

*In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, if the Bonds are issued as tax-exempt bonds, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. Such interest is not included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Taxability of Interest" herein.*

**\$2,205,000****City of Little Falls, Minnesota****General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A**

**PURPOSE/AUTHORITY:** The \$2,205,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 429 and 475 to finance the 2025 improvement projects for the City of Little Falls (the "City" or "Issuer"), located within the City (the "Project"). The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge revenues from special assessments against benefitted properties and tax levies/PIR funds (the City plans to special assess \$1,351,980.17 for a term of 15 years with an interest rate of 5.5% to benefitting properties). The proceeds will finance the City's 2025 improvement projects.

**BID OPEN & AWARD:** Monday, December 15, 2025; Open 11:00 A.M. CST; Award 7:30 P.M. CST.

**DATED DATE:** December 29, 2025

**MATURITY:** The bonds will mature February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$ 110,000	2032	\$ 135,000	2037	\$ 160,000
2028	120,000	2033	140,000	2038	165,000
2029	125,000	2034	145,000	2039	175,000
2030	125,000	2035	150,000	2040	180,000
2031	130,000	2036	155,000	2041	190,000

**INTEREST:** August 1, 2026, and each February 1 and August 1 thereafter.

**MATURITY AGREEMENT:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each.

**CALL DATE:** February 1, 2033

**MINIMUM BID:** \$2,177,437.50 (98.75%)

**TAX STATUS:** Tax-exempt; bank-qualified

**GOOD FAITH DEPOSIT:** \$44,100 payable to the City on the sale date

**CLOSING/ DELIVERY DATE:** On or about December 29, 2025

*The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota. This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.*

**DDA**

David Drown Associates, Inc.  
Public Finance Advisors

Minneapolis Office:  
5029 Upton Avenue South  
Minneapolis, MN 55419-1126  
612-920-3320 (phone); 612-605-2375 (fax)  
www.daviddrown.com

## **COMPLIANCE WITH S.E.C. RULE 15C-12**

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

## **PRELIMINARY OFFICIAL STATEMENT**

This Preliminary Official Statement was prepared for the Issuer for dissemination to potential customers. The primary purpose of the Preliminary Official Statement is to disclose information regarding the Obligations to prospective underwriters in the interest of receiving competitive bids in accordance with the sale notice contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement."

## **REVIEW PERIOD**

This Preliminary Official Statement has been distributed to members of the legislative body and other public officials of the Issuer as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to David Drown Associates, Inc. (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

## **FINAL OFFICIAL STATEMENT**

Upon award of sale of the Obligations, the legislative body will authorize the preparation of an addendum to the Preliminary Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Preliminary Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

## **REPRESENTATIONS**

No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto was prepared relying on information of the Issuer and other sources and, while believed to be reliable, is not guaranteed as to completeness or accuracy.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Municipal Advisor, payable entirely by the Issuer, is contingent upon the sale of the issue.

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## CITY OF LITTLE FALLS, MINNESOTA

### City of Little Falls City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Greg Zylka	Mayor	2026
David Glaze	Council Member	2026
Raquel Lundberg	Council Member	2028
Leif Hanson	Council Member	2026
Jerry Knafla	Council Member	2028
Wayne Liljegren	Council Member	2026
Frank Gosiak	Council Member	2028
David Meyer	Council Member	2026

### Administration

Alex Smith	City Administrator	Appointed
Sony Lubrecht	Finance Director	Appointed

### Bond Counsel

Taft Stettinius & Hollister LLP  
Minneapolis, MN

### Pay Agent

Northland Bond Services,  
a division of First National Bank of Omaha  
Minneapolis, MN

### Municipal Advisor

David Drown Associates, Inc.  
Minneapolis, MN

## INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

*The following information is furnished solely to provide limited introductory information regarding the \$2,205,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A, of City of Little Falls, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.*

Issuer:	City of Little Falls, Minnesota																																				
Sale Date & Time:	Monday, December 15, 2025, 11:00 A.M. Central																																				
Award Date & Time:	Monday, December 15, 2025; 7:30 P.M. Central																																				
Dated Date:	December 29, 2025																																				
Interest Payments:	August 1, 2026, and each February 1 and August 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the “Record Date”)																																				
Principal Payments:	February 1 in the years and amounts as follows:																																				
	<table><tr><td><u>Year</u></td><td><u>Amount</u></td><td><u>Year</u></td><td><u>Amount</u></td><td><u>Year</u></td><td><u>Amount</u></td></tr><tr><td>2027</td><td>\$ 110,000</td><td>2032</td><td>\$ 135,000</td><td>2037</td><td>\$ 160,000</td></tr><tr><td>2028</td><td>120,000</td><td>2033</td><td>140,000</td><td>2038</td><td>165,000</td></tr><tr><td>2029</td><td>125,000</td><td>2034</td><td>145,000</td><td>2039</td><td>175,000</td></tr><tr><td>2030</td><td>125,000</td><td>2035</td><td>150,000</td><td>2040</td><td>180,000</td></tr><tr><td>2031</td><td>130,000</td><td>2036</td><td>155,000</td><td>2041</td><td>190,000</td></tr></table>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	2027	\$ 110,000	2032	\$ 135,000	2037	\$ 160,000	2028	120,000	2033	140,000	2038	165,000	2029	125,000	2034	145,000	2039	175,000	2030	125,000	2035	150,000	2040	180,000	2031	130,000	2036	155,000	2041	190,000
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2031	130,000	2036	155,000	2041	190,000																																
Rating:	The City <i>has</i> requested a rating from S & P Global Rating																																				
Maturity Adjustment:	The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale in increments of \$5,000 each																																				
Continuing Disclosure:	Full continuing disclosure																																				
Security:	General Obligation pledge of the City, tax levy/PIR Funds and pledge of special assessments to benefitted properties																																				
Purpose:	Proceeds will finance the City's 2025 improvement projects																																				
Authority:	Minnesota Statutes, Chapters 429 and 475																																				
Optional Redemption:	Bonds are callable on February 1, 2033.																																				
Tax Status:	Tax-exempt, bank-qualified																																				
Legal Opinion:	Taft Stettinius & Hollister LLP, Minneapolis, Minnesota																																				
Municipal Advisor:	David Drown Associates, Inc., Minneapolis, Minnesota																																				
Closing/Delivery:	On or about December 29, 2025																																				

*Questions regarding the Bonds or the Preliminary Official Statement can be directed to, and additional copies of the Preliminary Official Statement and the City's audited financial reports can be obtained from the City's Municipal Advisor David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 (612-920-3320).*

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## TERMS OF OFFERING

City of Little Falls, Minnesota

\$2,205,000

General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A

(BOOK ENTRY ONLY)

### TERMS OF PROPOSAL

Proposals for the Bonds will be received on Monday, December 15, 2025 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council of the City of Little Falls (the "City") at 7:30 P.M., Central Time, on that same date.

### SUBMISSION OF PROPOSALS

Proposals must be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, must be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:00 A.M., local time on December 15, 2025. Bids must be submitted electronically via PARITY® pursuant to this Notice until 11:00 A.M., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders must contact David Drown Associates, Inc. or PARITY® at (212) 806-8304.

Neither the City of Little Falls nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

### DETAILS OF THE BONDS

The Bonds will be dated December 29, 2025, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2026. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$ 110,000	2035	\$ 150,000
2028	120,000	2036	155,000
2029	125,000	2037	160,000
2030	125,000	2038	165,000
2031	130,000	2039	175,000
2032	135,000	2040	180,000
2033	140,000	2041	190,000
2034	145,000		

## **TERM BOND OPTION**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

## **BOOK ENTRY SYSTEM**

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds must be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## **REGISTRAR**

The City will name Northland Bond Services, a division of First National Bank of Omaha., Minneapolis, MN, as registrar for the Bonds. Northland Bond Services, a division of First National Bank of Omaha. shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

## **OPTIONAL REDEMPTION**

The City must elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. Redemption must be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

## **SECURITY AND PURPOSE**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition the City will pledge revenues from special assessments against benefitted properties and tax levies/PIR funds (the City plans to special assess \$1,351,980.17 for a term of 15 years with an interest rate of 5.5% to benefitting properties). The proceeds will finance the City's 2025 improvement projects .

## **TYPE OF PROPOSALS**

Proposals shall be for not less than \$2,177,437.50 (98.75%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$44,100.00 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

## MATURITY ADJUSTMENTS

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases must be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

## ISSUE PRICE DETERMINATION

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate must indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto must be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- ii. all bidders shall have an equal opportunity to submit a bid;
- iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly

described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser must elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

## **BOND INSURANCE AT PURCHASER'S OPTION**

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

## **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

## **SETTLEMENT**

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

## **FULL CONTINUING DISCLOSURE**

On the date of the actual issuance and delivery of the Bonds, the City will be obligated with respect to more than \$10,000,000 of outstanding municipal securities, including the Bonds being offered hereby. In order to assist bidders in complying with SEC Rule 15c2-12, the City will covenant to provide certain financial and operating information that is customarily prepared and is publicly available and notices of certain material events to the limited extent required by SEC Rule 15c2-12(d)(2). A description of the City's undertaking is set forth in the Official Statement.

## **OFFICIAL STATEMENT**

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320. The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City

agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated: 17 November 2025

BY ORDER OF THE CITY COUNCIL  
/s/ Alex Smith, City Administrator

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## OFFICIAL STATEMENT

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### CITY OF LITTLE FALLS, MINNESOTA

#### **\$2,205,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A**

#### **INTRODUCTION**

This Preliminary Official Statement provides information relating to the issuance of, \$2,205,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A (the "Bonds") by City of Little Falls, Minnesota (the "City".) This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Bonds authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Mr. Alex Smith, City Administrator, City of Little Falls, P.O. Box 244, Little Falls, MN 56345-0244 or by telephoning (320) 616-5500.

#### **Full Continuing Disclosure**

In order to comply with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") the City will enter into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds. Through the Undertaking, the City covenants and agrees to provide certain annual financial and operating information about the City and to provide notice of the occurrence of certain material events. This information shall be provided according to the time parameters described in the Undertaking and to the information repositories and the Municipal Securities Rulemaking Board as required by the Rule. The specific provisions of the Undertaking are set forth in the Continuing Disclosure Certificate (the "Certificate") in substantially the form attached hereto as Appendix C. The Certificate will be executed and delivered by the City at the time the Bonds are delivered. The City is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

The City has complied in all material respects with any previous undertaking under the Rule during the past five (5) years with one exception. On July 24, 2019 the City issued a GO Taxable Sewer Revenue Note of 2019 and failed to file notice of this issuance within 10 days. Notice of the issuance and the related Failure to File Notice were filed on September 3, 2019. The City also notes that previous continuing disclosure undertakings included language that the audit would be filed "as soon as available". Although not always filed as soon as available, the audits have been filed within the 12-month time frame as provided for in the undertakings. Additional information on Continuing Disclosure filings can be found in Appendix F of this document.

The City is aware of the two (2) new Significant Events that require reporting as of February 27, 2019. The City has no debt, either issued or planned, that is not included in this Official Statement. The City works with a dissemination agent to assist in monitoring their continuing disclosure requirements.

#### **Authority and Purpose**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475 for the purpose of financing the City's 2025 improvement projects.

## Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Par Amount of the Bonds	\$ 2,205,000	Project Costs	\$ 6,247,591
Other Revenues	3,884,924	Underwriter's Discount (1.25%)	27,562
Prepaid Special Assessments	<u>238,148</u>	Issuance & Legal	52,500
		Surplus Funds	<u>419</u>
Totals	\$ 6,328,072	Total	\$ 6,328,072

## Payment and Security

The Bonds are a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. It is the intent of the City to pay the entire amount of principal and interest from revenues of the City's Permanent Improvement Revolving Fund (PIR) established under Minnesota Statutes, Section 429.091. The City anticipates that all of the debt service will be paid by ad valorem taxes and special assessments levied against properties benefitted by improvements financed by the Bonds. All revenues from the special assessments shall be paid into the PIR Fund which will then be used to pay debt service as needed. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law. The City will covenant to levy special assessments on benefitted property in an amount not less than 20% of the cost each improvement project to be financed from the Permanent Improvement Revolving Fund.

## Optional Redemption

The City may elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

## Rating

The City *has* requested a rating on this issue from S & P Global Ratings, Inc. Such a rating, when received, will reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from S & P Global Ratings, Inc. There is no assurance that such rating, if and when received, will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## Taxability of Interest

At closing, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion based upon present federal and State of Minnesota laws (which excludes any pending legislation which may have a retroactive effect), regulations, ruling and decisions, to the following effect:

1. Gross Income: the Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trust and estates for Minnesota income tax purposes, but such interest is includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax.

2. Alternative Minimum Tax: interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations.
3. Compliance: the above opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements that must be satisfied subsequent to the issuance of the Bonds. FAILURE TO COMPLY WITH CERTAIN OF SUCH REQUIREMENTS MAY CAUSE THE INCLUSION OF INTEREST ON THE BONDS IN FEDERAL GROSS INCOME AND IN MINNESOTA TAXABLE NET INCOME RETROACTIVE TO THE DATE OF ISSUANCE OF THE BONDS.

No opinion will be expressed by Bond Counsel regarding other federal or state tax consequences arising with respect to the Bonds. See the form of opinion in Appendix B.

### Other Federal Tax Considerations

Property and Casualty Insurance Companies Property and casualty insurance companies are required by federal tax law for taxable years beginning after January 31, 1986, to reduce the amount of their loss reserve deduction by 15% of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Bonds.

Foreign Insurance Companies Foreign companies carrying on an insurance business in the United States are subject to a federal tax on income which is effectively connected with their conduct of any trade or business in the United States. Such income includes tax-exempt interest.

Branch Profits Tax Foreign corporations are subject to a federal "branch profits tax" equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits", including tax-exempt municipal bond interest.

Passive Investment Income of S Corporations Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code of 1986, as amended, for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Financial Institutions For federal income tax purposes, financial institutions are unable to deduct any portion of the interest expense allocable to the ownership of certain tax-exempt obligations acquired after August 7, 1986, including the Bonds but for their designation as qualified tax-exempt obligations. See "Qualified Tax-Exempt Obligations" below.

Social Security and Railroad Retirement Benefits Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits within gross income by reason of receipt of interest on tax-exempt obligations, including the Bonds.

Exclusion Not Constitutionally Required The United States Supreme Court ruled in 1988 that the exclusion from gross income of interest on state and local bonds is not required by the United States constitution. The Constitution of the State of Minnesota likewise does not require the exclusion from gross income or taxable net income of interest on bonds of Minnesota issuers. Hence, future federal and/or state laws could cause the inclusion of interest on bonds, including the Bonds, in gross income or taxable net income, or could otherwise cause such interest to be taxed or to be included in the calculation of other income which is taxed.

General The above is not a comprehensive list of all federal or state tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject

and the particular tax status of other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

### **Details of Certain Terms**

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Record Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the month prior to the interest payment date (the “Record Date”).

### **Original Issue Discount**

Original Issue Discount Bonds (“OID Bonds”) may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holders’ tax basis in such Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder’s tax basis during the period such Bonds are held.

### **Original Issue Premium**

Original Issue Premium Bonds (“Premium Bonds”) may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Premium Bonds should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

### **Term Bond Option**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

### **Bank-qualified Tax-Exempt Obligations**

The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax-exempt obligations. “Qualified tax-exempt obligations” are treated as acquired by the financial institution before August 8, 1986. Interest allocable to such obligations remains subject to the 20% disallowance contained in prior law.

### **Book Entry System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York State Banking Law, a "banking organization" within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York State Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-sale settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporations, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporations (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchanges, Inc., the American Stock Exchanges LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices for the Obligations shall be sent to Cede & Co. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal and interest payments on the Obligations will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, Issuer, or Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Issuer may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered. The information in this section concerning DTC and DTC's book entry-system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

### **Litigation**

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

### **Future Financing**

The city anticipates borrowing \$2 to \$3 million in 2026 for related street and utility improvements related to their capital improvement plan.

### **Legality**

The Bonds are subject to approval as to certain matters by Taft Stettinius & Hollister LLP of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has neither been engaged nor undertaken to prepare, opine on, examine or independently verify the accuracy of any portion of this Official Statement, including the financial, statistical or operational statements or data contained in this Official Statement and risks associated with the purchase of the Bonds, except for statements under "Taxability of Interest" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "Appendix B – PROPOSED FORM OF LEGAL OPINION," and a legal opinion in substantially the form set out in Appendix B herein will be delivered at closing.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

### **Municipal Advisor**

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information

contained in the Preliminary Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken to independently verify, the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **Certification**

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Preliminary Official Statement, it did not and does not as of the date of the certificate contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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## VALUATIONS – COUNTY AUDITOR

For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full Morrison County Auditor's Certificate for taxes payable in 2025 found under Appendix A.

## TRENDS IN VALUATIONS

### Trends in Valuations

<u>Year</u>	<u>Economic Market Value</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Adjusted Net Tax Capacity</u>
2024/25	\$ 849,613,222	\$ 818,625,600	\$ 734,389,200	\$ 8,802,967
2023/24	816,334,664	769,895,000	707,051,800	8,244,671
2022/23	805,325,921	695,559,100	631,495,900	7,401,113
2021/22	668,648,188	611,611,900	545,477,900	6,458,081
2020/21	617,173,207	579,249,100	514,414,600	6,079,838
2019/20	577,449,626	551,113,500	485,715,400	5,791,585
2018/19	492,169,834	500,430,100	434,115,100	5,209,543
2017/18	485,015,980	481,586,600	415,598,000	4,995,868

## CASH AND INVESTMENTS

(as of September 30, 2025)

<u>Fund</u>	<u>Cash/Investments</u>
General	\$ 1,334,006
Special	1,371,584
PIR Fund	7,372,071
Debt Service	2,666,376
Enterprise	5,008,891
Capital	(4,643,969)
Restricted/Trust	<u>3,133,836</u>
Total	\$ 16,242,795

## CITY INDEBTEDNESS

(as of 12/01/2025)

### Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$ 24,558,768
Less: Outstanding Debt Subject to Limit	<u>200,000</u>
Legal Debt Margin as of 12/01/2025	\$ 24,358,768

### General Obligation Debt Supported by Tax Levies

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
01/01/2013	\$ 1,300,000	CIP Refunding, Portion of 2013A	02/01/2027	\$ <u>200,000</u>
Total				\$ 200,000

### General Obligation Debt Supported by Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
12/29/2025	\$ 2,205,000	Improvements, This Issue	02/01/2041	\$ 2,205,000
12/16/2024	1,180,000	Improvements	02/01/2041	1,180,000
11/20/2023	6,965,000	Improvements	02/01/2039	6,660,000
06/02/2022	2,856,000	Improvements	02/01/2038	2,551,000
06/01/2021	1,795,000	Improvements	02/01/2037	1,465,000
07/20/2020	2,640,000	Improvements	02/01/2036	1,990,000
05/01/2019	1,755,000	Improvements	02/01/2034	1,195,000
05/01/2018	910,000	Improvements	02/01/2033	525,000
05/01/2017	885,000	Improvements	02/01/2032	420,000
12/01/2015	1,045,000	Improvements	02/01/2031	435,000
03/01/2015	1,000,000	Improvements	02/01/2030	360,000
09/01/2011	1,220,000	Improvements	02/01/2027	<u>170,000</u>
Total				\$ 19,156,000

### General Obligation Debt Supported by Tax Increment

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
05/01/2017	\$ 758,000	Tax Increment Rfnd Ptn 2017B	02/01/2031	\$ <u>190,000</u>
Total				\$ 190,000

**General Obligation Debt Supported by Revenues**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
11/22/2024	\$ 1,745,520	Water Revenue	08/220/2044	\$ 1,711,000
07/24/2019	15,498,248	Taxable Sewer Revenue	08/20/2048	\$ <u>12,665,000</u>
Total				\$ 14,376,000

**Revenue Debt – Lease Obligation and Other Debt**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2023-2024	\$ 683,442	Equipment Leases	2029	\$ 378,497
2024	375,000	Revenue Note	11/01/2026	<u>375,000</u>
Total				\$ 753,497

**Summary of Direct Debt Including This Issue**

	<u>Gross Debt</u>	<u>Less: Debt Funds</u>	<u>Net Direct Debt</u>
GO Debt Supported by Property Taxes	\$ 200,000	\$ -	\$ 200,000
GO Debt Supported by Special Assessments	19,156,000	-	19,156,000
GO Debt Supported by Tax Increment	190,000	-	190,000
GO Debt Supported by Revenues	14,376,000	-	14,376,000
Revenue Debt	<u>753,497</u>	<u>-</u>	<u>753,497</u>
Total	\$ 32,675,497	\$ -	\$ 32,675,497

**Overlapping Debt**

<u>Taxing Unit *</u>	<u>2024/25 Tax Capacity</u>	<u>% in City</u>	<u>Total G.O. Debt</u>	<u>City Share</u>
Morrison County	\$ 54,852,653	15.29%	\$ 12,110,000	\$ 1,851,329
ISD # 482	22,699,741	36.94%	21,140,000	<u>7,809,463</u>
Total				\$ 9,660,792

\* Includes only those jurisdictions with General Obligation debt outstanding and debt amounts as of 12/31/24.

**Debt Ratios**

	<u>Net G.O. Debt</u>	<u>Debt/Economic Market Value</u>	<u>Debt per Capita</u>
		\$ 849,613,222	9,213
Net Direct G.O. Debt*	\$ 19,546,000	2.30%	\$ 2,122
Net Direct and Overlapping GO Debt	29,206,792	3.44%	3,170

\* Excludes G.O. Debt supported by revenues

## Annual Debt Service Payments

GO Debt Supported by Tax Levies				GO Debt Supported by Special Assessments		
<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2026	100,000	103,150	50%	\$ 1,280,000	\$ 1,849,075	7%
2027	100,000	101,050	100%	1,466,000	2,028,525	14%
2028	-	-		1,431,000	1,950,220	22%
2029	-	-		1,482,000	1,957,613	30%
2030	-	-		1,507,000	1,937,508	37%
2031	-	-		1,483,000	1,867,919	45%
2032	-	-		1,445,000	1,784,657	53%
2033	-	-		1,426,000	1,720,666	60%
2034	-	-		1,388,000	1,638,142	67%
2035	-	-		1,280,000	1,487,210	74%
2036	-	-		1,317,000	1,481,538	81%
2037	-	-		1,159,000	1,281,079	87%
2038	-	-		1,062,000	1,142,732	93%
2039	-	-		865,000	907,161	97%
2040	-	-		275,000	293,410	98%
2041	-	-		290,000	296,275	100%
Totals	\$ 200,000	\$ 204,200		\$ 19,156,000	\$ 23,623,730	

GO Debt Supported by Tax Increment			
<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2026	25,000	28,550	13%
2027	30,000	33,000	29%
2028	30,000	32,400	45%
2029	35,000	36,750	63%
2030	35,000	36,050	82%
2031	35,000	35,350	100%
Total	\$ 190,000	\$ 202,100	

**GO Debt  
Supported by Revenues**

<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2026	\$ 568,000	\$ 729,144	4%
2027	573,000	727,702	8%
2028	580,000	728,200	12%
2029	586,000	727,607	16%
2030	593,000	727,944	20%
2031	601,000	729,192	24%
2032	607,000	728,338	29%
2033	614,000	728,415	33%
2034	621,000	728,401	37%
2035	629,000	729,297	42%
2036	635,000	728,093	46%
2037	642,000	727,818	50%
2038	650,000	728,453	55%
2039	658,000	728,988	60%
2040	665,000	728,422	64%
2041	673,000	728,767	69%
2042	680,000	728,010	74%
2043	688,000	728,164	78%
2044	696,000	728,217	83%
2045	595,000	619,170	87%
2046	601,000	619,220	92%
2047	607,000	619,210	96%
2048	<u>614,000</u>	<u>620,140</u>	100%
Total	\$ 14,376,000	\$ 16,316,911	

**Leases  
Revenue Bonds**

<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2026	\$ 534,472	\$ 557,529	71%
2027	151,312	161,940	91%
2028	49,066	51,723	98%
2029	<u>18,647</u>	<u>19,418</u>	100%
Total	\$ 753,497	\$ 790,610	

## GENERAL INFORMATION

The City of Little Falls is located in Morrison County approximately 100 miles northwest of the City of Minneapolis and 30 miles north of the City of St. Cloud. U.S. Highways 10 and 27 run through the city, providing easy access to St. Cloud to the south, the Twin Cities to the southeast, and Brainerd and Bemidji to the north.

### Organization

The City of Little Falls is the County seat of Morrison County. The City was organized in 1889 as a Home Rule Charter City and currently operates under the Mayor-Council form of government. The City Council is composed of a mayor and seven Council members. The Mayor is elected at large and serves a four-year term. Six Council members are elected by ward and one is elected at large to serve overlapping four-year terms. The present Council is comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Greg Zylka	Mayor	2026
David Glaze	Council Member	2026
Raquel Lundberg	Council Member	2028
Leif Hanson	Council Member	2026
Jerry Knafla	Council Member	2028
Wayne Liljegren	Council Member	2026
Frank Gosiak	Council Member	2028
David Meyer	Council Member	2026

The Administrator, Alex Smith, is appointed by the City Council. Sony Lubrecht serves as the City's Finance Director and is appointed by the City Council. The City currently employs 56 full-time and 61 part-time persons including 19 full-time police officers and 4 part-time officers. There is 1 full-time firefighter with a volunteer force of 42.

The fire department maintains two (2) pumper trucks, one (1) ladder truck; three (3) tanker trucks, one (1) rescue trucks, 2 GMC Sierra's (one with a grass rig), and a Ford F150 police responder.

The City has approximately 16 parks totaling 104 acres. Six (6) of the parks have playground areas. The balance of the parks are picnic/ball field/walking parks. The City also has one (1) fishing pier and a zoo.

### City Services

City services include water and sewer systems with 3,124 water user connections and 3,140 sewer user connections.

The water utility is supplied from eight (8) City wells with a capacity of 5.0 million gallons per day (mg/d) and an average demand of 1.2 mg/d. The peak demand is 3.0 mg/d. The City maintains a two (2) million-gallon elevated storage facility and a 1.25-million-gallon underground storage facility as well as a water treatment facility.

The wastewater treatment system includes an activated sludge system. The plant operates at a capacity of 2.4 mg/d, with peak capacity of 3 mg/d and an average demand of 1.2 mg/d.

### Employee Pensions

The City participates in the cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA): The General Employees Retirement Plan, and the Public Employees Police and Fire Department Fire Plan. 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. Please refer to the City's 2024audit for detailed information on these retirement plans. The City's contribution to GERP and PEPFF for the year ended December 31, 2024 was \$510,714.

## Census Data

### Population Trends

	<u>Population</u>
2000 U.S. Census	7,719
2010 U.S. Census	8,349
2020 U.S. Census	9,140
<i>Source: U.S. Census Bureau</i>	

### Income and Housing Statistics

	<u>City of Little Falls</u>	<u>Morrison County</u>	<u>State of Minnesota</u>
2023 per Capita Income	\$ 31,509	\$ 36,378	\$ 46,530
2023 Median Household Income	46,284	68,640	85,086
Percent Living in Poverty	16.1%	10.0%	9.3%
Median Value of Owner-Occupied Housing	\$ 198,100	\$ 237,000	\$ 328,600
<i>Source: U.S. Census Bureau</i>			

The City has 2,621 single family homes and 128 multi-family homes. Three (3) of the single-family units and eleven (11) multi-family unit have been constructed during the past year.

*Source: City Records*

## Employment Data

	<u>Labor Force Morrison County</u>	<u>Unemployment Rate Morrison Cnty</u>	<u>Statewide</u>
August, 2025	18,662	5.1%	4.2%
August, 2024	18,703	3.8%	3.3%
<i>Source: MN Department of Employment and Economic Development</i>			

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
Unity Family Health Center	General Medical/Surgical Hospital	575
Little Falls School District	Public Education	350
Morrison County	County Government	260
Barrett Petfood	Pet Food Manufacturing	300
Coborn's	Grocery Store	245
Wal-Mart	Discount Department Store	225
Wabash	Manufacturing	50
Knife River	Highway/Street/Bridge Construction	169
Falls Fabricating	Steel Product Manufacturing	89
Lake Shirts	Graphic Clothing	93

*Source: City Records*

## Commercial/Industrial Development

In the past three (3) years, the City has seen the following commercial/industrial development in excess of \$50,000.

Name of Business	Application Type	Project Value
City of Little Falls	Antenna Updates	\$ 52,000
Tri County Community Action Partnership	Addition to Commercial Building	335,505
Pine Grove Manor	Alter/repair or change of use/commercial building	180,000
Timothy & Jodi Schneider	New Commercial Building	250,000
Black Dog Opportunities LLC	Alter/repair or change of use/commercial building	2,422,154
Grace Covenant Church	Alter/repair or change of use/commercial building	90,000
Independent School District 482	Alter/repair or change of use/commercial building	60,000
Independent School District 482	Alter/repair or change of use/commercial building	95,000
Northward Holdings LLC	Alter/repair or change of use/commercial building	400,000
DJ Holding LLC	Addition to Commercial Building	140,560
Independent School District 482	Alter/repair or change of use/commercial building	79,000
Morrison County	Addition to Commercial Building	3,921,000
Falls Realty LLC	Addition to Commercial Building	2,600,000
Black Dog Opportunities LLC	Alter/repair or change of use/commercial building	54,224
St. Gabriel's Hospital	Alter/repair or change of use/commercial building	70,000
Foxtail Creek LLC	New Commercial Building	8,273,000
City of Little Falls Clubhouse	Addition to Commercial Building	2,135,772
Falls Realty LLC	Alter/repair or change of use/commercial building	88,844
Wabash National LP	Alter/repair or change of use/commercial building	1,358,680
Independent School District 482	Addition to Commercial Building	2,446,000
Kinetic Leasing Inc	Alter/repair or change of use/commercial building	61,400
Casey's Retail Co	Alter/repair or change of use/commercial building	50,000
OTB Little Falls LLC	New Commercial Building	3,909,776
Waters Edge Business Park LLC	New Commercial Building	650,000
Bieg Co LLC	Alter/repair or change of use/commercial building	185,000
Libertas Holding LLC	Alter/repair or change of use/commercial building	100,000
Kinectic Leasing LLC	Alter/repair or change of use/commercial building	91,000
Morrison County	Alter/repair or change of use/commercial building	467,695
B2K Communities LLC	Alter/repair or change of use/commercial building	50,000
Contegrity Properties LLC	Alter/repair or change of use/commercial building	200,000
Roach Development LLC	Alter/repair or change of use/commercial building	50,000
Wal-Mart Re Business Trust	Alter/repair or change of use/commercial building	1,400,000
Falls Realty LLC	Alter/repair or change of use/commercial building	179,000
FLI Ventures LLC	New Commercial Building	3,500,000
Yetzer Holdings LLC	New Commercial Building	954,233
Wal-Mart Re Business Trust	Alter/repair or change of use/commercial building	225,000
Kloss Properties LLC	Addition to Commercial Building	60,000
ABS Properties LLC	New Commercial Building	1,100,000
Little Falls Food Coop	Alter/repair or change of use/commercial building	150,000
Mielke Properties LLC	New Commercial Building	550,000

Source: City Records

## Building Permits

Year	Comm./Ind.	Number of Permits		Other**	Total Value of Permits
		Residential			
2025*	4	12		473	\$ 19,134,768
2024	4	21		613	39,443,230
2023	3	13		646	23,431,071
2022	3	9		611	15,368,759
2021	2	14		524	19,729,307
2020	3	12		451	9,050,035
2019	7	12		421	47,192,823

\* As of October 31, 2025

\*\* Other includes: alterations/additions/siding/shingles/windows

Source: City Records

## Financial Services

BMO Bank, National Association (based in Chicago, IL) reported deposits of \$34,591,000, Pine Country Bank reported deposits of \$138,130,000 and U.S. Bank, National Association (based in Cincinnati, OH) reported a total of \$77,783,000 in deposits as of June 30, 2025.

Source: FDIC on-line "Summary of Deposits"

## Healthcare

Medical facilities are available to area residents at St. Gabriel's Hospital. Long-term care is available at the Lutheran Senior Citizens Home and St. Otto's Nursing home, both located within the City, and hospice care is provided through Unity Family Home Care Hospice.

Source: [www.city-data.com](http://www.city-data.com)

## Education

Public education is provided by Independent School District 482, serving Little Falls and the surrounding area. The District operates two elementary schools, one middle and one high school. One parochial school (Mary of Lourdes) operates within the area providing K-8 education.

Four-year college programs are available at St. Cloud State University within 30 miles and the College of St. Benedict at Collegeville within 30 miles. St. Cloud Technical and Community College and Rasmussen College are also located 30 miles from the City. Central Lakes Community College is located 30 miles to the north in Brainerd. Numerous colleges and universities are located about 100 miles from Little Falls in the Twin Cities metropolitan area.

Source: [www.city-data.com](http://www.city-data.com)

## Transportation

City of Little Falls is located in Morrison County approximately 100 miles northwest of the City of Minneapolis and 30 miles north of the City of St. Cloud. US Highways 10 and 27 run through the city, providing easy access to St. Cloud to the south, the Twin Cities to the southeast, and Brainerd and Bemidji to the north.

Little Falls/Morrison County Municipal Airport is located two miles from Little Falls.

Source: [www.mapquest.com](http://www.mapquest.com) and [www.city-data.com](http://www.city-data.com)

## Utilities

The City of Little Falls is supplied natural gas by Centrepont Energy and electrical service by Minnesota Power.

*Source: City Records.*

## Communications

The City of Little Falls is provided local telephone service by Qwest. The City also has cable television and local internet access available. The City's official newspaper is the Morrison County Record. It is published weekly, every Sunday. A website serving the Little Falls area can be found at: [www.cityoflittlefalls.com](http://www.cityoflittlefalls.com)

*Source: City Records.*

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## **APPENDIX A**

### **COUNTY AUDITOR'S CERTIFICATE**

The following pages contain a copy of the Morrison County Auditor's Certificate for taxes payable in 2025.

Printed: 10/29/2025 8:35:57 AM  
User: MCDOM\Manatron  
**Report:** MN Auditor's Certificate

**Criteria**

**Tax Year:** 2025

**Tax Authority:** CITY OF LITTLE FALLS

MORRISON COUNTY

CERTIFICATE AS TO TAXES AND TAXABLE  
PROPERTY IN CITY OF LITTLE FALLS  
  
(Herein called the "TAXING DISTRICT")

I hereby certify that the TAXING DISTRICT is situated wholly in this county and that:

1. **CURRENT VALUATION** - The taxable market values and net tax capacities of all taxable properties in the TAXING DISTRICT in this county as assessed in 2024 for the purpose of computing the rates of taxes collectible in 2025 are as follows:

Property Type	Estimated Market Value	Taxable Market Value	Net Tax Capacity
Real Estate:			
Residential Homestead (Class1a, 1b)			4,312,798
Agricultural (Class 2 and 4b(3))			9,300
Commercial & Industrial (Class 3, 5(1) & 5(3))			
Public Utility			139,214
Railroad Operating Property			87,248
All Other Commercial/Industrial			2,719,145
Residential Non-Homestead (Class 4a, 4b(1-2), 4bb, 4c(1-4), (7-8), 4d & 4e)			1,401,042
Seasonal Recreational-Residential (Class 1c, 4c(1), 4(5-6))			7,633
Other (Class 5(2))			
Total Real Estate	812,275,000	728,038,600	8,676,380
Total Personal Property	6,350,600	6,350,600	126,587
<b>Total Real &amp; Personal Property</b>	818,625,600	734,389,200	8,802,967
Subtract: Tax Increment Captured Tax Capacity			417,310
10% of Tax Capacity of 2000KV Powerlines built after 7/1/74			0
Fiscal Disparity Contribution Value			0
<b>Local Tax Rate Determination Value</b>			8,385,657
Add: Fiscal Disparity Distribution Value			
<b>Total Adjusted Taxable Value</b>			8,385,657

## 2. VALUATION HISTORY (Real & Personal Property)

Pay Year	Estimated Market Value	Taxable Market Value	Net Tax Capacity	TIF Captured	10% Pwr-Lines	Fiscal Disparity Contr.	Net Tax Capacity	Fiscal Disparity Distr.	Adjusted Tax Capacity
2024	769,895,000	707,051,800	8,623,814	379,143	0	0	8,244,671	0	8,244,671
2023	695,559,100	631,495,900	7,642,152	241,039	0	0	7,401,113	0	7,401,113
2022	611,611,900	545,477,900	6,700,149	242,068	0	0	6,458,081	0	6,458,081
2021	579,249,100	514,414,600	6,272,126	192,288	0	0	6,079,838	0	6,079,838
2020	551,113,500	485,715,400	5,948,202	156,617	0	0	5,791,585	0	5,791,585
2019	500,430,100	434,115,100	5,360,969	151,426	0	0	5,209,543	0	5,209,543

## 3. TOP 10 TAXPAYERS

Taxpayer	Classification	EMV	TMV	TAX	NTC
MINNESOTA POWER & LIGHT CO	3A-Commercial/Industrial/Public Utility	9,932,900	9,909,800	306,156	198,196
WAL-MART RE BUSINESS TRUST	3A-Commercial/Industrial/Public Utility	9,798,000	9,798,000	315,366	195,210
BARRETT LAND LLC	3A-Commercial/Industrial/Public Utility	7,923,600	7,923,600	252,202	156,496
NORTH FREEZE DRY LLC	3A-Commercial/Industrial/Public Utility	5,727,200	5,727,200	183,590	113,794
B2K COMMUNITIES LLC	3A-Commercial/Industrial/Public Utility	5,513,900	5,513,900	176,684	109,528
MINNEGASCO INC & ATTN PROPERTY ACCOUNTING	3A-Commercial/Industrial/Public Utility	5,280,000	5,280,000	170,922	105,600
DOC-808 3RD STREET SE MOB LLC	3A-Commercial/Industrial/Public Utility	5,019,500	5,019,500	160,680	99,640
DOC-811 2ND STREET SE MOB LLC	3A-Commercial/Industrial/Public Utility	4,812,400	4,812,400	153,976	95,498
BURLINGTON NORTHERN INC	3A-Commercial/Industrial/Public Utility	5,873,300	4,399,900	140,624	87,248
COBORN REALTY CO LTD PRTRNSHP	3A-Commercial/Industrial/Public Utility	4,233,800	4,233,800	135,248	83,926

4. TAXING AUTHORITY AND RATE HISTORY

The TAXING DISTRICT has the power to tax property situated in the following County or Counties: MORRISON COUNTY,

The following governmental units within this county also have the power to levy taxes in the TAXING DISTRICT:

Governmental Unit	Tax Rate History (Levy Year / Collection Year)									
	2020 / 21		2021 / 22		2022 / 23		2023 / 24		2024 / 25	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
**** COUNTY **** MORRISON COUNTY	53.4646%		51.6549%		47.4236%		42.1105%		41.9642%	
**** SCHOOL **** SD 0482 LITTLE FALLS	18.5744%	0.16343%	17.4579%	0.16330%	15.1115%	0.16157%	13.8830%	0.15728%	14.2850%	0.14692%
**** CITY **** CITY OF LITTLE FALLS	65.0100%		64.8344%		65.0172%		63.6350%		68.1090%	
**** SPECIAL **** HRA-LITTLE FALLS	1.4803%		1.5639%		1.4863%		1.5525%		1.5360%	
HRA-MORRISON COUNTY	0.1094%		0.1035%		0.0897%		0.1341%		0.1276%	
REGION 5 DEV COMM	0.1274%		0.1233%		0.1087%		0.0837%		0.0840%	
RURAL DEV FIN AUTH	0.2461%		0.2459%		0.2130%		0.1916%		0.1823%	

5. BONDED  
INDEBTEDNESS

The TAXING DISTRICT and all the governmental units listed in section 4 having bonded debt, have such debt as shown below. Values shown are Adjusted Taxable net tax capacities which have been adjusted for Fiscal Disparity Contribution and Distribution, Tax Increment Captured Tax Capacity, and Powerlines.

Governmental Unit	Taxable Net Tax Capacity of ENTIRE Govt Unit in County	Taxable Net Tax Cap. of Portion in TAXING DIST. in County	Bonded Debt as of 12/31/24	2024 / 25 Debt Service Tax Rate
**** CITY ****				
CITY OF LITTLE FALLS	8,385,657	8,385,657	31,746,736	17.667%
**** COUNTY ****				
MORRISON COUNTY	54,852,653	8,385,657	12,110,000	1.474%
**** SCHOOL ****				
SD 0482 LITTLE FALLS	22,699,741	8,385,657	21,140,000	7.149%

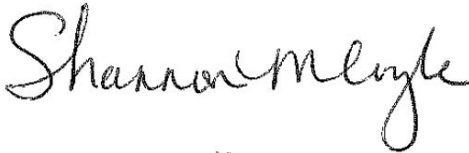
## 6. TAX LEVIES AND COLLECTIONS FOR YEAR: 2025

Levy/Col Year	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025
Gross Tax Levy	3,952,501.08	4,187,060.12	4,812,000.35	5,246,501.28	5,711,385.28
Fiscal					
Market Values Levy					
Property Credits/Aids	-173.37	-178.80	-195.69	-222.04	-245.05
Net Tax Levy	3,952,327.71	4,186,881.32	4,811,804.66	5,246,279.24	5,711,140.23
Adjustments During Coll Year	13,813.81	9,426.89	388.38	10,210.91	
Adjusted Tax Levy	3,966,141.52	4,196,308.21	4,812,193.04	5,256,490.15	
Current Year Collections	-3,916,273.66	-4,131,639.75	-4,747,314.88	-5,196,772.61	
Year End Delinquency	49,867.86	64,668.46	64,878.16	59,717.54	
Delinquent Adjustments as of 5/15/2025	-8,056.67	-8,677.42	-217.82		
Delinquent Collections as of 5/15/2025	-36,046.67	-42,122.60	-48,296.39	-32,682.09	
Amount Delinquent as of 5/15/2025	5,764.52	13,868.44	16,363.95	27,035.45	

Please list below the name, title, and telephone number of a person(s) to contact regarding the completed certificate in case there are any questions.

Contact Person:	Nicholas Scholl
Telephone:	320-631-0825

WITNESS My hand and official seal this 29th day of October, 2025.



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MORRISON COUNTY AUDITOR-TREASURER

PROPOSED FORM OF LEGAL OPINION

\$2,205,000  
GENERAL OBLIGATION PERMANENT IMPROVEMENT  
REVOLVING FUND BONDS, SERIES 2025A  
CITY OF LITTLE FALLS  
COUNTY OF MORRISON  
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Little Falls, County of Morrison, Minnesota (the "Issuer"), of its \$2,205,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A, bearing a date of original issue of December 29, 2025 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the City Charter, the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

TAFT STETTINIUS & HOLLISTER LLP

## PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Little Falls, Minnesota (the "Issuer"), in connection with the issuance of its \$2,205,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2025A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on December 15, 2025 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Undertaking.** This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated \_\_\_\_\_, 2025, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

A. If Audited Financial Statements of the Issuer for the Fiscal Year ended December 31, 2024, are not included in the Final Official Statement, then the Issuer shall provide, or shall cause the Dissemination Agent to provide, to the MSRB by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB, an Annual Report consisting only of Audited Financial Statements for such Fiscal Year that are consistent with the requirements of Section 4B of this Disclosure Undertaking by not later than December 31, 2025.

B. Beginning in connection with the Fiscal Year ending on December 31, 2025, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2026, and by December 31 of each year thereafter.

C. If the Issuer is unable to provide to the MSRB an Annual Report by the dates required in subsections A or B, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Valuations – County Auditor; Trends in Valuations; and City Indebtedness

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: December 29, 2025.

CITY OF LITTLE FALLS, MINNESOTA

By \_\_\_\_\_  
Its Council President

By \_\_\_\_\_  
Its City Administrator

## **Appendix D**

### **Summary of Tax Levies, Payment Provisions & Valuations**

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

#### **Property Valuations (Chapter 273, Minnesota Statutes)**

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate and multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a and causes a decrease in the Issuer's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

#### **Property Tax Payments and Delinquencies**

(Chapters 275, 276, 277, 279 – 282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on non-homestead property is assessed at a rate of 4% until May 31 and increased

to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on non-homestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for non-homestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

### **Property Tax Credits** **(Chapter 273, Minnesota Statutes)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

### **Debt Limitations**

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements that are payable wholly or partially from the proceeds of special assessments levied upon benefited property.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition and betterment of public waterworks systems, and public lighting, heating or power systems, and any combination thereof, or for any other public convenience from which revenue is or may be derived.

6. Certain debt service loans and capital loans made to school districts.
7. Certain obligations to repay loans.
8. Obligations specifically excluded under the provisions of law authorizing their issuance.
9. Certain obligations to pay pension fund liabilities.
10. Debt service funds for the payment of principal and interest on obligations other than those described above.
11. Obligations issued to pay judgments against the municipality.
12. All other obligations which Minnesota Statutes specifically indicate are not to be included in the computation of the net debt of the municipality.

### **Levies for General Obligation Debt**

**(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

### **Metropolitan Revenue Distribution**

**(Chapter 473F, Minnesota Statutes)** (*"Fiscal Disparities Law"*)

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/St. Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**Minnesota Property Class Rate Schedule**  
(current through taxes payable 2022)

<b>Property Type</b>	<b>Taxes Payable Year</b>				
	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Residential Homestead (1a)</b>					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Residential Non-homestead</b>					
Single Unit (4bb1)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
1-3 unit and undeveloped land (4b1)	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Market Rate Apartments</b>					
Regular (4a)	1.25%	1.25%	1.25%	1.25%	1.25%
Low-Income (4d)					
Up to \$115, 000 <sup>4</sup>	0.75%	0.75%	0.75%	0.75%	0.75%
Over \$115, 000 <sup>4</sup>	0.25%	0.25%	0.25%	0.25%	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>					
Up to \$150,000	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>
Over \$150,000	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Commercial Seasonal Residential</b>					
Homestead Resorts (1c)					
Up to \$600,000	0.50%	0.50%	0.50%	0.50%	0.50%
\$600,000 - \$2,300,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$2,300,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
Seasonal Resorts (4c)					
Up to \$500,000	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>
Over \$500,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
<b>Non-Commercial (4c12)</b>					
Up to \$500,000	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>
Over \$500,000	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>
<b>Disabled Homestead (1b)</b>					
Up to \$50,000	0.45%	0.45%	0.45%	0.45%	0.45%
<b>Agricultural Land &amp; Buildings</b>					
Homestead (2a)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Remainder of Farm					
Up to \$2,050,000 <sup>4</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>
Over \$2,050,000 <sup>4</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>
Non-homestead (2b)	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>

<sup>1</sup> Subject to the State General Property Tax.

<sup>2</sup> Exempt from referendum market value tax.

For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in St. Paul are exempt under this provision).

**APPENDIX E**  
**FINANCIAL STATEMENT**

The City's financial statements are audited annually. The following pages contain a copy of the 2024 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

Schlenner Wenner & Co, CPAs, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. Schlenner Wenner & CO CPAs also has not performed any procedures relating to this offering document.

# City of Little Falls, Minnesota

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Audited Financial Statements

For The Year Ended December 31, 2024

**SCHLENNER  
WENNER & Co.**  
CPAs

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## **INTRODUCTORY SECTION**

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

**CITY COUNCIL**

Term Expires

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

**CITY OFFICIALS**

Alex Smith	City Administrator
Sony Lubrecht	Finance Director

**FINANCIAL  
SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Little Falls, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

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

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

**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

July 21, 2025

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

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

**FINANCIAL HIGHLIGHTS**

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

**USING THIS ANNUAL REPORT**

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

**Reporting the City as a Whole**

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

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

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

**USING THIS ANNUAL REPORT** (Continued)

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

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

**Reporting the City's Most Significant Funds**

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

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

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

**THE CITY AS A WHOLE**

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

**Table 1  
Net Position**

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

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

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

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

**THE CITY AS A WHOLE (Continued)**

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

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

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

**THE CITY AS A WHOLE (Continued)**

**Governmental Activities**

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

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

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

**Table 3  
Governmental Activities**

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

**Business-type Activities**

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

**THE CITY'S FUNDS**

**Governmental Funds**

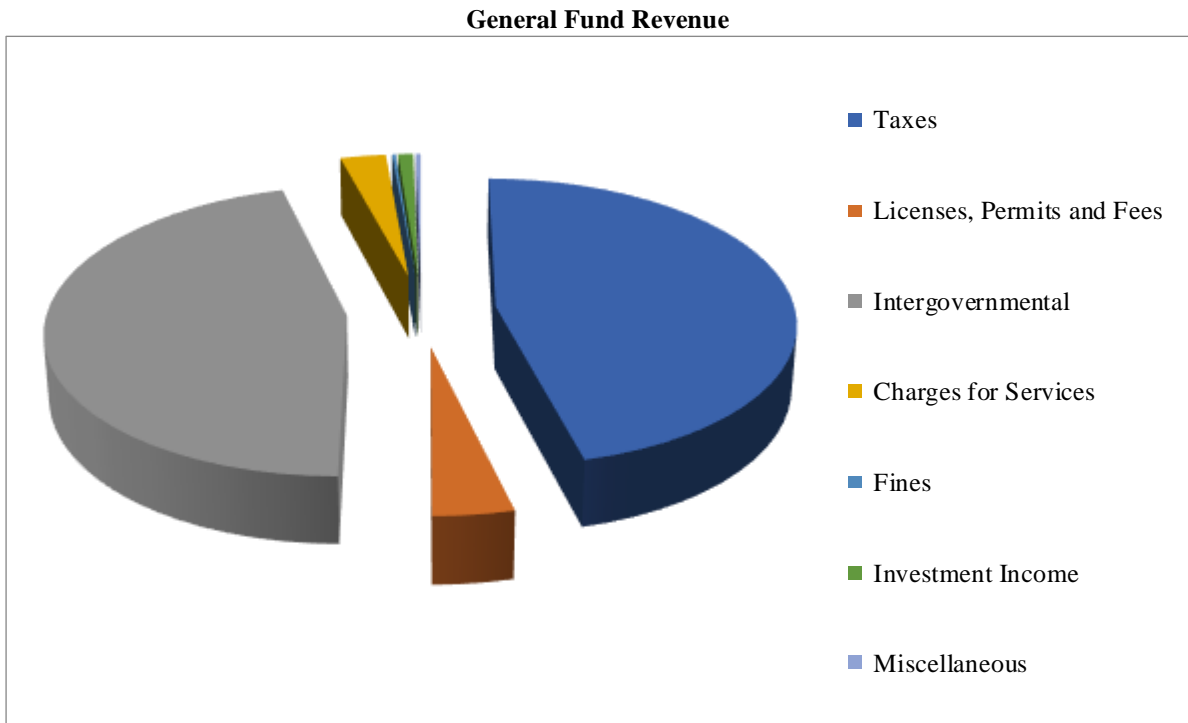
As the City completed the year, its governmental funds (as presented in the balance sheet on page twenty-two) reported a combined fund balance of \$16,349,959. This is a decrease of \$1,196,231 from the prior year. Operations were comparable to the prior year, with the exception of increased community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

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

**THE CITY'S FUNDS** (Continued)

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

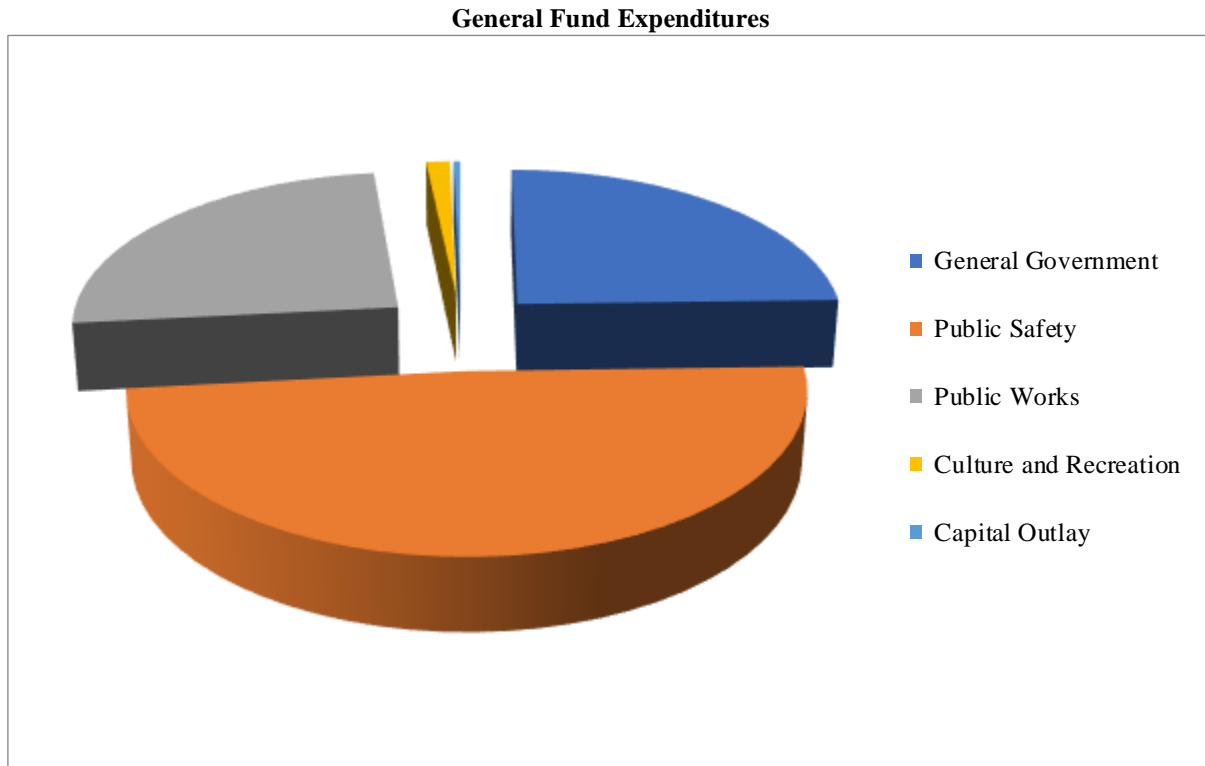
The fund balance of the General Fund increased by \$58,392 compared to 2023. Details of the General Fund's revenues and expenditures are displayed below:



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

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

**THE CITY'S FUNDS (Continued)**



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

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

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

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

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

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

**THE CITY'S FUNDS (Continued)**

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

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

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

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

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

**General Fund Budgetary Highlights**

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

**Proprietary Funds**

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

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

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

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

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

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

**Table 4  
Capital Assets Net of Depreciation**

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

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

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

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

**Debt**

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

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

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

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

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See accompanying notes.

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

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

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, 2024**

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

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

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

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

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

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

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

Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period:

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

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

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

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

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

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

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

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

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

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

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

See accompanying notes.

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

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

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

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

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

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1.A. FINANCIAL REPORTING ENTITY**

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

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

**Blended Component Units**

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

Little Falls/Morrison County Airport Commission

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

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

Economic Development Authority of the City of Little Falls

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

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

**Discretely Presented Component Units**

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

**Related Organizations**

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.B. BASIS OF PRESENTATION**

**Government-wide Financial Statements**

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

**Fund Financial Statements**

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.B. BASIS OF PRESENTATION (Continued)**

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the government reports the following nonmajor fund types:

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

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

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

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

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

**Changes in Financial Reporting Entity**

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

- Recycling and Garbage Fund

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

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

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

**1.D BUDGETARY INFORMATION**

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.E. USE OF ESTIMATES**

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

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

**Cash and Cash Equivalents**

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

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

**Investments**

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

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

**Interfund Receivables and Payables**

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

**Receivables**

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Leases Receivable**

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

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

**Inventories**

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

**Prepaid Expenditures/Expenses**

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

**Capital Assets**

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

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

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

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

**Government-wide Statements**

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

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

**Fund Financial Statements**

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Compensated Absences**

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

**Accrued Severance**

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

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

**Long-Term Debt**

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

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

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

**Net Pension Asset/Liability**

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

**PERA**

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

**Deferred Outflows/Inflows of Resources**

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**Equity Classifications**

Government-wide Statements

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

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

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

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

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

Fund Statements

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

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

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

See Note 2.F. for additional disclosures.

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

**1.G. REVENUES, EXPENDITURES, AND EXPENSES**

**Property Tax**

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

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

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

**Special Assessments**

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

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

**Interfund Transfers**

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

**1.H. RECENTLY ISSUED ACCOUNTING STANDARD**

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

**NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

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

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

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

**2.A.   CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Deposits**

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

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

**Investments**

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

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

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

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

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

Investment balances at December 31, 2024 are as follows:

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

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

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

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

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

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

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

**Deposits and Investments Summary**

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

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

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

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

**2.B.    LEASE RECEIVABLES**

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

*Governmental Activities*

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

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

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

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

**2.C.    CAPITAL ASSETS**

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

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

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

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

**2.C.   CAPITAL ASSETS (Continued)**

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

Governmental Activities:

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

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

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

**2.C.   CAPITAL ASSETS (Continued)**

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

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

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

**2.C.    CAPITAL ASSETS (Continued)**

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

Business-type Activities:

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

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

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

**Debt Detail**

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

*Governmental Activities*

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

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

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

**2.D.   NONCURRENT LIABILITIES (Continued)**

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

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

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

*Business-Type Activities*

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

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

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

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

**2.D.   NONCURRENT LIABILITIES (Continued)**

Lease Liabilities

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

*Governmental Activities*

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

*Business-Type Activities*

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

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

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

**2.D.   NONCURRENT LIABILITIES (Continued)**

**Changes in Noncurrent Liabilities**

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

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

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

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

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

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

**2.D.   NONCURRENT LIABILITIES (Continued)**

**Annual Debt Service Requirements**

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

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

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

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

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

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

**2.D.   NONCURRENT LIABILITIES (Continued)**

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

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

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

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

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

**2.D.   NONCURRENT LIABILITIES (Continued)**

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

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

**2.E.   INTERFUND TRANSACTIONS AND BALANCES**

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

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

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

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

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

**2.E.   INTERFUND TRANSACTIONS AND BALANCES (Continued)**

The interfund balances are as follows:

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

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

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

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

**2.F.   FUND EQUITY**

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

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

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

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

**2.F.   FUND EQUITY (Continued)**

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

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

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

**2.F.   FUND EQUITY (Continued)**

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE**

**Plan Description**

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

General Employees Retirement Plan (General Plan)

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

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

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

**Benefits Provided**

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Police and Fire Plan Benefits

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

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

**Contributions**

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

General Employees Fund Contributions

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

Police and Fire Fund Contributions

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

**Pension Costs**

General Employees Fund Pension Costs

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

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

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

For the year ended December 31, 2024, the City recognized pension expense of \$100,671 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$914 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$60,688 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

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

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

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

**Police and Fire Fund Pension Costs**

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

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

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

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

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$31,865 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

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

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

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

Aggregate Pension Expense

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

**Long-Term Expected Return on Investment**

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

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

**Actuarial Methods and Assumptions**

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.00 percent. The 7.00 percent assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

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

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

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**Discount Rate**

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

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

**NOTE 3     DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**Pension Liability Sensitivity**

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

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

**Pension Plan Fiduciary Net Position**

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

**NOTE 4     PUBLIC EMPLOYEES DEFINED CONTRIBUTION PENSION PLAN**

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

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

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

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

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

**NOTE 5      DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION**

**Plan Description**

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

**Benefits Provided**

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

**Contributions**

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

**Pension Costs**

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

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

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

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

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

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

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

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

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

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

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

**Actuarial Assumptions**

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

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

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

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

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

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

**Pension Liability Sensitivity**

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

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

**Plan Investments**

Asset Allocation

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

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

Description of significant investment policy changes during the year

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

**Pension Plan Fiduciary Net Position**

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

**NOTE 6     OTHER NOTES**

**6.A.   RISK MANAGEMENT**

**Claims and Judgements**

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

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

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

**NOTE 6     OTHER NOTES (Continued)**

**6.A.   RISK MANAGEMENT (Continued)**

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

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

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

**6.B.   COMMITMENTS AND CONTINGENCIES**

**Pay-as-You-Go-Debt**

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

**Joint Venture**

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

**Construction Contracts**

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

**6.C.   OTHER EMPLOYEE BENEFITS**

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

**6.D.   TAX INCREMENT DISTRICTS**

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

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

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

**NOTE 6     OTHER NOTES (Continued)**

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

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

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

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

**6.F.   SUBSEQUENT EVENTS**

**Construction Contracts**

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

**Equipment Purchase**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE 1 BUDGETARY COMPARISION SCHEDULES**

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

**NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND**

**2024 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, State and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND**

**2024 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION**

**2023 Changes**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

- Discount rate changed from 5.50 percent to 6.00 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

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

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

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

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

- Discount rate changed from 3.75 percent to 5.50 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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

**2014 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

## **SUPPLEMENTARY INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**BUSINESS-TYPE DEBT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - Basis of Presentation**

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

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 – Subrecipients**

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

**Note 4 - Pass-Through Identifier**

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

**Note 5 - Indirect Cost Rate**

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

**OTHER REQUIRED REPORTS  
AND SCHEDULES**

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

Honorable Mayor and City Council  
City of Little Falls, Minnesota

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

**Report on Internal Control Over Financial Reporting**

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

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

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

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

## **Report on Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

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

### **City of Little Falls' Response to Findings**

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

### **Purpose of this Report**

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



**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

July 21, 2025

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

Honorable Mayor and City Council  
City of Little Falls, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

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

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

**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

July 21, 2025

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

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

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

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

**Finding 2024-001                      Limited Segregation of Duties**

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

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

*Cause:*                      Limited number of staff members.

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

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

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

**Finding 2024-002                      Financial Statement Preparation**

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

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

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

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

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

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

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

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

<b>Finding 2024-003</b>	<b>Material Audit Adjustments</b>
<i>Condition:</i>	Audit adjustments were required to correct material misstatements identified in the trial balance presented for the audit.
<i>Criteria:</i>	The City is required to report financial information in accordance with accounting principles generally accepted in the United States of America.
<i>Cause:</i>	The City failed to record all year-end adjustments required under the accrual basis of accounting and various other adjustments were required to correct misstatements.
<i>Effect:</i>	The misstatements in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation under accounting principles generally accepted in the United States of America.
<i>Recommendation:</i>	We recommend management perform a thorough review of the trial balance prior to the audit and ensure all accounts have been properly adjusted at year-end.
<i>Views of Responsible Officials And Planned Corrective Actions:</i>	Management agrees with the recommendation. See corresponding Corrective Action Plan.
<b>Finding 2024-004</b>	<b>Prior Period Adjustment</b>
<i>Condition:</i>	The City's prior year financial statements contained a material misstatement.
<i>Criteria:</i>	The City is required to report accurate financial information that is accurately presented in accordance with accounting principles generally accepted within the United States of America.
<i>Cause:</i>	Loans disbursed during the year ended December 31, 2023 were not included in the December 31, 2023 loans receivable balances, resulting in an understatement in December 31, 2023 accounts receivable and an understatement in the December 31, 2023 fund balance and governmental activities net position. See further details described in Note 6.E. in the notes to the basic financial statements.
<i>Effect:</i>	The misstatements in the prior year's audited financial statements resulted in the need to restate beginning fund balance and net position of the current year.
<i>Recommendation:</i>	We recommend management perform a thorough review of the audited financial statements and year-end adjustments to ensure their accuracy and completeness.
<i>Views of Responsible Officials and Planned Corrective Actions:</i>	Management agrees with our recommendation. See corresponding Corrective Action Plan.

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

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

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



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

### **FINANCIAL STATEMENT FINDINGS**

#### **Finding 2024-001      Limited Segregation of Duties**

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

#### **Finding 2024-002      Financial Statement Preparation**

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



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

**FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2024-003 Material Audit Adjustments**

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

**Finding 2024-004 Prior Period Adjustment**

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



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

**FEDERAL AWARDS FINDING**

**Finding 2024-005 Internal Controls Over Compliance for Subrecipient Monitoring**

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



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

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

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

## **APPENDIX F: CONTINUING DISCLOSURE FILINGS**

The following pages have been printed directly from the EMMA website information for the Continuing Disclosure filings in recent years.

[Home](#) > [Issuers By State](#) > [Minnesota](#) > [Issuer Homepage](#) > [Issue Details](#)

## Issue Details



**CITY OF LITTLE FALLS, MINNESOTA GENERAL OBLIGATION PERMANENT IMPROVEMENT REVOLVING FUND BONDS, SERIES 2021A (MN)**  
LITTLE FALLS MINN GO PERM IMPT REVOLVING FD BDS 2021 A (MN)\*

**Dated Date:** 06/01/2021  
**Underwriting Spread Amount:** Not Disclosed - Competitive Sale  
**Closing Date:** 06/01/2021  
**Time of Formal Award:** 05/17/2021 09:12 PM  
**Time of First Execution:** 05/18/2021 11:00 AM

[Final Scale](#)
[Official Statement](#)
[Continuing Disclosure](#)
[Trade Activity](#)

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

### FINANCIAL INFORMATION & DOCUMENTS

[Collapse](#)

**Most Recent** [CD Report - Year end 2024 - Little Falls for the year ended 12/31/2024 posted 08/04/2025 \(2.3 MB\)](#) [details](#)  
[2024 Audit - Little Falls MN for the year ended 12/31/2024 posted 08/04/2025 \(1.3 MB\)](#) [details](#)

#### Annual Financial Information and Operating Data

[CD Report - Year end 2024 - Little Falls for the year ended 12/31/2024 posted 08/04/2025 \(2.3 MB\)](#) [details](#)  
[CD Report - Year end 2023 - Little Falls MN for the year ended 12/31/2023 posted 09/30/2024 \(410 KB\)](#) [details](#)  
[CD Report - Year end 2022 - Little Falls MN for the year ended 12/31/2022 posted 11/14/2023 \(3.1 MB\)](#) [details](#)  
[CD Report - Year end 2021 - Little Falls MN for the year ended 12/31/2021 posted 09/26/2022 \(1.6 MB\)](#) [details](#)  
[CD Report - Year end 2020 - Little Falls MN for the year ended 12/31/2020 posted 07/19/2021 \(3.1 MB\)](#) [details](#)

#### Audited Financial Statements or ACFR

[2024 Audit - Little Falls MN for the year ended 12/31/2024 posted 08/04/2025 \(1.3 MB\)](#) [details](#)  
[2023 Audit - Little Falls for the year ended 12/31/2023 posted 09/30/2024 \(1.5 MB\)](#) [details](#)  
[2022 Audit - Little Falls MN for the year ended 12/31/2022 posted 08/01/2023 \(1.2 MB\)](#) [details](#)  
[2021 Audit - Little Falls MN for the year ended 12/31/2021 posted 09/26/2022 \(1.5 MB\)](#) [details](#)  
[2021 Audit - Little Falls MN for the year ended 12/31/2021 posted 09/14/2022 \(1.5 MB\)](#) [details](#)  
[2020 Audit - Little Falls MN for the year ended 12/31/2020 posted 07/19/2021 \(1021 KB\)](#) [details](#)

### EVENT NOTICES

[Collapse](#)

**Most Recent** [Notice of Bond Pay Agent/Registrar Acquisition dated 12/31/2024 posted 12/31/2024 \(80 KB\)](#) [details](#)

#### Financial Obligation - Incurrence or Agreement

[Notice of Incurrence of Financial Obligation - GO Water Rev 2024A as of 11/22/2024 posted 11/27/2024 \(81 KB\)](#) [details](#)  
[Notice of Significant Event - 2022A Bond Issuance as of 06/02/2022 posted 06/02/2022 \(83 KB\)](#) [details](#)

#### Rating Change

[Notice of Significant Event - Bond Rating Change posted 11/06/2023 \(448 KB\)](#) (Modified 11/06/2023) [details](#)

#### Successor, Additional or Change in Trustee

[Notice of Bond Pay Agent/Registrar Acquisition dated 12/31/2024 posted 12/31/2024 \(80 KB\)](#) [details](#)  
[Event Filing posted 12/26/2024 \(133 KB\)](#) [details](#)

#### Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

[Bloomberg L.P.](#)  
[DPC Data](#)  
[ICF Data Services](#) (formerly Interactive Data Pricing and Reference Data)  
[Standard & Poor's](#)

 [View Document Archive](#)

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