develop.	Economic Develop.
Authorizing MN Statute	469.174	469.174	469.174
Year Established	2009	2017	2017
Duration of District	Through 2036	Through 2027	Through 2027
Original Base Net Tax Capacity	\$ 1,110	\$ 870	\$ 945
Current Net Tax Capacity	\$ 30,273	\$ 13,092	\$ 9,952
Captured Net Tax Capacity	\$ 29,163	\$ 12,222	\$ 9,007
Abated in Current Year	\$ 32,233	\$ 14,815	\$ 12,160
Total Bonds/Loans Issued	\$ 500,000	\$ 185,000	\$ 98,500
Balance at 12/31/22	\$ 492,861	\$ 178,888	\$ 94,450
	District #1-41		
Business/Project Name	Barrett Petfood		
Purpose	Economic Develop.		
Authorizing MN Statute	469.174		
Year Established	2019		
Duration of District	Through 2029		
Original Base Net Tax Capacity	\$ 2,238		
Current Net Tax Capacity	\$ 125,786		
Captured Net Tax Capacity	\$ 123,548		
Abated in Current Year	\$ 74,801		
Total Bonds/Loans Issued	\$ 676,000		
Balance at 12/31/22	\$ 575,304		

Following is additional information specific to various of the Districts listed on the prior pages:

- District #1-32 – Funds were borrowed from the City’s Economic Development Loan Fund.
- District #1-33 – This is a “pay-as-you-go” district.
- District #1-35 – Bonds noted are the portion of the 2017B bond issuance carried by the City, which was used to refund the original 2009A TIF Bonds.
- District #1-37 – This is a “pay-as-you-go” district, reimbursing the Project up to \$500,000 of documented land acquisition and site improvement costs.
- District #1-39 – This is a “pay-as-you-go” district.
- District #1-40 – Funds were borrowed from the Economic Development Loan Fund.
- District #1-41 – This is a “pay-as-you-go” district.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER NOTES (Continued)

6.E. NEW ACCOUNTING STANDARDS

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 (GASB 96) increases the usefulness of governmental financial statements by requiring recognition of right-to-use assets and liabilities for subscription-based information technology arrangements. GASB 96 will be effective for the City's fiscal year ended December 31, 2023. The effect on net position may be significant.

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 \$2,205,564.

Equipment Purchase

Subsequent to year-end and prior to the issuance of these financial statements, the City approved the purchase of SCBA equipment in the amount of \$200,915 and finance software in the amount of \$103,875.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF LITTLE FALLS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
REVENUES (INFLOWS):			
Taxes	\$ 2,954,560	\$ 2,959,251	\$ 4,691
Intergovernmental	3,003,550	3,013,304	9,754
Licenses and Permits	210,200	211,801	1,601
Sales and Charges for Services	205,300	251,140	45,840
Fines	16,200	18,554	2,354
Interest Income	13,000	9,490	(3,510)
Other Revenue	8,500	8,951	451
Transfers In	852,950	852,950	-
AMOUNTS AVAILABLE	<u>7,264,260</u>	<u>7,325,441</u>	<u>61,181</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):			
Current:			
General Government	1,401,390	1,440,711	39,321
Public Safety	2,751,820	2,840,336	88,516
Public Works	1,287,000	1,303,652	16,652
Culture and Recreation	77,750	116,067	38,317
Transfers Out	1,746,300	1,751,857	5,557
TOTAL CHARGES	<u>7,264,260</u>	<u>7,452,623</u>	<u>188,363</u>
BUDGETARY CHANGE IN FUND BALANCE	<u>\$ -</u>	(127,182)	<u>\$ (127,182)</u>
FUND BALANCE - BEGINNING		<u>1,711,713</u>	
FUND BALANCE - ENDING		<u>\$ 1,584,531</u>	

**CITY OF LITTLE FALLS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE-ECONOMIC DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
REVENUES (INFLOWS):			
Taxes	\$ 99,200	\$ 99,109	\$ (91)
Sales and Charges for Services	-	885	885
Interest Income	6,000	4,368	(1,632)
Other Revenue	24,600	8,076	(16,524)
AMOUNTS AVAILABLE	<u>129,800</u>	<u>112,438</u>	<u>(17,362)</u>
 CHARGES TO APPROPRIATIONS (OUTFLOWS):			
Current:			
Community Development	81,250	76,071	(5,179)
Capital Outlay	27,350	-	(27,350)
Transfers Out	21,200	16,590	(4,610)
TOTAL CHARGES	<u>129,800</u>	<u>92,661</u>	<u>(37,139)</u>
 BUDGETARY CHANGE IN FUND BALANCE	<u>\$ -</u>	19,777	<u>\$ 19,777</u>
 FUND BALANCE - BEGINNING		<u>1,356,851</u>	
 FUND BALANCE - ENDING		<u>\$ 1,376,628</u>	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
LAST TEN YEARS (Presented Prospectively)

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>							
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>							
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%

Note: The schedule is provided prospectively with the City's fiscal year ended December 31, 2015 (June 30, 2015 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS (Presented Prospectively)

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>					
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>					
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>					
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

Note: The schedule is provided prospectively with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

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

	Measurement Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Changes in Total Pension Liability (TPL)								
Balance at January 1st	\$ 1,316,597	\$ 1,517,245	\$ 1,291,313	\$ 1,163,195	\$ 1,131,698	\$ 948,743	\$ 1,025,637	\$ 962,738
Service Cost	56,043	62,070	52,792	55,980	54,615	57,136	57,832	56,422
Interest on the TPL	72,357	76,591	71,354	67,055	62,882	37,720	35,274	35,557
Assumption Changes	-	-	-	-	-	(66,869)	-	-
Plan Changes	257,439	-	195,293	-	-	133,576	-	-
Benefit Payments	(114,100)	(373,500)	(93,507)	-	(86,000)	-	(170,000)	(29,080)
Net Investment Income (Loss)	-	34,191	-	5,083	-	21,392	-	-
Balance at December 31st	<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	\$ 1,754,466	\$ 1,900,176	\$ 1,631,901	\$ 1,651,225	\$ 1,426,415	\$ 1,243,603	\$ 1,386,787	\$ 1,276,155
Fire State Aid	105,098	103,420	96,025	93,094	92,637	85,645	86,825	77,582
Municipal Contributions	9,000	9,000	9,000	8,000	8,000	8,000	8,000	22,052
Projected Investment Income	96,254	97,147	89,875	93,402	78,675	48,260	50,476	49,070
Net Investment Income (Loss)	74,990	24,858	174,007	(206,714)	138,042	47,865	(112,113)	(3,189)
Total Additions	285,342	234,425	368,907	(12,218)	317,354	189,770	33,188	145,515
Benefit Payments	(114,100)	(373,500)	(93,507)	-	(86,000)	-	(170,000)	(29,080)
Administrative Expenses	(8,795)	(6,635)	(7,125)	(7,106)	(6,544)	(6,958)	(6,372)	(5,803)
Total Reductions	(122,895)	(380,135)	(100,632)	(7,106)	(92,544)	(6,958)	(176,372)	(34,883)
Balance at December 31st	<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>\$ (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)	121%	133%	125%	126%	142%	126%	131%	135%

Note: The schedule is provided prospectively beginning with the measurement period ended December 31, 2015 (December 31, 2014 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 BUDGETARY COMPARISON SCHEDULES

Actual expenditures in the General Fund of \$7,452,623 exceeded final budgeted expenditures by \$235,363 for the current year. Expenditures in excess of budget were primarily the result of increased salary and benefit expenditures. Such expenditures were financed through available fund balance.

The City did not adopt a budget for the Economic Development Loan major Special Revenue Fund for the year ended December 31, 2022.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND

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.

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 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

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.

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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

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 since the prior 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 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

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).

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

- 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.

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.

**CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

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

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.

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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

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.

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.

CITY OF LITTLE FALLS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

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.

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, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 4,061,628	\$ 901,006	\$ 4,962,634
Property Taxes Receivable	1,207	-	1,207
Assessments Receivable	28,064	-	28,064
Accounts Receivable	156,273	10,000	166,273
Interest Receivable	4,961	(282)	4,679
Due from Other Governments	-	190,929	190,929
Inventory	42,407	-	42,407
Prepays	5,811	-	5,811
Loans Receivable (Net)	89,838	26,407	116,245
Leases Receivable	27,904	106,840	134,744
TOTAL ASSETS	<u>\$ 4,418,093</u>	<u>\$ 1,234,900</u>	<u>\$ 5,652,993</u>
LIABILITIES			
Accounts Payable	\$ 71,233	\$ 281,600	\$ 352,833
Salaries Payable	3,423	2,399	5,822
Construction Contracts Payable	-	100,055	100,055
Due to Other Funds	-	103,704	103,704
Total Liabilities	74,656	487,758	562,414
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property Taxes	902	-	902
Special Assessments	28,064	-	28,064
Grants Receivable	108,660	56,885	165,545
Leases	27,472	98,738	126,210
Total Deferred Inflows of Resources	165,098	155,623	320,721
FUND BALANCES			
Nonspendable	138,488	34,509	172,997
Restricted	1,153,648	-	1,153,648
Committed	1,057,798	-	1,057,798
Assigned	1,847,474	1,356,916	3,204,390
Unassigned	(19,069)	(799,906)	(818,975)
Total Fund Balances	4,178,339	591,519	4,769,858
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,418,093</u>	<u>\$ 1,234,900</u>	<u>\$ 5,652,993</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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 374,408	\$ 15	\$ 374,423
Franchise Taxes	153,367	-	153,367
Special Assessments	-	37,679	37,679
Licenses, Permits, and Fees	32,725	-	32,725
Intergovernmental	800,104	663,688	1,463,792
Charges for Services	226,948	37,418	264,366
Investment Income (Loss)	(53,791)	(32,461)	(86,252)
Loan Collections	120	203	323
Miscellaneous	100,731	14,389	115,120
TOTAL REVENUES	<u>1,634,612</u>	<u>720,931</u>	<u>2,355,543</u>
EXPENDITURES			
Current:			
General Government	100,019	5,196	105,215
Public Safety	118,567	-	118,567
Public Works	237	89,548	89,785
Culture and Recreation	647,543	-	647,543
Community Development	288,645	-	288,645
Airport	283,644	-	283,644
Capital Outlay	209,786	1,335,126	1,544,912
TOTAL EXPENDITURES	<u>1,648,441</u>	<u>1,429,870</u>	<u>3,078,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,829)	(708,939)	(722,768)
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	-	185,573	185,573
Transfers In	961,300	4,274,496	5,235,796
Transfers Out	(287,109)	-	(287,109)
TOTAL OTHER FINANCING SOURCES (USES)	<u>674,191</u>	<u>4,460,069</u>	<u>5,134,260</u>
NET CHANGE IN FUND BALANCES	660,362	3,751,130	4,411,492
FUND BALANCES - BEGINNING	<u>3,517,977</u>	<u>(3,159,611)</u>	<u>358,366</u>
FUND BALANCES - ENDING	<u>\$ 4,178,339</u>	<u>\$ 591,519</u>	<u>\$ 4,769,858</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

	Cable TV Fund	Housing & Redevelopment Authority Fund	Parking Lot Fund	Sister City Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 19,912	\$ 769,520	\$ 303,884	\$ 31,034
Property Taxes Receivable	-	-	1,034	-
Assessments Receivable	-	28,064	-	-
Accounts Receivable	2,077	-	-	-
Interest Receivable	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
Loans Receivable (Net)	-	11,043	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 21,989</u>	<u>\$ 808,627</u>	<u>\$ 304,918</u>	<u>\$ 31,034</u>
LIABILITIES				
Accounts Payable	\$ 5,958	\$ 3,418	\$ -	\$ -
Salaries Payable	-	-	-	-
Total Liabilities	5,958	3,418	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property Taxes	-	-	773	-
Special Assessments	-	28,064	-	-
Grants Receivable	-	150	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	28,214	773	-
FUND BALANCES				
Nonspendable	-	11,043	-	-
Restricted	-	765,952	-	-
Committed	-	-	-	-
Assigned	16,031	-	304,145	31,034
Unassigned	-	-	-	-
Total Fund Balances	<u>16,031</u>	<u>776,995</u>	<u>304,145</u>	<u>31,034</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 21,989</u>	<u>\$ 808,627</u>	<u>\$ 304,918</u>	<u>\$ 31,034</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2022**

	Tourism Fund	Heritage Preservation Commission Fund	Rosenmeier Property Fund	Parks & Recreation Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 53,526	\$ 68,997	\$ 7,400	\$ 1,180,007
Property Taxes Receivable	-	-	-	-
Assessments Receivable	-	-	-	-
Accounts Receivable	24,691	115	-	16,037
Interest Receivable	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	5,811
Loans Receivable (Net)	-	78,795	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 78,217</u>	<u>\$ 147,907</u>	<u>\$ 7,400</u>	<u>\$ 1,201,855</u>
LIABILITIES				
Accounts Payable	\$ 16,848	\$ 6,208	\$ -	\$ 4,706
Salaries Payable	-	-	-	3,423
Total Liabilities	16,848	6,208	-	8,129
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property Taxes	-	-	-	-
Special Assessments	-	-	-	-
Grants Receivable	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	78,795	-	5,811
Restricted	12,120	-	-	-
Committed	-	-	-	6,411
Assigned	49,249	62,904	7,400	1,181,504
Unassigned	-	-	-	-
Total Fund Balances	<u>61,369</u>	<u>141,699</u>	<u>7,400</u>	<u>1,193,726</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 78,217</u>	<u>\$ 147,907</u>	<u>\$ 7,400</u>	<u>\$ 1,201,855</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2022

	Airport Operating Fund	Airport Improvement Fund	Police Forfeiture Fund	Fire Relief Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 82,547	\$ 108,690	\$ 417	\$ 63,687
Property Taxes Receivable	-	-	-	173
Assessments Receivable	-	-	-	-
Accounts Receivable	10,258	103,095	-	-
Interest Receivable	-	-	-	-
Inventory	42,407	-	-	-
Prepays	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	27,904	-	-	-
TOTAL ASSETS	<u>\$ 163,116</u>	<u>\$ 211,785</u>	<u>\$ 417</u>	<u>\$ 63,860</u>
LIABILITIES				
Accounts Payable	\$ 1,395	\$ 32,700	\$ -	\$ -
Salaries Payable	-	-	-	-
Total Liabilities	1,395	32,700	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Property Taxes	-	-	-	129
Special Assessments	-	-	-	-
Grants Receivable	5,415	103,095	-	-
Leases	27,472	-	-	-
Total Deferred Inflows of Resources	32,887	103,095	-	129
FUND BALANCES				
Nonspendable	42,839	-	-	-
Restricted	-	-	417	-
Committed	-	-	-	63,731
Assigned	85,995	75,990	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>128,834</u>	<u>75,990</u>	<u>417</u>	<u>63,731</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 163,116</u>	<u>\$ 211,785</u>	<u>\$ 417</u>	<u>\$ 63,860</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2022

	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	\$ 511,274	\$ 273,727	\$ 211,847	\$ 375,159	\$ 4,061,628
Property Taxes Receivable	-	-	-	-	1,207
Assessments Receivable	-	-	-	-	28,064
Accounts Receivable	-	-	-	-	156,273
Interest Receivable	3,419	1,288	254	-	4,961
Inventory	-	-	-	-	42,407
Prepays	-	-	-	-	5,811
Loans Receivable (Net)	-	-	-	-	89,838
Leases Receivable	-	-	-	-	27,904
TOTAL ASSETS	<u>\$ 514,693</u>	<u>\$ 275,015</u>	<u>\$ 212,101</u>	<u>\$ 375,159</u>	<u>\$ 4,418,093</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 71,233
Salaries Payable	-	-	-	-	3,423
Total Liabilities	-	-	-	-	74,656
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	-	-	-	-	902
Special Assessments	-	-	-	-	28,064
Grants Receivable	-	-	-	-	108,660
Leases	-	-	-	-	27,472
Total Deferred Inflows of Resources	-	-	-	-	165,098
FUND BALANCES					
Nonspendable	-	-	-	-	138,488
Restricted	-	-	-	375,159	1,153,648
Committed	500,000	294,084	193,572	-	1,057,798
Assigned	14,693	-	18,529	-	1,847,474
Unassigned	-	(19,069)	-	-	(19,069)
Total Fund Balances	<u>514,693</u>	<u>275,015</u>	<u>212,101</u>	<u>375,159</u>	<u>4,178,339</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 514,693</u>	<u>\$ 275,015</u>	<u>\$ 212,101</u>	<u>\$ 375,159</u>	<u>\$ 4,418,093</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, 2022

	Cable TV Fund	Housing & Redevelopment Authority Fund	Parking Lot Fund	Sister City Fund
REVENUES				
Taxes	\$ -	\$ 100,156	\$ 30,088	\$ -
Franchise Taxes	89,425	-	-	-
Licenses, Permits, and Fees	-	32,725	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	72	2,925	1,076	108
Loan Collections	-	120	-	-
Miscellaneous	-	1,032	4,740	3,000
TOTAL REVENUES	<u>89,497</u>	<u>136,958</u>	<u>35,904</u>	<u>3,108</u>
EXPENDITURES				
Current:				
General Government	19	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	237	-
Culture and Recreation	128,842	-	-	-
Community Development	-	48,317	-	-
Airport	-	-	-	-
Capital Outlay	-	12,035	-	-
TOTAL EXPENDITURES	<u>128,861</u>	<u>60,352</u>	<u>237</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(39,364)	76,606	35,667	3,108
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(5,096)	(39,040)	(418)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,096)</u>	<u>(39,040)</u>	<u>(418)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(44,460)	37,566	35,249	3,108
FUND BALANCES - BEGINNING	<u>60,491</u>	<u>739,429</u>	<u>268,896</u>	<u>27,926</u>
FUND BALANCES - ENDING	<u>\$ 16,031</u>	<u>\$ 776,995</u>	<u>\$ 304,145</u>	<u>\$ 31,034</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, 2022

	Tourism Fund	Heritage Preservation Commission Fund	Rosenmeier Property Fund	Parks & Recreation Fund
REVENUES				
Taxes	\$ 239,138	\$ -	\$ -	\$ -
Franchise Taxes	-	-	-	63,942
Licenses, Permits, and Fees	-	-	-	-
Intergovernmental	-	46,729	-	-
Charges for Services	-	-	-	1,725
Investment Income (Loss)	207	320	34	2,991
Loan Collections	-	-	-	-
Miscellaneous	6,250	-	-	84,967
TOTAL REVENUES	<u>245,595</u>	<u>47,049</u>	<u>34</u>	<u>153,625</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	32,052	378	485,885
Community Development	217,147	23,181	-	-
Airport	-	-	-	-
Capital Outlay	-	-	-	90,794
TOTAL EXPENDITURES	<u>217,147</u>	<u>55,233</u>	<u>378</u>	<u>576,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,448	(8,184)	(344)	(423,054)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	19,000	-	879,300
Transfers Out	(2,607)	(1,010)	(1,245)	(219,661)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,607)</u>	<u>17,990</u>	<u>(1,245)</u>	<u>659,639</u>
NET CHANGE IN FUND BALANCES	25,841	9,806	(1,589)	236,585
FUND BALANCES - BEGINNING	<u>35,528</u>	<u>131,893</u>	<u>8,989</u>	<u>957,141</u>
FUND BALANCES - ENDING	<u>\$ 61,369</u>	<u>\$ 141,699</u>	<u>\$ 7,400</u>	<u>\$ 1,193,726</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, 2022

	Airport Operating Fund	Airport Improvement Fund	Police Forfeiture Fund	Fire Relief Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 5,026
Franchise Taxes	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-
Intergovernmental	53,118	115,531	-	109,567
Charges for Services	225,223	-	-	-
Investment Income (Loss)	319	(309)	-	299
Loan Collections	-	-	-	-
Miscellaneous	742	-	-	-
TOTAL REVENUES	<u>279,402</u>	<u>115,222</u>	<u>-</u>	<u>114,892</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	118,567
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	-
Airport	283,644	-	-	-
Capital Outlay	-	106,957	-	-
TOTAL EXPENDITURES	<u>283,644</u>	<u>106,957</u>	<u>-</u>	<u>118,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,242)	8,265	-	(3,675)
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	40,000	-	3,000
Transfers Out	(10,172)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,828</u>	<u>40,000</u>	<u>-</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCES	5,586	48,265	-	(675)
FUND BALANCES - BEGINNING	<u>123,248</u>	<u>27,725</u>	<u>417</u>	<u>64,406</u>
FUND BALANCES - ENDING	<u>\$ 128,834</u>	<u>\$ 75,990</u>	<u>\$ 417</u>	<u>\$ 63,731</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, 2022

	Frank & Alice Dewey Trust Fund	Musser Trust Fund	William & Burneze Krafve Park Fund	CARES Act Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 374,408
Franchise Taxes	-	-	-	-	153,367
Licenses, Permits, and Fees	-	-	-	-	32,725
Intergovernmental	-	-	-	475,159	800,104
Charges for Services	-	-	-	-	226,948
Investment Income (Loss)	(29,868)	(15,471)	(16,494)	-	(53,791)
Loan Collections	-	-	-	-	120
Miscellaneous	-	-	-	-	100,731
TOTAL REVENUES	<u>(29,868)</u>	<u>(15,471)</u>	<u>(16,494)</u>	<u>475,159</u>	<u>1,634,612</u>
EXPENDITURES					
Current:					
General Government	-	-	-	100,000	100,019
Public Safety	-	-	-	-	118,567
Public Works	-	-	-	-	237
Culture and Recreation	-	386	-	-	647,543
Community Development	-	-	-	-	288,645
Airport	-	-	-	-	283,644
Capital Outlay	-	-	-	-	209,786
TOTAL EXPENDITURES	<u>-</u>	<u>386</u>	<u>-</u>	<u>100,000</u>	<u>1,648,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,868)	(15,857)	(16,494)	375,159	(13,829)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	961,300
Transfers Out	-	(7,860)	-	-	(287,109)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(7,860)</u>	<u>-</u>	<u>-</u>	<u>674,191</u>
NET CHANGE IN FUND BALANCES	(29,868)	(23,717)	(16,494)	375,159	660,362
FUND BALANCES - BEGINNING	<u>544,561</u>	<u>298,732</u>	<u>228,595</u>	<u>-</u>	<u>3,517,977</u>
FUND BALANCES - ENDING	<u>\$ 514,693</u>	<u>\$ 275,015</u>	<u>\$ 212,101</u>	<u>\$ 375,159</u>	<u>\$ 4,178,339</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022**

	Wastewater Project Fund	Street Improvement Fund	Fire Equipment Fund	Zoo Project Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ -	\$ 1,134,593	\$ 431,659	\$ (185,824)
Accounts Receivable	-	-	-	10,000
Interest Receivable	-	(282)	-	-
Due from Other Governments	190,929	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	106,840
TOTAL ASSETS	<u>\$ 190,929</u>	<u>\$ 1,134,311</u>	<u>\$ 431,659</u>	<u>\$ (68,984)</u>
LIABILITIES				
Accounts Payable	\$ 23,909	\$ 14,733	\$ 208,317	\$ -
Salaries Payable	-	-	-	-
Construction Contracts Payable	100,055	-	-	-
Due to Other Funds	103,704	-	-	-
Total Liabilities	227,668	14,733	208,317	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grants Receivable	56,885	-	-	-
Leases	-	-	-	98,738
Total Deferred Inflows of Resources	56,885	-	-	98,738
FUND BALANCES				
Nonspendable	-	-	-	8,102
Assigned	-	1,119,578	223,342	-
Unassigned	(93,624)	-	-	(175,824)
Total Fund Balances	(93,624)	1,119,578	223,342	(167,722)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,929</u>	<u>\$ 1,134,311</u>	<u>\$ 431,659</u>	<u>\$ (68,984)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2022

	Buckman Grant Fund	Library Building Fund	Bridge/Railroad Crossing Project Fund	Water Tower Project Fund
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 9,933	\$ 4,063	\$ (32,240)	\$ -
Accounts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Loans Receivable (Net)	26,407	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 36,340</u>	<u>\$ 4,063</u>	<u>\$ (32,240)</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 9,278	\$ -
Salaries Payable	-	-	-	-
Construction Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	9,278	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grants Receivable	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable	26,407	-	-	-
Assigned	9,933	4,063	-	-
Unassigned	-	-	(41,518)	-
Total Fund Balances	<u>36,340</u>	<u>4,063</u>	<u>(41,518)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 36,340</u>	<u>\$ 4,063</u>	<u>\$ (32,240)</u>	<u>\$ -</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2022**

	2021 Petition Projects Fund	2021 Sidewalk Improvements Fund	Safe Routes to Schools Fund	18th Street Southeast Project
ASSETS				
Cash, Cash Equivalents, and Investments	\$ -	\$ (34,756)	\$ (105,564)	\$ (83,344)
Accounts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ (34,756)</u>	<u>\$ (105,564)</u>	<u>\$ (83,344)</u>
LIABILITIES				
Accounts Payable	\$ 390	\$ -	\$ -	\$ -
Salaries Payable	-	-	-	-
Construction Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	390	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grants Receivable	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	(390)	(34,756)	(105,564)	(83,344)
Total Fund Balances	(390)	(34,756)	(105,564)	(83,344)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ (34,756)</u>	<u>\$ (105,564)</u>	<u>\$ (83,344)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2022

	14th Street Southeast Project	11th Street Northeast Project	Water Looping	4th Street Northeast Project
ASSETS				
Cash, Cash Equivalents, and Investments	\$ (12,909)	\$ (166,034)	\$ (24,927)	\$ (19,289)
Accounts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Loans Receivable (Net)	-	-	-	-
Leases Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ (12,909)</u>	<u>\$ (166,034)</u>	<u>\$ (24,927)</u>	<u>\$ (19,289)</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 774	\$ 18,263	\$ 778
Salaries Payable	-	-	-	-
Construction Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	-	774	18,263	778
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:				
Grants Receivable	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	(12,909)	(166,808)	(43,190)	(20,067)
Total Fund Balances	<u>(12,909)</u>	<u>(166,808)</u>	<u>(43,190)</u>	<u>(20,067)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (12,909)</u>	<u>\$ (166,034)</u>	<u>\$ (24,927)</u>	<u>\$ (19,289)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS (CONTINUED)
DECEMBER 31, 2022

	Truck HWY/9th Street East Project	18th Steet Northeast	Childcare Grant	1st Street Northeast Project Fund	Total Nonmajor Capital Projects Funds
ASSETS					
Cash, Cash Equivalents, and Investments	\$ (1,669)	\$ (7,584)	\$ (5,102)	\$ -	\$ 901,006
Accounts Receivable	-	-	-	-	10,000
Interest Receivable	-	-	-	-	(282)
Due from Other Governments	-	-	-	-	190,929
Loans Receivable (Net)	-	-	-	-	26,407
Leases Receivable	-	-	-	-	106,840
TOTAL ASSETS	<u>\$ (1,669)</u>	<u>\$ (7,584)</u>	<u>\$ (5,102)</u>	<u>\$ -</u>	<u>\$ 1,234,900</u>
LIABILITIES					
Accounts Payable	\$ 4,208	\$ -	\$ -	\$ 950	\$ 281,600
Salaries Payable	-	2,399	-	-	2,399
Construction Contracts Payable	-	-	-	-	100,055
Due to Other Funds	-	-	-	-	103,704
Total Liabilities	4,208	2,399	-	950	487,758
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Grants Receivable	-	-	-	-	56,885
Leases	-	-	-	-	98,738
Total Deferred Inflows of Resources	-	-	-	-	155,623
FUND BALANCES					
Nonspendable	-	-	-	-	34,509
Assigned	-	-	-	-	1,356,916
Unassigned	(5,877)	(9,983)	(5,102)	(950)	(799,906)
Total Fund Balances	(5,877)	(9,983)	(5,102)	(950)	591,519
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (1,669)</u>	<u>\$ (7,584)</u>	<u>\$ (5,102)</u>	<u>\$ -</u>	<u>\$ 1,234,900</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, 2022

	Wastewater Project Fund	Street Improvement Fund	Fire Equipment Fund	Zoo Project Fund
REVENUES				
Taxes	\$ -	\$ -	\$ 15	\$ -
Special Assessments	-	-	-	-
Intergovernmental	19,616	-	-	-
Charges for Services	-	-	-	37,418
Investment Income (Loss)	(446)	(14,621)	1,201	(775)
Loan Collections	-	-	-	-
Miscellaneous	-	-	12,870	-
TOTAL REVENUES	<u>19,170</u>	<u>(14,621)</u>	<u>14,086</u>	<u>36,643</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Works	46	-	-	-
Capital Outlay	<u>262,073</u>	<u>227,305</u>	<u>232,715</u>	<u>-</u>
TOTAL EXPENDITURES	<u>262,119</u>	<u>227,305</u>	<u>232,715</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(242,949)	(241,926)	(218,629)	36,643
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	185,573	-	-	-
Transfers In	<u>-</u>	<u>300,000</u>	<u>125,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>185,573</u>	<u>300,000</u>	<u>125,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(57,376)	58,074	(93,629)	36,643
FUND BALANCES - BEGINNING	<u>(36,248)</u>	<u>1,061,504</u>	<u>316,971</u>	<u>(204,365)</u>
FUND BALANCES - ENDING	<u><u>\$ (93,624)</u></u>	<u><u>\$ 1,119,578</u></u>	<u><u>\$ 223,342</u></u>	<u><u>\$ (167,722)</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, 2022

	Buckman Grant Fund	Library Building Fund	Bridge/Railroad Crossing Project Fund	Water Tower Project Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	30	13	(186)	(4,212)
Loan Collections	203	-	-	-
Miscellaneous	-	1,519	-	-
TOTAL REVENUES	<u>233</u>	<u>1,532</u>	<u>(186)</u>	<u>(4,212)</u>
EXPENDITURES				
Current:				
General Government	96	-	-	-
Public Works	-	-	9,279	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>96</u>	<u>-</u>	<u>9,279</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	137	1,532	(9,465)	(4,212)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	-	-
Transfers In	-	-	-	1,133,097
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,133,097</u>
NET CHANGE IN FUND BALANCES	137	1,532	(9,465)	1,128,885
FUND BALANCES - BEGINNING	<u>36,203</u>	<u>2,531</u>	<u>(32,053)</u>	<u>(1,128,885)</u>
FUND BALANCES - ENDING	<u>\$ 36,340</u>	<u>\$ 4,063</u>	<u>\$ (41,518)</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, 2022

	2021 Petition Projects Fund	2021 Sidewalk Improvements Fund	Safe Routes to Schools Fund	18th Street Southeast Project
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	37,679	-	-	-
Intergovernmental	-	-	243,816	-
Charges for Services	-	-	-	-
Investment Income (Loss)	(10,420)	(125)	(1,114)	(258)
Loan Collections	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>27,259</u>	<u>(125)</u>	<u>242,702</u>	<u>(258)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Works	-	175	-	-
Capital Outlay	<u>4,692</u>	<u>3,344</u>	<u>68,365</u>	<u>33,184</u>
TOTAL EXPENDITURES	<u>4,692</u>	<u>3,519</u>	<u>68,365</u>	<u>33,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,567	(3,644)	174,337	(33,442)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	-	-
Transfers In	<u>2,716,399</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,716,399</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,738,966	(3,644)	174,337	(33,442)
FUND BALANCES - BEGINNING	<u>(2,739,356)</u>	<u>(31,112)</u>	<u>(279,901)</u>	<u>(49,902)</u>
FUND BALANCES - ENDING	<u>\$ (390)</u>	<u>\$ (34,756)</u>	<u>\$ (105,564)</u>	<u>\$ (83,344)</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, 2022

	14th Street Southeast Project	11th Street Northeast Project	Water Looping	4th Street Northeast Project
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Intergovernmental	-	400,256	-	-
Charges for Services	-	-	-	-
Investment Income (Loss)	(38)	(1,405)	(75)	(27)
Loan Collections	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>(38)</u>	<u>398,851</u>	<u>(75)</u>	<u>(27)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Works	84	-	43,115	20,040
Capital Outlay	<u>3,781</u>	<u>499,667</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,865</u>	<u>499,667</u>	<u>43,115</u>	<u>20,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,903)	(100,816)	(43,190)	(20,067)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	-	-
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,903)	(100,816)	(43,190)	(20,067)
FUND BALANCES - BEGINNING	<u>(9,006)</u>	<u>(65,992)</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ (12,909)</u></u>	<u><u>\$ (166,808)</u></u>	<u><u>\$ (43,190)</u></u>	<u><u>\$ (20,067)</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, 2022

	Truck HWY/9th Street East Project	18th Steet Northeast	Childcare Grant	1st Street Northeast Project Fund	Total Nonmajor Capital Projects Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 15
Special Assessments	-	-	-	-	37,679
Intergovernmental	-	-	-	-	663,688
Charges for Services	-	-	-	-	37,418
Investment Income (Loss)	-	(1)	(2)	-	(32,461)
Loan Collections	-	-	-	-	203
Miscellaneous	-	-	-	-	14,389
TOTAL REVENUES	-	(1)	(2)	-	720,931
EXPENDITURES					
Current:					
General Government	-	-	5,100	-	5,196
Public Works	5,877	9,982	-	950	89,548
Capital Outlay	-	-	-	-	1,335,126
TOTAL EXPENDITURES	5,877	9,982	5,100	950	1,429,870
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,877)	(9,983)	(5,102)	(950)	(708,939)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	-	-	185,573
Transfers In	-	-	-	-	4,274,496
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	4,460,069
NET CHANGE IN FUND BALANCES	(5,877)	(9,983)	(5,102)	(950)	3,751,130
FUND BALANCES - BEGINNING	-	-	-	-	(3,159,611)
FUND BALANCES - ENDING	<u>\$ (5,877)</u>	<u>\$ (9,983)</u>	<u>\$ (5,102)</u>	<u>\$ (950)</u>	<u>\$ 591,519</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2022

	Storm Water Fund	Municipal Golf Course Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash, Cash Equivalents, and Investments	\$ 347,611	\$ -	\$ 347,611
Accounts Receivable	14,016	22,071	36,087
Interest Receivable	573	-	573
Inventory	-	27,270	27,270
Prepays	1,897	2,003	3,900
Total Current Assets	364,097	51,344	415,441
Noncurrent Assets			
Capital Assets Not Being Depreciated/Amortized	398,692	82,667	481,359
Capital Assets Being Depreciated/Amortized (Net)	21,043	594,476	615,519
Total Noncurrent Assets	419,735	677,143	1,096,878
TOTAL ASSETS	783,832	728,487	1,512,319
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	-	97,975	97,975
LIABILITIES			
Current Liabilities			
Accounts Payable	527	36,258	36,785
Salaries Payable	600	4,484	5,084
Due to Other Funds	-	737,478	737,478
Debt Due Within One Year	-	37,796	37,796
Total Current Liabilities	1,127	816,016	817,143
Noncurrent Liabilities			
Debt Due After One Year	-	112,449	112,449
Net Pension Liability	-	134,152	134,152
Total Noncurrent Liabilities	-	246,601	246,601
TOTAL LIABILITIES	1,127	1,062,617	1,063,744
DEFERRED INFLOWS OF RESOURCES			
Pensions	-	1,856	1,856
NET POSITION			
Net Investment in Capital Assets	419,735	526,898	946,633
Unrestricted	362,970	(764,909)	(401,939)
TOTAL NET POSITION	\$ 782,705	\$ (238,011)	\$ 544,694

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Storm Water Fund	Municipal Golf Course Fund	Total Nonmajor Enterprise Funds
SALES AND COST OF SALES			
Sales	\$ -	\$ 190,896	\$ 190,896
Cost of Sales	-	(118,625)	(118,625)
GROSS PROFIT	-	72,271	72,271
OPERATING REVENUES			
Charges for Services	109,884	331,486	441,370
TOTAL GROSS PROFIT AND OPERATING REVENUES	109,884	403,757	513,641
OPERATING EXPENSES			
Wages and Benefits	61,066	321,913	382,979
Materials and Supplies	3,668	90,843	94,511
Repairs and Maintenance	9,590	49,143	58,733
Professional Services	2,209	38,801	41,010
Insurance	-	4,979	4,979
Utilities	5,105	32,130	37,235
Dues and Subscriptions	640	6,420	7,060
Other Services and Charges	4,733	28,212	32,945
Depreciation/Amortization	1,323	53,735	55,058
TOTAL OPERATING EXPENSES	88,334	626,176	714,510
NET OPERATING INCOME (LOSS)	21,550	(222,419)	(200,869)
NONOPERATING INCOME (EXPENSE)			
Taxes	-	84,599	84,599
Intergovernmental	-	61,985	61,985
Investment Income (Loss)	(42,139)	(2,511)	(44,650)
Miscellaneous	487	26,685	27,172
Interest and Other Charges	-	(5,130)	(5,130)
TOTAL NONOPERATING INCOME (EXPENSE)	(41,652)	165,628	123,976
CHANGE IN NET POSITION PRIOR TO TRANSFERS	(20,102)	(56,791)	(76,893)
TRANSFERS			
Operating Transfers In	-	25,000	25,000
Operating Transfers Out	(18,246)	(5,123)	(23,369)
NET TRANSFERS	(18,246)	19,877	1,631
CHANGE IN NET POSITION	(38,348)	(36,914)	(75,262)
NET POSITION - BEGINNING OF YEAR	821,053	(201,097)	619,956
NET POSITION - END OF YEAR	\$ 782,705	\$ (238,011)	\$ 544,694

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Storm Water Fund	Municipal Golf Course Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 107,828	\$ 521,276	\$ 629,104
Cash Paid to Suppliers	(25,508)	(348,212)	(373,720)
Cash Paid to Employees	(60,466)	(380,975)	(441,441)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	21,854	(207,911)	(186,057)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental	-	146,584	146,584
Nonoperating Receipts	487	26,685	27,172
Net Operating Subsidies and Transfers from (to) Other Funds	(18,246)	757,355	739,109
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(17,759)	930,624	912,865
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(274,430)	(162,394)	(436,824)
Payments on Debt Principal	-	(28,574)	(28,574)
Proceeds from Debt Issuance	-	84,309	84,309
Cash Paid for Interest	-	(5,130)	(5,130)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(274,430)	(111,789)	(386,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income (Loss)	7,581	(2,511)	5,070
Net Change in Cash and Cash Equivalents	(262,754)	608,413	345,659
Cash and Cash Equivalents - Beginning of Year	173,431	(608,413)	(434,982)
Cash and Cash Equivalents - End of Year	\$ (89,323)	\$ -	\$ (89,323)
Investments	436,934	-	436,934
Total Cash, Cash Equivalents, and Investments	\$ 347,611	\$ -	\$ 347,611

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Storm Water Fund	Municipal Golf Course Fund	Total Nonmajor Enterprise Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	\$ 21,550	\$ (222,419)	\$ (200,869)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation/Amortization	1,323	53,735	55,058
Changes in Assets, Liabilities, and Deferrals:			
Accounts Receivable	(2,056)	(1,106)	(3,162)
Inventory	-	(3,288)	(3,288)
Prepays	197	(426)	(229)
Accounts Payable	240	24,655	24,895
Salaries Payable	600	3,512	4,112
Net Pension Liability	-	45,692	45,692
Deferred Outflows or Resources - Pensions	-	(27,507)	(27,507)
Deferred Inflows or Resources - Pensions	-	(80,759)	(80,759)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 21,854</u>	<u>\$ (207,911)</u>	<u>\$ (186,057)</u>

CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets				
Cash, Cash Equivalents, and Investments	\$ 7,062	\$ 324,145	\$ 33,225	\$ 364,432
Accounts Receivable	-	85,973	8,770	94,743
Interest Receivable	-	(250)	-	(250)
Prepays	-	13,238	-	13,238
TOTAL ASSETS	<u>7,062</u>	<u>423,106</u>	<u>41,995</u>	<u>472,163</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	-	665	140	805
Noncurrent Liabilities				
Severance Due After One Year	<u>39,449</u>	<u>-</u>	<u>-</u>	<u>39,449</u>
TOTAL LIABILITIES	<u>39,449</u>	<u>665</u>	<u>140</u>	<u>40,254</u>
NET POSITION				
Unrestricted	<u>\$ (32,387)</u>	<u>\$ 422,441</u>	<u>\$ 41,855</u>	<u>\$ 431,909</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, 2022

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Other Income	\$ -	\$ 136,650	\$ 210,444	\$ 347,094
OPERATING EXPENSES				
Wages and Benefits	4,997	-	-	4,997
Professional Services	-	4,767	992	5,759
Insurance	-	285,792	215,165	500,957
Other Services and Charges	-	36	501	537
TOTAL OPERATING EXPENSES	<u>4,997</u>	<u>290,595</u>	<u>216,658</u>	<u>512,250</u>
NET OPERATING INCOME (LOSS)	(4,997)	(153,945)	(6,214)	(165,156)
NONOPERATING INCOME (EXPENSE)				
Investment Income (Loss)	<u>133</u>	<u>(15,060)</u>	<u>143</u>	<u>(14,784)</u>
CHANGE IN NET POSITION PRIOR TO TRANSFERS	(4,864)	(169,005)	(6,071)	(179,940)
TRANSFERS				
Operating Transfers In	<u>5,000</u>	<u>156,557</u>	<u>-</u>	<u>161,557</u>
CHANGE IN NET POSITION	136	(12,448)	(6,071)	(18,383)
NET POSITION - BEGINNING OF YEAR	<u>(32,523)</u>	<u>434,889</u>	<u>47,926</u>	<u>450,292</u>
NET POSITION - END OF YEAR	<u>\$ (32,387)</u>	<u>\$ 422,441</u>	<u>\$ 41,855</u>	<u>\$ 431,909</u>

**CITY OF LITTLE FALLS, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Employee Severance Pay Fund	Liability Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Other Receipts	\$ -	\$ 50,677	\$ 201,674	\$ 252,351
Cash Paid to Suppliers	-	(161,297)	(214,475)	(375,772)
Cash Paid to Employees	(62,392)	-	-	(62,392)
Claims Paid	-	(128,217)	(6,705)	(134,922)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(62,392)	(238,837)	(19,506)	(320,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Operating Subsidies and Transfers from (to) Other Funds	5,000	156,557	-	161,557
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income (Loss)	133	(15,019)	143	(14,743)
Net Change in Cash and Cash Equivalents	(57,259)	(97,299)	(19,363)	(173,921)
Cash and Cash Equivalents - Beginning of Year	64,321	421,444	52,588	538,353
Cash and Cash Equivalents - End of Year	<u>\$ 7,062</u>	<u>\$ 324,145</u>	<u>\$ 33,225</u>	<u>\$ 364,432</u>

	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)	\$ (4,997)	\$ (153,945)	\$ (6,214)	\$ (165,156)
Changes in Assets and Liabilities:				
Accounts Receivable	-	(85,973)	(8,770)	(94,743)
Prepays	-	416	-	416
Accounts Payable	-	665	(4,522)	(3,857)
Severance Payable	(57,395)	-	-	(57,395)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (62,392)</u>	<u>\$ (238,837)</u>	<u>\$ (19,506)</u>	<u>\$ (320,735)</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Tax Revenue			
Current ad valorem tax	\$ 2,953,060	\$ 2,953,857	
Penalty and interest on taxes	1,500	2,353	
Forfeited land sale	-	3,041	
Total Tax Revenue	2,954,560	2,959,251	\$ 4,691
Licenses			
On sale liquor	29,500	34,900	
Off sale liquor	1,050	4,350	
Sunday liquor	2,000	2,550	
Miscellaneous liquor	1,800	2,325	
Cigarette license	1,700	1,900	
Miscellaneous licenses	1,500	2,440	
Total Licenses	37,550	48,465	10,915
Permits			
Building permits	90,000	82,227	
Plan review	50,000	44,179	
Other permits	30,000	33,393	
Dog license	150	287	
Conditional use and waiver sub-division permits	2,500	3,250	
Total Permits	172,650	163,336	(9,314)
Intergovernmental Revenue			
Local government aid	2,817,500	2,820,848	
PERA aid	6,900	-	
Police training reimbursement	14,000	15,222	
Urban street maintenance	32,150	29,820	
Police aid 2% insurance	133,000	141,065	
Other grants	-	6,349	
Total Intergovernmental Revenue	3,003,550	3,013,304	9,754
Charges for Services			
Sale of maps, copies	200	128	
Police revenue	48,000	82,685	
Fire protection - rural	142,000	145,235	
Bituminous repair	-	2,302	
Weed mowing and tree removal	100	565	
Snow removal	8,000	9,325	
Public works revenue	1,000	3,225	
Sur tax receipts	6,000	7,675	
Total Charges for Services	205,300	251,140	45,840
Fines			
Fines	15,000	16,654	
Fines-administrative offense	1,200	1,900	
Total Fines	16,200	18,554	2,354

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Other Revenue			
Interest income	\$ 13,000	\$ 9,490	
Other revenue	4,500	4,013	
Credit card fees	3,000	3,804	
Sales tax	1,000	1,134	
Transfer in	852,950	852,950	
Total Other Revenue	874,450	871,391	\$ (3,059)
TOTAL REVENUES	7,264,260	7,325,441	61,181
EXPENDITURES			
Mayor and Council			
Regular pay	79,300	79,230	
Employee benefits	5,600	5,603	
Workers compensation	120	106	
Office supplies	500	470	
Operating supplies	100	-	
Professional services	20,000	12,090	
Communications	2,000	3,990	
Travel and schools	16,000	6,917	
Dues, memberships, and subscriptions	24,400	24,539	
Printing, publishing, and advertising	1,800	2,230	
Miscellaneous	10,000	6,694	
Mayor's contingency	500	-	
Total Mayor and Council	160,320	141,869	(18,451)
Planning Commission			
Office supplies	-	30	
Professional services	36,000	36,000	
Communications	200	104	
Travel and schools	500	-	
Printing, publishing, and advertising	1,000	351	
Miscellaneous	500	92	
Total Planning Commission	38,200	36,577	(1,623)
Health and Safety			
Operating supplies	-	80	
Professional services	1,000	-	
Travel and schools	200	2,341	
Dues, memberships, and subscriptions	1,000	315	
Total Health and Safety	2,200	2,736	536
Elections			
Regular pay	16,000	10,573	
Workers compensation	200	75	
Operating supplies	600	265	
Communications	-	15	
Printing, publishing, and advertising	4,000	208	
Miscellaneous	-	1,345	
Total Elections	20,800	12,481	(8,319)

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
City Administration and Finance			
Regular pay	\$ 625,800	\$ 661,002	
Employee benefits	218,800	205,346	
Workers compensation	5,300	4,930	
Office supplies	3,500	3,102	
Operating supplies	500	3,182	
Software and IT services	500	1,095	
Professional services	-	100	
Communications	7,000	7,346	
Travel and schools	6,550	9,872	
Dues, memberships, and subscriptions	1,650	1,579	
Printing, publishing, and advertising	3,500	4,170	
Repair and maintenance	6,000	7,776	
Rental	1,000	880	
Miscellaneous	500	178	
Furniture and office equipment	-	1,462	
Total City Administration and Finance	880,600	912,020	\$ 31,420
Information Technology			
Operating supplies	1,000	1,270	
Software and IT services	95,320	115,782	
Professional services	3,200	8,638	
Total Information Technology	99,520	125,690	26,170
Accounting and Auditing			
Professional services	36,000	32,200	
Printing, publishing, and advertising	1,000	899	
Total Accounting and Auditing	37,000	33,099	(3,901)
City Attorney			
Professional services	50,000	75,287	
Fees	30,000	25,000	
Total City Attorney	80,000	100,287	20,287
City Hall			
Regular pay	16,600	16,568	
Overtime pay	100	-	
Employee benefits	6,000	8,428	
Workers compensation	1,500	1,328	
Operating supplies	7,000	5,704	
Motor fuels and oil	1,000	1,764	
Utilities	11,000	14,948	
Repair and maintenance	3,000	3,721	
Waste removal	400	887	
Miscellaneous	150	549	
Total City Hall	46,750	53,897	7,147

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Police			
Regular pay	\$ 1,307,700	\$ 1,334,911	
Overtime pay	65,000	71,912	
Other pay	35,000	22,737	
Employee benefits	479,700	508,665	
Workers compensation	103,000	117,911	
Office supplies	3,500	1,126	
Operating supplies	44,500	39,923	
Software & IT services	55,200	75,835	
Motor fuels and oil	28,000	42,643	
Professional services	5,500	4,888	
Communications	30,000	28,532	
Travel and schools	20,500	29,370	
Dues, memberships, and subscriptions	2,250	2,150	
Printing, publishing, and advertising	2,900	1,153	
Utilities	11,050	14,819	
Repair and maintenance	47,500	35,358	
Rental	1,500	1,500	
Waste removal	2,500	2,521	
Miscellaneous	3,000	1,102	
Clothing	4,500	2,450	
Furniture and office equipment	8,000	10,154	
Machinery and equipment	15,500	6,431	
Total Police	2,276,300	2,356,091	\$ 79,791
Fire			
Regular pay	94,500	98,402	
Other pay	56,650	51,859	
Employee benefits	28,600	33,999	
Workers compensation	49,000	47,770	
Office supplies	500	-	
Operating supplies	5,000	5,187	
Software & IT services	670	580	
Motor fuels and oil	5,000	8,282	
Professional services	4,750	6,722	
Communications	5,600	5,207	
Travel and schools	5,000	2,397	
Dues, memberships, and subscriptions	500	625	
Printing, publishing, and advertising	500	206	
Utilities	11,000	13,306	
Repair and maintenance	12,650	12,604	
Rental	-	44	
Waste removal	100	132	
Miscellaneous	500	428	
Clothing	2,400	2,167	
Fees	100	10	
Total Fire	283,020	289,927	6,907

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Emergency Management			
Professional services	\$ -	\$ 700	
Office supplies	1,000	-	
Printing, publishing, and advertising	3,500	4,479	
Utilities	1,500	-	
Rental	100	-	
Total Emergency Management	6,100	5,179	\$ (921)
Building Inspection			
Software & IT services	-	73	
Professional services	128,000	127,996	
Communications	1,400	1,364	
Surcharge	5,400	7,416	
Total Building Inspection	134,800	136,849	2,049
Animal Control			
Regular pay	8,400	8,400	
Workers compensation	300	310	
Operating supplies	300	-	
Professional services	2,600	3,580	
Miscellaneous	40,000	40,000	
Total Animal Control	51,600	52,290	690
Public Works			
Regular pay	188,000	186,209	
Overtime pay	200	996	
Employee benefits	107,300	98,823	
Workers compensation	2,500	2,020	
Office supplies	1,000	432	
Operating supplies	5,000	7,304	
Software & IT services	8,250	9,130	
Motor fuels and oil	2,500	1,867	
Professional services	1,500	1,745	
Communications	8,000	7,690	
Travel and schools	7,000	1,150	
Dues, memberships, and subscriptions	700	463	
Printing, publishing, and advertising	150	474	
Repair and maintenance	3,000	4,251	
Miscellaneous	100	44	
Clothing	200	125	
Furniture and office equipment	-	103	
Machinery and equipment	4,000	7,056	
Total Public Works	339,400	329,882	(9,518)

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Street			
Regular pay	\$ 272,300	\$ 277,234	
Overtime pay	2,500	9,405	
Employee benefits	205,300	194,264	
Workers compensation	35,200	30,854	
Office supplies	200	23	
Operating supplies	20,000	14,445	
Street repair material	15,000	10,563	
Motor fuels and oil	30,000	54,615	
Professional services	200	385	
Communications	3,200	2,786	
Travel and schools	1,000	-	
Dues, memberships, and subscriptions	50	25	
Printing, publishing, and advertising	150	-	
Utilities	16,000	21,423	
Repair and maintenance	30,000	24,619	
Rental	500	1,680	
Waste removal	1,500	1,350	
Miscellaneous	800	327	
Clothing	2,000	2,661	
Fees	1,600	1,721	
Total Street	637,500	648,380	\$ 10,880
Snow Removal			
Regular pay	60,000	70,726	
Overtime pay	10,000	-	
Employee benefits	10,000	11,027	
Workers compensation	8,300	6,433	
Operating supplies	35,000	18,600	
Printing, publishing, and advertising	300	-	
Repair and maintenance	10,000	1,718	
Rental	65,000	74,277	
Total Snow Removal	198,600	182,781	(15,819)
Traffic Signs and Lights			
Operating supplies	7,500	727	
Utilities	107,000	141,608	
Repair and maintenance	1,000	7,330	
Total Traffic Signs and Lights	115,500	149,665	34,165

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Library			
Regular pay	\$ 16,600	\$ 19,243	
Overtime pay	200	-	
Employee benefits	6,000	6,381	
Workers compensation	1,400	1,329	
Operating supplies	6,000	6,569	
Communications	1,000	1,318	
Dues, memberships, and subscriptions	100	85	
Utilities	20,500	30,272	
Repair and maintenance	12,000	38,034	
Waste removal	400	316	
Programming	1,000	-	
Fees	150	120	
Improvements	25,000	5,015	
Transfer out - insurance	2,200	3,429	
Total Library	92,550	112,111	\$ 19,561
Contributions			
Senior Center contribution	12,400	12,400	-
Miscellaneous			
Bank charges	6,000	8,963	
Sales tax	1,000	1,021	
Transfer out - equipment	496,800	496,800	
Transfer out - street improvement	300,000	300,000	
Transfer out - airport operating	20,000	20,000	
Transfer out - airport improvement	40,000	40,000	
Transfer out - insurance	71,000	75,328	
Transfer out - severance	5,000	5,000	
Transfer out - parks and recreation	679,300	679,300	
Transfer out - to various	132,000	132,000	
Total Miscellaneous	1,751,100	1,758,412	7,312
TOTAL EXPENDITURES	7,264,260	7,452,623	188,363
NET CHANGE IN FUND BALANCES	\$ -	(127,182)	\$ (127,182)
FUND BALANCE - BEGINNING		1,711,713	
FUND BALANCE - ENDING		\$ 1,584,531	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
HOUSING AND REDEVELOPMENT AUTHORITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Current ad valorem tax	\$ 101,000	\$ 100,156	
Rental housing license	33,000	32,725	
Interest income	6,000	2,925	
Other	<u>-</u>	<u>1,152</u>	
TOTAL REVENUES	140,000	136,958	\$ (3,042)
EXPENDITURES			
Professional services	80,000	47,166	
Communications	600	313	
Printing, publishing, and advertising	350	214	
Waste removal	2,000	-	
Miscellaneous	1,900	624	
Furniture and Office Equipment	-	12,035	
Improvements	16,110	-	
Transfer out - general fund	39,000	39,000	
Transfer out - insurance	<u>40</u>	<u>40</u>	
TOTAL EXPENDITURES	<u>140,000</u>	<u>99,392</u>	<u>(40,608)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	\$ 37,566	<u>\$ 37,566</u>
FUND BALANCE - BEGINNING		<u>739,429</u>	
FUND BALANCE - ENDING		<u>\$ 776,995</u>	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT AUTHORITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Current ad valorem tax	\$ 99,000	\$ 99,030	
Penalty and interest on taxes	200	79	
Rental income	-	(43)	
Lease revenue	-	777	
Lease payments	24,600	8,076	
Interest income	6,000	4,519	
TOTAL REVENUES	129,800	112,438	\$ (17,362)
EXPENDITURES			
Operating supplies	2,000	-	
Professional services	15,000	24,950	
Communications	50	90	
Printing, publishing, and advertising	200	226	
Utilities	9,000	1	
Repair and maintenance	2,000	-	
Waste removal	500	-	
Miscellaneous	52,000	50,804	
Fees	500	-	
Improvements	27,350	-	
Transfer out - general fund	16,000	16,000	
Transfer out - insurance	5,200	590	
TOTAL EXPENDITURES	129,800	92,661	(37,139)
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	19,777	<u>\$ 19,777</u>
FUND BALANCE - BEGINNING		<u>1,356,851</u>	
FUND BALANCE - ENDING		<u>\$ 1,376,628</u>	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
PARKS AND RECREATION FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Reservation fees	\$ 1,200	\$ 1,725	
Interest income	500	2,991	
Donations	-	82,440	
Other revenue	-	2,527	
Franchise fee - Centerpoint	63,000	63,942	
Transfer in - general fund	479,300	679,300	
TOTAL REVENUES	544,000	832,925	\$ 288,925
EXPENDITURES			
Parks and Playgrounds			
Regular pay	132,100	101,284	
Overtime pay	500	-	
Employee benefits	91,550	68,002	
Workers compensation	7,900	10,094	
Operating supplies	12,800	9,169	
Motor fuels and oil	5,000	8,015	
Professional services	7,500	7,760	
Communications	-	4	
Travel and schools	100	180	
Dues, memberships, and subscriptions	150	150	
Printing, publishing, and advertising	150	-	
Utilities	8,500	8,462	
Repair and maintenance	5,000	4,725	
Rental	3,000	6,039	
Waste removal	750	1,034	
Miscellaneous	500	1,221	
Clothing	900	582	
Transfer out - insurance	25,000	19,661	
Total Parks and Playgrounds	301,400	246,382	(55,018)
Ball Fields			
Regular pay	6,500	6,891	
Employee benefits	1,000	962	
Workers compensation	600	488	
Operating supplies	1,000	667	
Utilities	2,000	549	
Repair and maintenance	500	716	
Rental	1,000	1,140	
Waste removal	400	462	
Total Ball Fields	13,000	11,875	(1,125)

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
PARKS AND RECREATION FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Ice Rinks			
Regular pay	\$ 10,000	\$ 9,465	
Overtime pay	500	-	
Employee benefits	1,000	1,324	
Workers compensation	850	918	
Operating supplies	500	954	
Utilities	2,500	3,836	
Repair and maintenance	500	25	
Total Ice Rinks	15,850	16,522	\$ 672
Tennis			
Regular pay	500	1,329	
Employee benefits	50	185	
Workers compensation	50	37	
Operating supplies	100	37	
Repair and maintenance	200	-	
Total Tennis	900	1,588	688
Zoo			
Regular pay	1,500	1,622	
Employee benefits	200	231	
Workers compensation	150	-	
Miscellaneous	175,000	175,000	
Total Zoo	176,850	176,853	3
Other			
Community services	36,000	36,000	
Park improvement	-	107,120	
Total Other	36,000	143,120	107,120
TOTAL EXPENDITURES	544,000	596,340	52,340
NET CHANGE IN FUND BALANCES	\$ -	236,585	\$ 236,585
FUND BALANCE - BEGINNING		957,141	
FUND BALANCE - ENDING		\$ 1,193,726	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AIRPORT OPERATING FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
State grants	\$ 32,500	\$ 33,118	
County contribution	20,000	20,000	
Airplane fuel	82,950	173,074	
Interest income	600	1,210	
Airport rental income	50,000	46,834	
Lease revenue	-	4,424	
Other revenue	1,000	742	
Transfer in - general fund	20,000	20,000	
TOTAL REVENUES	207,050	299,402	\$ 92,352
EXPENDITURES			
Operating supplies	1,500	2,640	
Airplane fuel	80,000	156,655	
Professional services	88,000	91,130	
Communications	2,500	2,135	
Travel and schools	-	60	
Dues, memberships, and subscriptions	150	150	
Utilities	15,000	15,145	
Repair and maintenance	6,000	12,702	
Waste removal	150	105	
Miscellaneous	-	212	
Bank charges	1,800	2,111	
Fees	450	599	
Transfer out - general fund	2,500	2,500	
Transfer out - insurance	9,000	7,672	
TOTAL EXPENDITURES	207,050	293,816	86,766
NET CHANGE IN FUND BALANCES	\$ -	5,586	\$ 5,586
FUND BALANCE - BEGINNING		123,248	
FUND BALANCE - ENDING		\$ 128,834	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
WATER UTILITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Sale of materials	\$ 5,000	\$ 8,152	
Technical service	6,000	11,506	
Investment income, net	10,000	(82,148)	
Other revenue	500	79,521	
Customer charges	875,000	790,977	
Safe drinking water act fee	28,690	30,253	
Customer deposits	1,500	1,071	
Hook-up fee	-	18,773	
Water service charge	928,000	921,420	
Transfer in	-	200,000	
Capital contributions (net)	-	1,177,501	
TOTAL REVENUES	1,854,690	3,157,026	\$ 1,302,336
EXPENSES			
Water Plant			
Regular pay	205,100	214,640	
Overtime pay	10,000	4,367	
Employee benefits	88,500	79,172	
Workers compensation	11,000	9,007	
Office supplies	400	373	
Operating supplies	13,000	14,794	
Chemical supplies	125,000	146,497	
Lab supplies	3,500	4,630	
Motor fuels and oil	2,500	4,621	
Software and IT services	4,360	5,175	
Professional services	5,000	3,785	
Communications	3,500	4,360	
Travel and schools	4,000	2,157	
Dues, memberships, and subscriptions	2,000	1,882	
Printing, publishing, and advertising	-	45	
Utilities	25,000	30,721	
Repair and maintenance	45,000	44,888	
Rental	3,000	-	
Waste removal	33,000	105	
Miscellaneous	300	39	
Clothing	2,500	3,165	
Fees	37,000	38,328	
Furniture and office equipment	1,000	808	
Machinery and equipment	-	8,999	
Transfer out - insurance	8,500	10,633	
Total Water Plant	633,160	633,191	31
Power and Pumping			
Operating supplies	300	6	
Professional services	600	-	
Utilities	75,000	97,286	
Repair and maintenance	20,000	5,356	
Total Power and Pumping	95,900	102,648	6,748
Wellhead Protection			
Operating supplies	500	10	
Printing, publishing, and advertising	500	440	
Miscellaneous	50	-	
Total Wellhead Protection	1,050	450	(600)

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE (CONTINUED)
WATER UTILITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Distribution			
Regular pay	\$ 58,200	\$ 45,915	
Overtime pay	1,000	56	
Miscellaneous Payouts	-	297	
Employee benefits	8,000	24,275	
Workers compensation	2,800	2,604	
Travel and schools	500	-	
Office supplies	50	11	
Operating supplies	50,000	245,418	
Motor fuels and oil	2,000	3,747	
Software and IT services	1,500	-	
Professional services	-	210	
Communications	1,500	1,414	
Dues, memberships, and subscriptions	100	-	
Printing, publishing, and advertising	1,000	719	
Repair and maintenance	10,000	5,842	
Rental	-	80	
Miscellaneous	50	19	
Clothing	180	-	
Fees	1,000	719	
Machinery and equipment	700	-	
Total Distribution	138,580	331,326	\$ 192,746
Administration within Enterprise			
Software and IT services	7,200	8,698	
Professional services	4,200	4,200	
Communications	6,600	5,726	
Printing, publishing, and advertising	1,200	1,023	
Repair and maintenance	600	109	
Rental	300	240	
Miscellaneous	100	-	
Total Administration within Enterprise	20,200	19,996	(204)
Unallocated			
Sales tax	14,000	14,712	712
Refunds	-	952	
Total Unallocated	14,000	15,664	1,664
Miscellaneous			
Depreciation expense	-	330,487	
Improvements	-	85,971	
Transfer out - improvement	595,000	200,000	
Transfer out	306,800	1,439,897	
Total Miscellaneous	901,800	2,056,355	1,154,555
TOTAL EXPENSES	1,804,690	3,159,630	1,354,940
CHANGE IN NET POSITION	\$ 50,000	\$ (2,604)	\$ (52,604)
NET POSITION - BEGINNING		9,941,717	
NET POSITION - ENDING		\$ 9,939,113	
NET POSITION ANALYSIS			
Operating		\$ 8,214,753	
Improvements		1,724,360	
NET POSITION - ENDING		\$ 9,939,113	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
WASTEWATER UTILITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Customer charges	\$ 1,325,000	\$ 1,353,282	
Customer charges - hook-up fees	-	17,373	
Sewer service charge	823,700	839,090	
Interest income	13,000	(86,108)	
Other revenue	1,000	97,393	
Capital contributions (net)	-	54,474	
TOTAL REVENUES	2,162,700	2,275,504	\$ 112,804
EXPENSES			
Waste Plant			
Regular pay	271,900	272,388	
Overtime pay	6,000	526	
Employee benefits	107,800	81,536	
Workers compensation	16,000	14,130	
Office supplies	500	232	
Operating supplies	20,000	16,337	
Software and IT services	3,800	5,183	
Chemical supplies	70,000	24,592	
Lab supplies	10,000	5,460	
Motor fuels and oil	6,000	7,957	
Professional services	45,000	57,863	
Communications	4,000	3,383	
Travel and schools	2,500	3,233	
Dues, memberships, and subscriptions	4,000	3,814	
Printing, publishing, and advertising	200	194	
Utilities	200,000	262,885	
Repair and maintenance	100,000	34,812	
Rental	2,000	1,740	
Waste removal	25,000	15,189	
Miscellaneous	100	316	
Clothing	3,500	3,909	
Fees	10,000	7,685	
Transfer out - insurance	17,000	23,126	
Total Waste Plant	925,300	846,490	(78,810)
Collections			
Regular pay	80,000	70,906	
Overtime pay	2,000	-	
Employee benefits	11,000	9,595	
Workers compensation	11,500	7,633	
Operating supplies	5,000	5,837	
Motor fuels and oil	500	215	
Professional services	-	76	
Utilities	9,000	10,308	
Repair and maintenance	40,000	39,624	
Waste removal	2,000	453	
Fees	1,100	1,001	
Total Collections	162,100	145,648	(16,452)

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE (CONTINUED)
WASTEWATER UTILITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Administration within Enterprise			
Software and IT services	\$ 7,200	\$ 9,358	
Professional services	4,200	4,200	
Communications	6,600	5,726	
Printing, publishing, and advertising	1,200	1,023	
Repair and maintenance	600	109	
Rental	300	240	
Miscellaneous	100	-	
Total Administration within Enterprise	20,200	20,656	\$ 456
Unallocated			
Refunds	-	1,014	1,014
Miscellaneous			
Depreciation expense	-	308,001	
Bond interest	-	120,953	
Improvements	-	999	
Transfer out - improvements	55,000	-	
Transfer out - debt service	730,950	-	
Transfer out	(78,450)	347,600	
Total Miscellaneous	707,500	777,553	70,053
TOTAL EXPENSES	1,815,100	1,791,361	(23,739)
CHANGE IN NET POSITION	\$ 347,600	484,143	\$ 136,543
NET POSITION - BEGINNING		18,392,949	
NET POSITION - ENDING		\$ 18,877,092	
NET POSITION ANALYSIS			
Operating		\$ 17,033,741	
Improvements		1,843,351	
NET POSITION - ENDING		\$ 18,877,092	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
STORM WATER UTILITY FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Interest income	\$ 1,000	\$ (42,139)	
Rental income	500	-	
Other revenue	500	487	
Customer charges	105,000	109,884	
TOTAL REVENUES	107,000	68,232	\$ (38,768)
EXPENSES			
Storm Water Utility			
Regular pay	40,000	49,923	
Overtime pay	500	-	
Employee benefits	5,700	7,153	
Worker's compensation	4,200	3,990	
Operating supplies	5,000	3,098	
Motor fuels and oil	1,000	570	
Dues, memberships, and subscriptions	650	640	
Printing, publishing, and advertising	150	-	
Repair and maintenance	4,000	9,371	
Waste removal	3,000	-	
Other	-	112	
Fees	3,200	3,358	
Improvements	-	110	
Total Storm Water Utility	67,400	78,325	10,925
Administration within Enterprise			
Software and IT services	1,050	1,609	
Professional services	600	600	
Communications	5,500	5,105	
Printing, publishing, and advertising	1,200	1,023	
Repair and maintenance	600	109	
Rental	300	240	
Miscellaneous	100	-	
Total Administration within Enterprise	9,350	8,686	(664)
Miscellaneous			
Depreciation expense	-	1,323	
Transfer out	17,900	17,900	
Transfer out - insurance	700	346	
Transfer out - improvement	11,650	-	
Total Miscellaneous	30,250	19,569	(10,681)
TOTAL EXPENSES	107,000	106,580	(420)
CHANGE IN NET POSITION	\$ -	(38,348)	\$ (38,348)
NET POSITION - BEGINNING		821,053	
NET POSITION - ENDING		<u>\$ 782,705</u>	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
MUNICIPAL GOLF COURSE FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Interest income (loss)	\$ (4,000)	\$ (2,511)	
Rental	500	836	
Other revenue	2,500	70,356	
Donations	-	15,540	
Cash over	-	(54)	
Sales tax	35,000	40,671	
Membership dues	126,550	111,178	
Greens fees	135,000	132,697	
Equipment rentals	66,600	68,400	
Franchise fee	-	84,599	
Sale of equipment	9,000	10,047	
Range fees	9,000	9,565	
Trail fee	11,000	11,700	
Clothing	2,000	2,612	
Sale of food	45,000	56,738	
Sale of beer	80,000	102,002	
Sale of candy	4,500	5,452	
Sale of pop	12,500	12,225	
Sale of bottled water	1,500	1,820	
Transfer in - general fund	25,000	25,000	
TOTAL REVENUES	561,650	758,873	\$ 197,223
EXPENSES			
Golf Course			
Regular pay	124,500	150,580	
Overtime pay	5,000	2,234	
Employee benefits	17,800	19,534	
Workers compensation	2,600	2,146	
Operating supplies	15,000	32,668	
Software and IT services	5,000	4,920	
Chemical and fertilizer supplies	15,000	13,899	
Motor fuels and oil	9,000	25,110	
Professional services	300	275	
Communications	600	481	
Travel and schools	500	815	
Dues, memberships, and subscriptions	700	75	
Printing, publishing, and advertising	2,700	1,324	
Utilities	7,000	10,007	
Repair and maintenance	10,000	39,907	
Rental	2,000	-	
Waste removal	1,500	1,289	
Miscellaneous	15,000	52	
Clothing	200	95	
Fees	450	293	
Range supplies	2,000	-	
Total Golf Course	236,850	305,704	68,854

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE (CONTINUED)
MUNICIPAL GOLF COURSE FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
Clubhouse/Proshop			
Regular pay	\$ 103,000	\$ 118,693	
Overtime pay	2,000	6,825	
Employee benefits	15,900	20,466	
Workers compensation	1,650	1,435	
Office supplies	600	304	
Operating supplies	10,000	18,767	
Software and IT services	5,000	5,343	
Professional services	300	350	
Communications	2,000	2,248	
Travel and schools	350	330	
Dues, memberships, and subscriptions	5,500	6,345	
Printing, publishing, and advertising	2,500	1,324	
Insurance	4,500	4,979	
Utilities	12,000	16,842	
Repair and maintenance	4,000	3,847	
Rental	3,000	8,580	
Waste removal	1,000	1,263	
Miscellaneous	100	880	
Clothing	1,000	-	
Bank charges	9,000	10,667	
Fees	4,100	3,947	
Purchase of food	30,000	44,358	
Purchase of pop	13,500	14,467	
Purchase of candy	3,500	4,463	
Purchase of liquor and beer	40,000	40,344	
Purchase of golf equipment - resale	8,000	14,993	
Total Clubhouse/Proshop	282,500	352,060	\$ 69,560
Unallocated			
Depreciation expense	-	51,868	
Amortization expense	-	1,867	
Interest and other charges	-	5,130	
Professional service	1,600	27,913	
Sales tax	35,000	40,733	
Golf improvement	-	5,389	
Transfer out - insurance	5,700	5,123	
Total Unallocated	42,300	138,023	95,723
TOTAL EXPENSES	561,650	795,787	234,137
CHANGE IN NET POSITION	\$ -	(36,914)	\$ (36,914)
NET POSITION - BEGINNING		(201,097)	
NET POSITION - ENDING		\$ (238,011)	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
RECYCLING AND GARBAGE FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts- Original and Final	Actual Amounts	Variance with Budget Over (Under)
REVENUES			
Sale of materials	\$ 2,700	\$ 1,975	
Interest income	600	(67)	
Other revenue	2,600	7,293	
Customer charges - garbage	558,000	575,161	
Customer charges - recycling	168,780	171,428	
Garbage administration fee	53,000	53,993	
Recycling administration fee	95,100	95,484	
Solid waste tax	56,500	61,465	
Grants	25,600	28,550	
TOTAL REVENUES	962,880	995,282	\$ 32,402
EXPENSES			
Recycling			
Regular pay	-	496	
Employee benefits	-	73	
Professional services	176,000	202,412	
Communications	100	59	
Printing, publishing, and advertising	350	438	
Waste removal	7,600	5,640	
Miscellaneous	2,000	1,600	
Total Recycling	186,050	210,718	24,668
Garbage			
Regular pay	2,000	2,198	
Employee benefits	500	-	
Workers compensation	600	477	
Software and IT services	700	660	
Professional services	558,000	595,312	
Communications	500	1	
Waste removal	-	19	
Machinery and equipment	7,350	7,223	
Garbage bags	3,500	408	
Total Garbage	573,150	606,298	33,148
Administration within Enterprise			
Software and IT services	1,050	1,609	
Professional services	4,200	4,200	
Communications	5,500	5,105	
Printing, publishing, and advertising	1,200	1,023	
Repair and maintenance	600	109	
Rental	300	240	
Miscellaneous	100	-	
Total Administration within Enterprise	12,950	12,286	(664)
Unallocated			
Refunds	250	1,322	1,072
Miscellaneous			
Depreciation expense	-	410	
Sales tax	56,500	60,052	
Transfer out - insurance	500	487	
Transfer out - equipment	17,830	-	
Transfer out	115,650	115,650	
Total Miscellaneous	190,480	176,599	(13,881)
TOTAL EXPENSES	962,880	1,007,223	44,343
CHANGE IN NET POSITION	\$ -	(11,941)	\$ (11,941)
NET POSITION - BEGINNING		21,191	
NET POSITION - ENDING		\$ 9,250	

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF DEBT MATURITIES
DECEMBER 31, 2022**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
GOVERNMENTAL DEBT			
2023	1,442,706	337,436	1,780,142
2024	1,463,620	291,678	1,755,298
2025	1,844,564	259,759	2,104,323
2026	1,060,539	230,404	1,290,943
2027	1,062,546	203,871	1,266,417
2028	903,587	179,509	1,083,096
2029	940,662	156,670	1,097,332
2030	951,772	132,892	1,084,664
2031	903,920	109,363	1,013,283
2032	775,000	88,670	863,670
2033	731,000	69,860	800,860
2034	673,000	52,485	725,485
2035	540,000	37,713	577,713
2036	552,000	24,441	576,441
2037	364,000	12,748	376,748
2038	237,000	3,910	240,910
	<u>\$ 14,445,916</u>	<u>\$ 2,191,409</u>	<u>\$ 16,637,325</u>

BUSINESS-TYPE DEBT

2023	515,796	149,014	664,810
2024	522,810	142,222	665,032
2025	529,934	135,267	665,201
2026	510,677	128,146	638,823
2027	510,028	122,214	632,242
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	120,140	6,140	126,280
	<u>\$ 13,770,385</u>	<u>\$ 2,003,843</u>	<u>\$ 15,774,228</u>

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE
DECEMBER 31, 2022**

	<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	3.20	2/1/2023	85,000	14,480
		3.20	2/1/2024	85,000	11,760
		4.00	2/1/2025	90,000	8,600
		4.00	2/1/2026	90,000	5,000
		4.00	2/1/2027	80,000	1,600
				<u>430,000</u>	<u>41,440</u>
General Obligation Advance Refunding Series 2013A	1/1/2013	1.80	2/1/2023	95,000	8,760
		1.80	2/1/2024	95,000	7,050
		2.10	2/1/2025	100,000	5,145
		2.10	2/1/2026	100,000	3,045
		2.10	2/1/2027	95,000	998
				<u>485,000</u>	<u>24,998</u>
General Obligation Revolving Fund Series 2015A	3/1/2015	2.00	2/1/2023	65,000	13,880
		2.00	2/1/2024	65,000	12,580
		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	75,000	1,125
				<u>555,000</u>	<u>64,435</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2022

	Issue Date	Interest Rate	Maturity Date	Principal	Interest
GOVERNMENTAL DEBT (Continued)					
General Obligation Refunding Bonds Series 2015B	4/1/2015	2.00	2/1/2023	335,000	9,230
		2.10	2/1/2024	190,000	3,885
		2.10	2/1/2025	90,000	945
				615,000	14,060
General Obligation Revolving Fund Series 2015C	12/1/2015	1.80	2/1/2023	70,000	15,336
		2.10	2/1/2024	70,000	13,971
		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	75,000	1,088
				645,000	78,875
General Obligation Revolving Fund Series 2017A	5/1/2017	2.00	2/1/2023	55,000	15,350
		2.00	2/1/2024	55,000	14,250
		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
				585,000	88,350

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2022

	Issue Date	Interest Rate	Maturity Date	Principal	Interest
GOVERNMENTAL DEBT (Continued)					
General Obligation Refunding Bonds Series 2017B	5/1/2017	2.00	2/1/2023	275,000	19,850
		2.00	2/1/2024	280,000	14,300
		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>1,035,000</u>	<u>60,900</u>
General Obligation Refunding Bonds Series 2018A	5/1/2018	2.40	2/1/2023	55,000	19,960
		2.40	2/1/2024	55,000	18,640
		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	<u>75,000</u>	<u>1,200</u>
				695,000	124,260
General Obligation Revolving Bonds Series 2019A	5/1/2019	3.00	2/1/2023	110,000	44,400
		3.00	2/1/2024	115,000	41,025
		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>
				1,535,000	291,225

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2022

	<div>Issue Date</div>	<div>Interest Rate</div>	<div>Maturity Date</div>	<div>Principal</div>	<div>Interest</div>
GOVERNMENTAL DEBT (Continued)					
General Obligation Revolving Bonds Series 2020A	7/20/2020	1.00	2/1/2023	160,000	32,646
		1.00	2/1/2024	165,000	31,021
		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	200,000	2,000
					2,480,000
General Obligation Revolving Bonds Series 2021A	6/1/2021	1.38	2/1/2023	110,000	25,539
		1.38	2/1/2024	110,000	24,026
		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	135,000	1,148
			1,795,000	212,200	

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2022

	<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	2/1/2023	-	109,694
		3.30	2/1/2024	150,000	91,773
		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	<u>237,000</u>	<u>3,910</u>
				2,856,000	873,677
Lakeshirts MIF Loan	6/30/2022	0.00	4/1/2023	-	-
		0.00	4/1/2024	-	-
		0.00	4/1/2025	<u>450,000</u>	-
				450,000	-
Axon Fleet Cameras	1/1/2022	3.25	12/30/2023	27,706	8,311
		3.25	12/30/2024	28,620	7,397
		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>
				<u>284,916</u>	<u>39,236</u>
TOTAL GOVERNMENTAL DEBT				<u>\$ 14,445,916</u>	<u>\$ 2,191,409</u>

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2022

	<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	7/1/2019	1.00	8/20/2023	478,000	141,140
Note of 2019 Taxable		1.00	8/20/2024	483,000	136,360
		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	120,140	6,140
				<u>13,620,140</u>	<u>1,984,380</u>
Lawn Mower	5/1/2021	4.75	5/1/2023	23,054	3,444
		4.75	5/1/2024	24,150	2,349
		4.75	5/1/2025	<u>25,297</u>	<u>1,201</u>
				72,501	6,994
TX Turf Gator	6/29/2022	4.75	6/29/2023	1,783	342
		4.75	6/29/2024	1,869	256
		4.75	6/29/2025	1,960	165
		4.75	6/29/2026	2,055	70
		4.75	6/29/2027	<u>349</u>	<u>6</u>
				8,016	839

CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
DECEMBER 31, 2022

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
BUSINESS-TYPE DEBT (Continued)					
Bunker Rake	5/5/2022	4.00	5/5/2023	3,369	512
		4.00	5/5/2024	3,507	374
		4.00	5/5/2025	3,650	231
		4.00	5/5/2026	<u>3,798</u>	<u>83</u>
				14,324	1,200
Fairway Mower	11/10/2022	7.00	11/10/2023	9,590	3,576
		7.00	11/10/2024	10,284	2,883
		7.00	11/10/2025	11,027	2,140
		7.00	11/10/2026	11,824	1,343
		7.00	11/10/2027	<u>12,679</u>	<u>488</u>
				<u>55,404</u>	<u>10,430</u>
TOTAL BUSINESS-TYPE DEBT				<u><u>\$ 13,770,385</u></u>	<u><u>\$ 2,003,843</u></u>

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

	Issue Date	Interest Rate	Maturity Date	Initial Authorized Issue	Outstanding Balance 01/01/22	Issued	Paid	Outstanding Balance 12/31/22	Principal Due in 2023
GOVERNMENTAL DEBTS									
GO Permanent Improvement Revolving Fund Bonds - 2011B	9/1/2011	1.00-4.00%	2/1/2027	\$ 1,220,000	\$ 515,000	\$ -	\$ 85,000	\$ 430,000	\$ 85,000
GO Advanced Refunding Bonds - 2013A	1/1/2013	0.45-2.10%	2/1/2027	2,585,000	720,000	-	235,000	485,000	95,000
GO Permanent Improvement Revolving Fund Bonds - 2015A	3/1/2015	1.00-3.00%	2/1/2030	1,000,000	620,000	-	65,000	555,000	65,000
GO Refunding Bonds - 2015B	4/1/2015	2.00-2.10%	2/1/2025	2,555,000	940,000	-	325,000	615,000	335,000
GO Permanent Improvement Revolving Fund Bonds - 2015C	12/1/2015	1.10-2.90%	2/1/2031	1,045,000	715,000	-	70,000	645,000	70,000
GO Permanent Improvement Revolving Fund Bonds - 2017A	5/1/2017	2.00-3.00%	2/1/2032	885,000	635,000	-	50,000	585,000	55,000
GO Refunding Bonds - 2017B	5/1/2017	2.00-3.00%	2/1/2031	3,280,000	1,310,000	-	275,000	1,035,000	275,000
GO Permanent Improvement Revolving Fund Bonds - 2018A	5/1/2018	2.00-3.20%	2/1/2033	910,000	750,000	-	55,000	695,000	55,000
GO Permanent Improvement Revolving Fund Bonds - 2019A	5/1/2019	3.00%	2/1/2034	1,755,000	1,645,000	-	110,000	1,535,000	110,000
GO Permanent Improvement Revolving Fund Bonds - 2020A	7/20/2020	1.00-2.00%	2/1/2036	2,640,000	2,640,000	-	160,000	2,480,000	160,000
GO Permanent Improvement Revolving Fund Bonds - 2021A	6/1/2021	1.38-1.70%	2/1/2037	1,795,000	1,795,000	-	-	1,795,000	110,000
GO Permanent Improvement Revolving Fund Bonds - 2022A	6/2/2022	3.30%	2/1/2038	2,856,000	-	2,856,000	-	2,856,000	-
Lakeshirts MIF Loan - Note Payable	6/30/2022	0.00%	4/1/2025	450,000	-	450,000	-	450,000	-
Axon Fleet Cameras - Financing Arrangement	1/1/2022	3.25%	12/30/2031	311,737	-	311,737	26,821	284,916	27,706
TOTAL GOVERNMENTAL DEBTS				23,287,737	12,285,000	3,617,737	1,456,821	14,445,916	1,442,706
ENTERPRISE DEBT									
GO Wastewater Revenue (PFA) Bonds - 2003	2/3/2003	1.24%	8/20/2022	4,248,645	252,000	-	252,000	-	-
GO Wastewater Revenue (PFA) Bonds - 2005	9/28/2005	1.24%	8/20/2022	1,998,468	130,000	-	130,000	-	-
GO Wastewater Revenue (PFA) Taxable Bonds - 2005	9/28/2005	1.24%	8/20/2022	631,555	39,000	-	39,000	-	-
GO Wastewater Revenue (PFA) Taxable Bonds - 2019	7/1/2019	1.00%	8/20/2048	15,498,248	13,907,567	185,573	473,000	13,620,140	478,000
Lawn Mowers - Financing Arrangement	5/1/2021	4.75%	5/1/2025	121,008	94,510	-	22,009	72,501	23,054
TX Turf Gator - Financing Arrangement	6/29/2022	4.75%	6/29/2027	9,554	-	9,554	1,538	8,016	1,783
Bunker Rake - Financing Arrangement	5/5/2022	4.00%	5/5/2027	17,797	-	17,797	3,473	14,324	3,369
Fairway Mower - Lease Liability	11/10/2022	7.00%	10/10/2027	56,958	-	56,958	1,554	55,404	9,590
TOTAL ENTERPRISE DEBTS				22,582,233	14,423,077	269,882	922,574	13,770,385	515,796
TOTAL INDEBTEDNESS				<u>\$ 45,869,970</u>	<u>\$ 26,708,077</u>	<u>\$ 3,887,619</u>	<u>\$ 2,379,395</u>	<u>\$ 28,216,301</u>	<u>\$ 1,958,502</u>

OTHER REQUIRED REPORTS

**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, as of and for the year ended December 31, 2022, 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 12, 2023.

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 over financial reporting 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 Responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 following deficiency described in the accompanying *Schedule of Findings and Responses* as item 2012-001 to be a material weakness.

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 following deficiency described in the accompanying *Schedule of Findings and Responses* as item 2012-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 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's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City of Little Falls' response to the findings identified in our engagement and described in the accompanying *Schedule of Findings and Responses*. The City of Little Falls' 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 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 12, 2023

**CITY OF LITTLE FALLS, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding 2012-001 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 2012-002 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
CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 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
Mr. Jon Radermacher, City Administrator, 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 2012-002 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
Mr. Jon Radermacher, City Administrator, 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.