ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF FALCON HEIGHTS, MINNESOTA

For the Year Ended

December 31, 2024

Prepared by

THE DEPARTMENT OF FINANCE
AND ADMINISTRATION

Jack Linehan, City Administrator

Roland Olson, Finance Director

CITY OF FALCON HEIGHTS
2077 W. Larpenteur Avenue
Falcon Heights, Minnesota 55113

City of Falcon Heights
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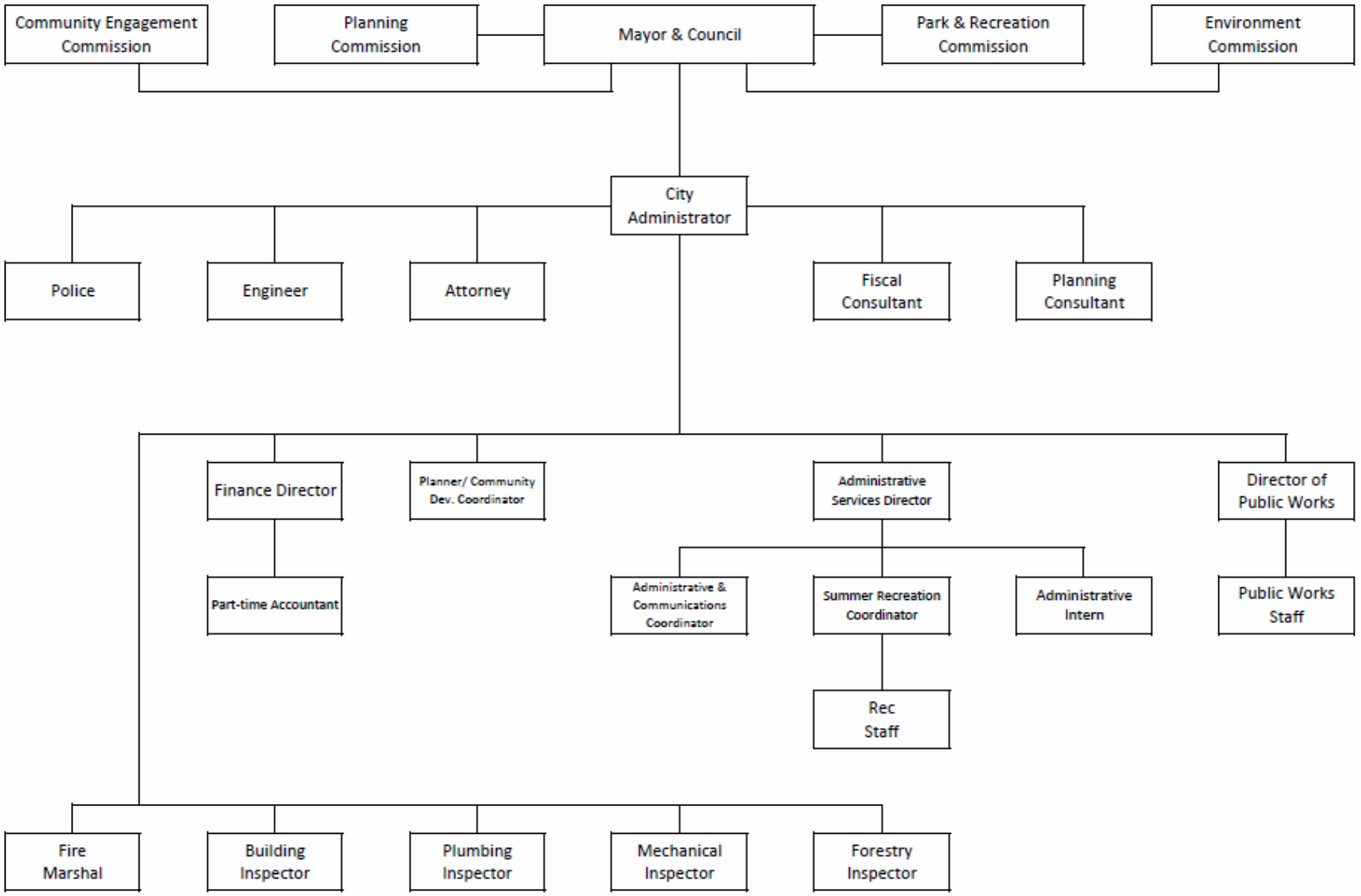
City of Falcon Heights
Elected Officials and Administration
December 31, 2024

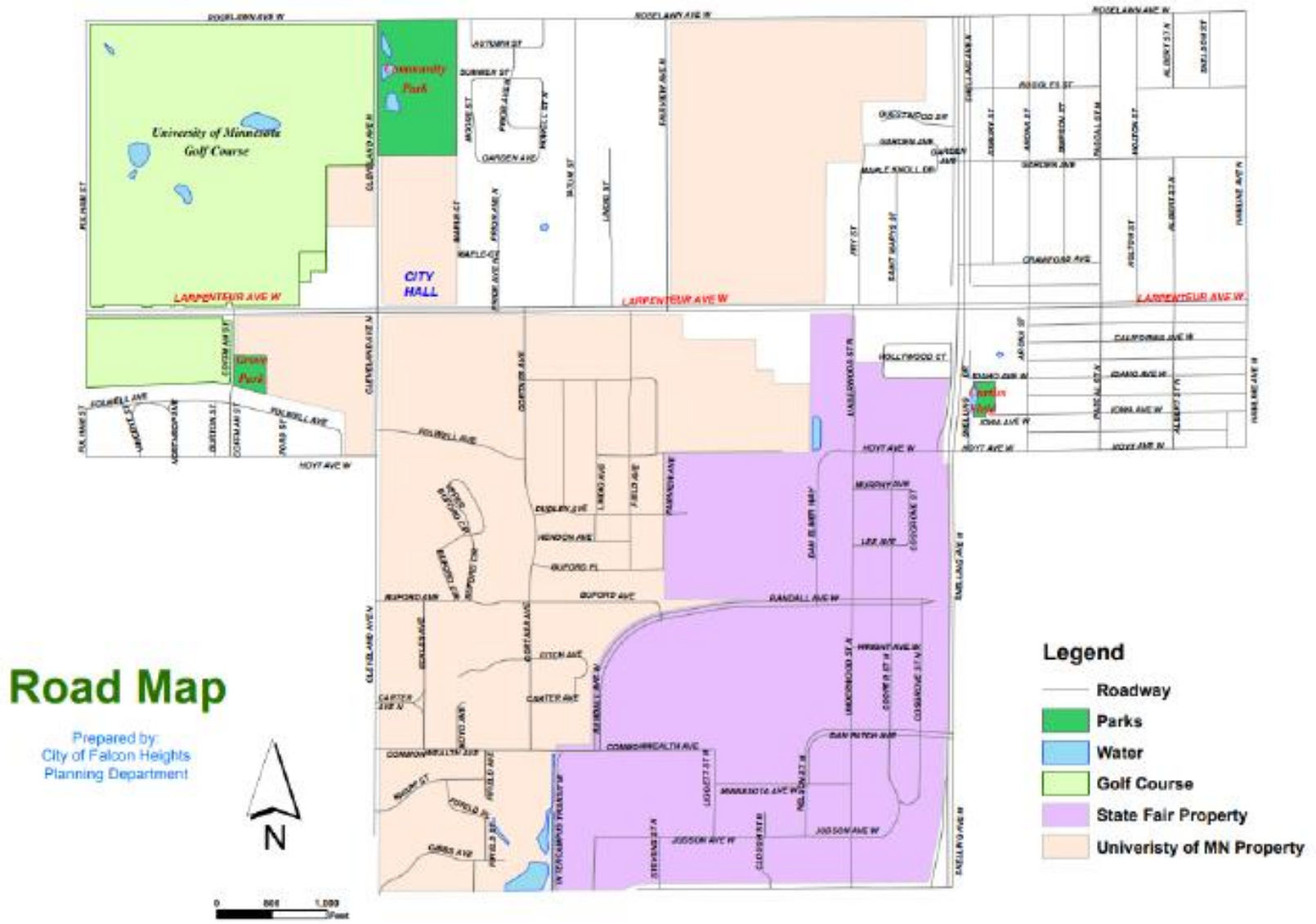
Elected Officials	Position	Term of Office Expires
Randy Gustafson	Mayor	December 31, 2027
Melanie Leehy	Council Member	December 31, 2025
Eric Meyer	Council Member	December 31, 2025
Jim Wassenberg	Council Member	December 31, 2027
Paula Mielke	Council Member	December 31, 2027

Administration	
Jack Linehan	City Administrator
Roland Olson	Finance Director
Colin Callahan	Public Works Director
Kelly Nelson	Administrative Services Director
Hannah Lynch	City Planner / Community Development Coordinator
Elke van der Werff	Administrative and Communications Coordinator
Alyssa Landberg	Accountant
Adrian Neis	Fire Inspector

City of Falcon Heights
Organization Chart
December 31, 2024



City of Falcon Heights
City Map
December 31, 2024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City of Falcon Heights
Planning Department
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Gluek Park
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CLEVELAND AVE N
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City of Falcon Heights

CITY OF FALCON HEIGHTS

THE CITY THAT SOARS!

2077 Larpenteur Avenue W
Falcon Heights, MN 55113

P: 651-792-7600
F: 651-792-7610

May 14, 2025

To the Mayor, City Council Members, and Citizens of the City of Falcon Heights:

Minnesota statutes require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2024.

Management assumes full responsibility for the completeness and propriety of the information contained in this report. The information herein is based upon a comprehensive framework of internal controls established for the summarization and disclosure of financial data. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BerganKDV, Ltd., a firm of licensed certified public accountants, has audited the City of Falcon Heights' financial statements. BerganKDV, Ltd. has issued an unmodified ("clean") opinion on the City of Falcon Heights' financial statements for the year ended December 31, 2024. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements the Letter of Transmittal and should be read in conjunction with it.

Profile of the Government

The City of Falcon Heights, incorporated in 1949, is located near the center of the Minneapolis and St. Paul metropolitan area. This area is considered the major population and economic growth area in Minnesota, and one of the top economic growth areas in the country. The City of

Falcon Heights currently occupies a land area of 2.28 square miles and serves a population of 5,640. The City of Falcon Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, Falcon Heights has never utilized this option to extend its borders.

Falcon Heights is a completely developed community. It has operated under the council/city administrator form of government since 1974. Policy-making and legislative authority are vested in a city council consisting of the mayor and four council members, all elected on a nonpartisan basis. The council appoints the city administrator, who in turn recommends the appointment of the heads of the various departments. The council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the city administrator. The city administrator is responsible for carrying out the policies and ordinances of the council and for overseeing the day-to-day operations of the city government. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. The mayor and all four council members are elected at large.

The City of Falcon Heights provides a range of services including construction and maintenance of highways, streets, and other infrastructure, sewer services, and recreational and cultural activities. St. Paul Regional Water Services provides the water services for the City. The Ramsey County Sheriff's Office provided police services in 2024, and the City of St. Paul provides fire protection and ambulance services.

The council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Falcon Heights' financial planning and control. All departments of the City of Falcon Heights are required to submit requests for appropriation to the city administrator during or before the second week in June each year. The city administrator uses these requests as the starting point for developing a proposed budget. By September of each year, the city staff submits to the city council a proposed operating budget for the fiscal year commencing the following January 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Falcon Heights' fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Transfers of appropriations between funds require the special approval of the city council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 36 as part of the basic financial statements for the governmental funds. For the Special Revenue funds, Debt Service funds, and Capital Project funds, this comparison is presented on pages 91-110.

Expenditures may not exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Falcon Heights operates.

The City of Falcon Heights is primarily a bedroom, residential, inner ring suburban community situated near the center of the Minneapolis and St. Paul metropolitan area. The economy of the City consists of retail, commerce, agricultural-related businesses, and institutional landowners, such as the St. Paul campus of the University of Minnesota and the Minnesota State Fair. The St. Paul campus of the University of Minnesota has approximately 2,400 full time employees and a student population of approximately 6,300 students enrolled in the specific colleges located on the St. Paul Campus. The Minnesota State Fair, held over a 12-day period, is one of the nation's largest and best-attended entertainment events with approximately two million visitors each year. Also, additional "non-fair" events have attendance estimated at 100,000 visitors. One of these "non-fair" events is the Minnesota Street Rod Convention, which attracts over 60,000 visitors.

Because of its location in a region with a varied economic base, unemployment is relatively stable and tends to be less than the State of Minnesota and national rates. The ending unemployment rate for Ramsey County, within which Falcon Heights is located, was 2.4% in 2024. The State of Minnesota's ending unemployment rate for 2024 was 2.6% and the national ending unemployment rate was 3.8%.

The City is at or near full development, with a 3.26% increase in the median market value of property during 2024. The City's economic conditions have remained relatively stable with the University of Minnesota agricultural campus, Blaze Credit Union, and the Minnesota State Fairgrounds providing a diversified economic employment base.

The City continues an aggressive plan of reconstruction and improvement of its streets. Ongoing maintenance activities will continue with yearly sealcoating, curb/gutter repairs, and sidewalk replacement as needed throughout the City. MSA street funds and assessments will be utilized for all street maintenance activities.

Long-Term Financial Planning

The City of Falcon Heights updated its Comprehensive Plan with approval of the plan by the Metropolitan Council and adoption by the City Council in January 2020. As part of the plan, the City continues to look at alternative ways to increase the tax base of the City such as evaluating any re-development opportunities in our business district and increasing housing densities when appropriate.

The City continues to complete a ten-year capital improvement plan as part of its annual budget and uses a financial planning company to assist with any plans and bonding requirements.

Relevant Financial Policies

The Mayor and council members continue to evaluate the level of reserves of the city with their desire to minimize property tax increases on the citizens while still maintaining high service levels. With tax revenues scheduled for receipt in the months of July and December, the City needs to maintain sufficient working capital to mitigate cash flow timing concerns. One important reason for maintaining a high fund balance in the General Fund is that it leads to increased investment income allocated to the General Fund since the investment income is allocated based upon levels of fund balance among all the funds. This helps to minimize any levy increases needed to support the general operating expenses of the city.

Major Initiatives

2024 was a pivotal year for the City. The City undertook a major public engagement process that led to a new contract for police services with the City of St. Anthony Village, restoring a previous relationship that was in place from 1994 to 2017. Additionally, the City underwent a major initiative to improve the Larpenteur/Snelling corridor streetscape, including replacing 34 decorative LED streetlights and refreshing historic monument signs. The City also received a grant from the Minnesota Pollution Control Agency to undergo a climate action and resiliency plan to help prepare the city for changing climates.

In 2023, the City underwent the largest capital program in City history with the purchase of Community Park from the University of Minnesota for $1.1 million, resurfacing of 1.4 miles of city streets and the complete reconstruction and reconfiguration of Garden Avenue. As part of the reconstruction, the City constructed a sidewalk on Garden Avenue as part of its trail system. The sidewalk was a necessary improvement to improve the safety of schoolchildren walking to and from school. Garden Avenue was also completely rebuilt to include new sidewalk, new curb and gutter, stormwater improvements, and sanitary sewer improvements.

In 2023, the City received a Critical Corridors grant from Ramsey County to complete a Larpenteur / Snelling corridor study to explore the existing and best future use of properties along the City's primary economic base.

In 2019, 2020, 2021, and 2022, the City completed the relining of additional sections of the sanitary sewer system.

In 2021, the City completed the resurfacing of three miles of city streets.

In 2017 and 2018, one mile of city streets was improved with a reclaim and resurface. New water lines were also installed with improvements in stormwater catch basins and sanitary sewer basins.

In 2015, an underground storage and infiltration system was completed in our Curtiss Field Park to prevent flooding whenever a large rainfall occurred.

In 2014 and 2015, the City completed the relining of sanitary sewer lines in a residential section of the city. Also in 2015, approximately one mile of city streets was improved with mill and overlay resurfacing.

In 2013, the City completed two stormwater underground storage and infiltration systems in our stormwater system in an area of the city that had no stormwater sewer system.

The Northeast Connector Trail project was completed in 2012 after the city participated in a $1,078,000 grant with the University of Minnesota and the neighboring city of Roseville to complete a three-mile pedestrian trail. This development project was a collaborative effort between the City of Roseville, the City of Falcon Heights, and the University of Minnesota to allow for residents of both cities and the university to enjoy walking or biking through Falcon Heights.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Falcon Heights for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2023. This was the 34th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department, as well as the auditing personnel of BerganKDV, Ltd. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, and to the auditing firm for its professional assistance in preparing the Annual Comprehensive Financial Report for 2024. Credit also must be given to the mayor and the city council for their resolute support for maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,

Jack Linehan
City Administrator

Roland Olson
Finance Director

City of Falcon Heights

City of Falcon Heights
Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Falcon Heights
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

City of Falcon Heights

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Falcon Heights
Falcon Heights, Minnesota

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falcon Heights, 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 (GAAS). 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 City of Falcon Heights, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
The City of Falcon Heights' 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 City of Falcon Heights' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Falcon Heights' 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 City of Falcon Heights' 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, which follows this report letter, and Required Supplementary Information as 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Falcon Heights' basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Minneapolis, Minnesota
April 29, 2025

City of Falcon Heights

City of Falcon Heights
Management's Discussion and Analysis

As management of the City of Falcon Heights (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-9 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets & deferred inflows of resources of the City exceeded its liabilities & deferred inflows of resources at the close of the most recent fiscal year by $22,167,726. Of this amount, $9,941,591 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $1,268,075. Unrestricted net position increased by $824,222.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9,681,832 an increase of $1,420,926 in comparison with the prior year. Debt principal payments of $255,000 and interest payments of $42,859 occurred in 2024. A positive change in fund balance in the general fund of $279,525, along with an increase of $1,141,401 in the fund balances of other governmental funds resulted in a net increase of $1,420,926 in total fund balance.
- Fund balance definitions must conform to the Government Accounting Standards Board (GASB) Statement No. 54 for the most current year ended. GASB 54 requires governments to allocate fund balances pursuant to a new hierarchy; fund balances are defined as "Non-spendable," "Restricted," "Committed," "Assigned," and "Unassigned." The hierarchy defines how a fund discloses its fund balance. Only the General Fund maintains an unassigned residual fund balance. The fund balances maintained by all of the other funds are designated for a specific purpose. Restricted, committed, and assigned balances represent differing forms of legal constraint. The reservation of restricted fund balances is stipulated by a city charter, constitution, or grant contract. Committed fund balances have been reserved by the highest law-making body of the government. An assigned fund balance is reserved for the purpose of the fund; for example, the fund balance in the Future Improvements Fund is assigned for future improvements. The General Fund's unassigned fund balance of $3,671,658 is approximately 38% of the total fund balance of all governmental funds.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $3,671,658, or 107%, of total General Fund expenditures at 2024 levels.
- In 2024 there was a 9.12% increase in the property tax levy.
- The City's total debt decreased by $255,000 during the current fiscal year which represents principal payments. The principal of general obligation debt outstanding as of December 31,2024 is $1,055,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitary sewer and storm drainage.

The government-wide financial statements include only the City itself (known as the primary government). The City has no component units.

The government-wide financial statements can be found on pages 34-35 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

Any fund experiencing financial change during the year is considered active. The City maintained 21 individual governmental funds during 2024. Of these funds, four are major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, G.O. Improvement Bonds - Series 2023A, Future Improvements, and Parks/PW Capital Improvement Fund. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. In addition, individual fund schedules are presented on pages 91-110 for all Special Revenue, Debt Service and Capital Projects Funds.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds Debt Service Funds and Capital Project Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36-43 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitary sewer and storm drainage activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for sanitary sewer and storm drainage, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 44-46 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 47-69 of this report.

OTHER INFORMATION

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Required Supplementary Information section (pages 72-77). Combining and individual fund statements and schedules can be found on pages 80-110. Statistical tables can be found on pages 114-143 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, assets & deferred outflows of resources exceeded liabilities & deferred inflows of resources by $22,167,726 at the close of the most recent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Forty five percent ($9,941,591) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 4% ($796,420) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 51% ($11,429,715) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment) offset by any related debt used to acquire those assets that are still outstanding.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to extinguish these liabilities.

City of Falcon Heights' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	$ 10,933,862	$ 9,496,861	$ 2,134,226	$ 3,232,920	$ 13,068,088	$ 12,729,781
Capital assets	8,351,889	8,073,418	2,822,826	2,574,704	11,174,715	10,648,122
Total assets	19,285,751	17,570,279	4,957,052	5,807,624	24,242,803	23,377,903
Deferred outflows of resources - pensions	63,731	102,148	20,893	32,685	84,624	134,833
Total assets and deferred outflows of resources	$ 19,349,482	$ 17,672,427	$ 4,977,945	$ 5,840,309	$ 24,327,427	$ 23,512,736
Liabilities						
Long-term liabilities Outstanding	$ 1,018,883	$ 1,514,783	$ 98,318	$ 140,249	$ 1,117,201	$ 1,655,032
Other liabilities	794,796	771,131	23,269	29,713	818,065	800,844
Total liabilities	1,813,679	2,285,914	121,587	169,962	1,935,266	2,455,876
Deferred inflows of resources - pensions	169,025	119,100	55,410	38,109	224,435	157,209
Net Position						
Net investment in capital assets	8,606,889	7,728,167	2,822,826	2,559,166	11,429,715	10,287,333
Restricted	796,420	1,149,698	-	-	796,420	1,149,698
Unrestricted	7,963,469	6,389,548	1,978,122	3,073,072	9,941,591	9,462,620
Total net position	17,366,778	15,267,413	4,800,948	5,632,238	22,167,726	20,899,651
Total liabilities, deferred inflows of resources, and net position	$ 19,349,482	$ 17,672,427	$ 4,977,945	$ 5,840,309	$ 24,327,427	$ 23,512,736

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation holds true for the prior fiscal year.

City of Falcon Heights' Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 430,499	$ 574,865	$ 1,309,061	$ 1,255,104	$ 1,739,560	$ 1,829,969
Operating grants and	405,317	593,800	-	-	405,317	593,800
Capital grants and	72,132	656,320	-	-	72,132	656,320
General revenues						
Property taxes	2,679,518	2,500,294	-	-	2,679,518	2,500,294
Other	1,667,303	1,172,651	-	604,112	1,667,303	1,776,763
Investment earnings	465,815	389,278	75,069	133,845	540,884	523,123
Total revenues	5,720,584	5,887,208	1,384,130	1,993,061	7,104,714	7,880,269
Expenses						
General government	1,020,574	1,010,706	-	-	1,020,574	1,010,706
Public safety	2,013,781	1,581,505	-	-	2,013,781	1,581,505
Public works	1,197,562	2,176,211	-	-	1,197,562	2,176,211
Park and recreation	368,599	255,689	-	-	368,599	255,689
Community development	1,723	5,670	-	-	1,723	5,670
Interest on long-term	18,980	45,328	-	-	18,980	45,328
Sanitary sewer	-	-	1,057,156	933,620	1,057,156	933,620
Storm drainage	-	-	158,264	152,756	158,264	152,756
Total expenses	4,621,219	5,075,109	1,215,420	1,086,376	5,836,639	6,161,485
Increase in net position	1,099,365	812,099	168,710	906,685	1,268,075	1,718,784
Transfer	1,000,000		(1,000,000)		-	-
Changes in net position	2,099,365	812,099	(831,290)	906,685	1,268,075	1,718,784
Net position – January 1	15,267,413	14,455,314	5,632,238	4,725,553	20,899,651	19,180,867
Net position - December 31	$ 17,366,778	$ 15,267,413	$ 4,800,948	$ 5,632,238	$ 22,167,726	$ 20,899,651

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by $2,099,365.

For 2024, the City Council increased the tax levy by 9.12%. In 2023 the City Council increased the tax levy by 4.8%. The 2024 delinquencies in property tax collections decreased from 2023. The City's tax base continues to be very stable resulting in a low delinquency rate.

GOVERNMENTAL ACTIVITIES (CONTINUED)

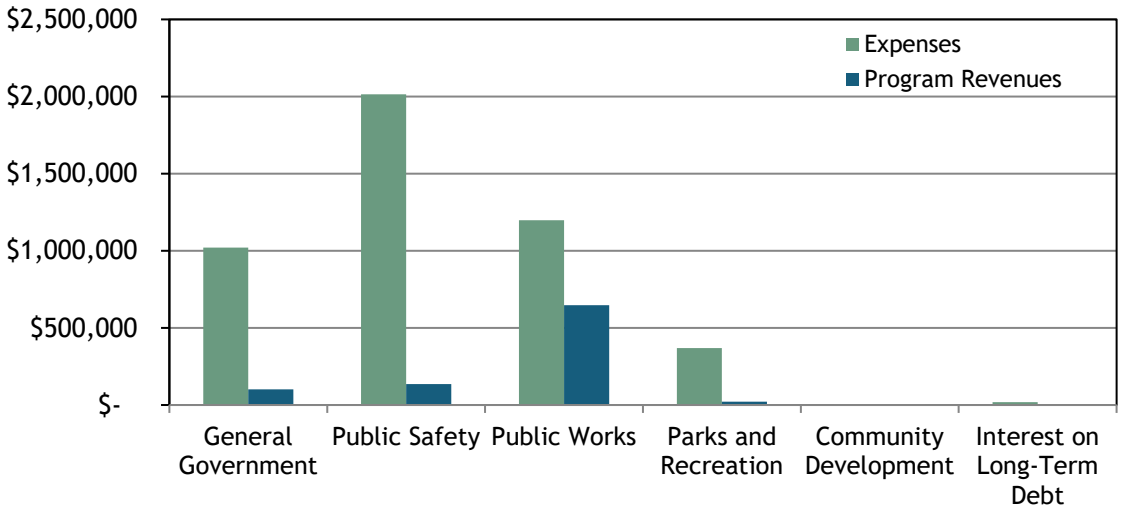
In the governmental activities section, overall, charges for services decreased $144,366 from the 2023 level. Comparing to 2023 levels, licenses and permits decreased $150,020 primarily due to no large building permit fees like the 2023 Falcon Heights elementary school improvements. Likewise, the plan check fees also decreased $9,750 in 2024 due to no large building projects. There were minor increases in business licenses, rental housing licenses, and facility rentals. Operating Grants and Contributions decreased $188,483 due primarily to the City receiving a one year $224,000 public safety grant in 2023. Then in 2024 the City received a $34,400 Larpenteur/Snelling Avenue corridor grant. Capital Grants and Contributions decreased $584,188 primarily due to the 2023 completion of the multi-year Cleveland Avenue project through the University of Minnesota. There was only a small portion completed in 2024 ($19,941). Comparing other general revenues in 2024 of $1,667,303 compared to $1,172,651 of 2023 shows an increase of $494,652 net position. This is primarily due to an increase of $300,136 in tax increments, an increase of $185,437 in unrestricted intergovernmental aids and grants, and an increase in other revenue of $8,857.

In regards to unrestricted intergovernmental aids and grants, Local Government Aid (LGA) to the City from the State of Minnesota increased $118,514 in 2024 to $861,564. The LGA level in 2023 was $743,050. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues increased from $389,278 in 2023 to $465,815 in 2024 due to increased rates of return and fair market value adjustments in 2024. In addition, there was a $1,000,000 transfer from the Sanitary Sewer Fund to the Parks/PW Capital Improvement Fund to help fund park capital improvements. On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

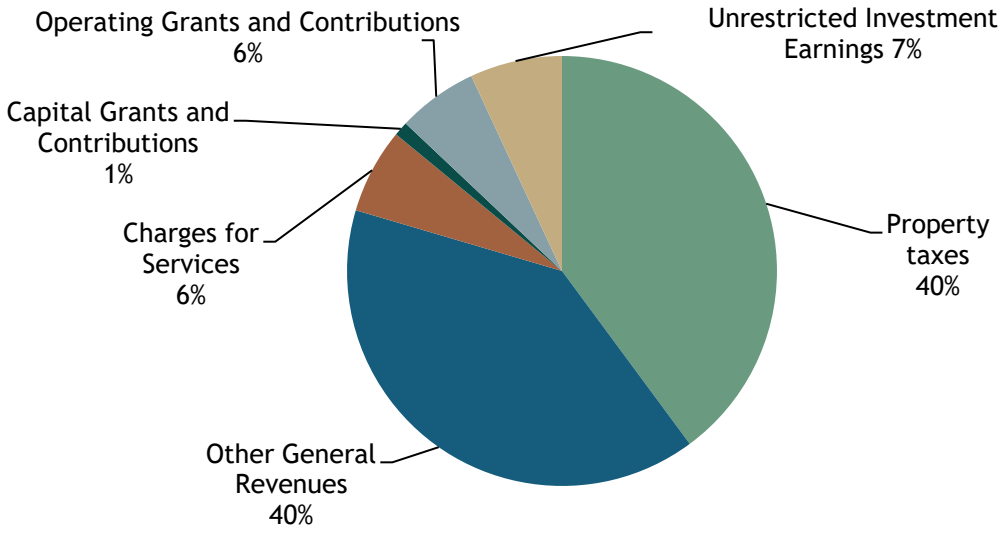
For expenditure changes in net position, comparing public safety expenses in 2024 to 2023 there was a $432,276 increase in public safety expenses primarily due to a large increase in police service fees. Public works expenses decreased $978,649 primarily due to less street projects in 2024 as compared to 2023.

GOVERNMENTAL ACTIVITIES (CONTINUED)

Expenses and Program Revenue - Governmental Activities



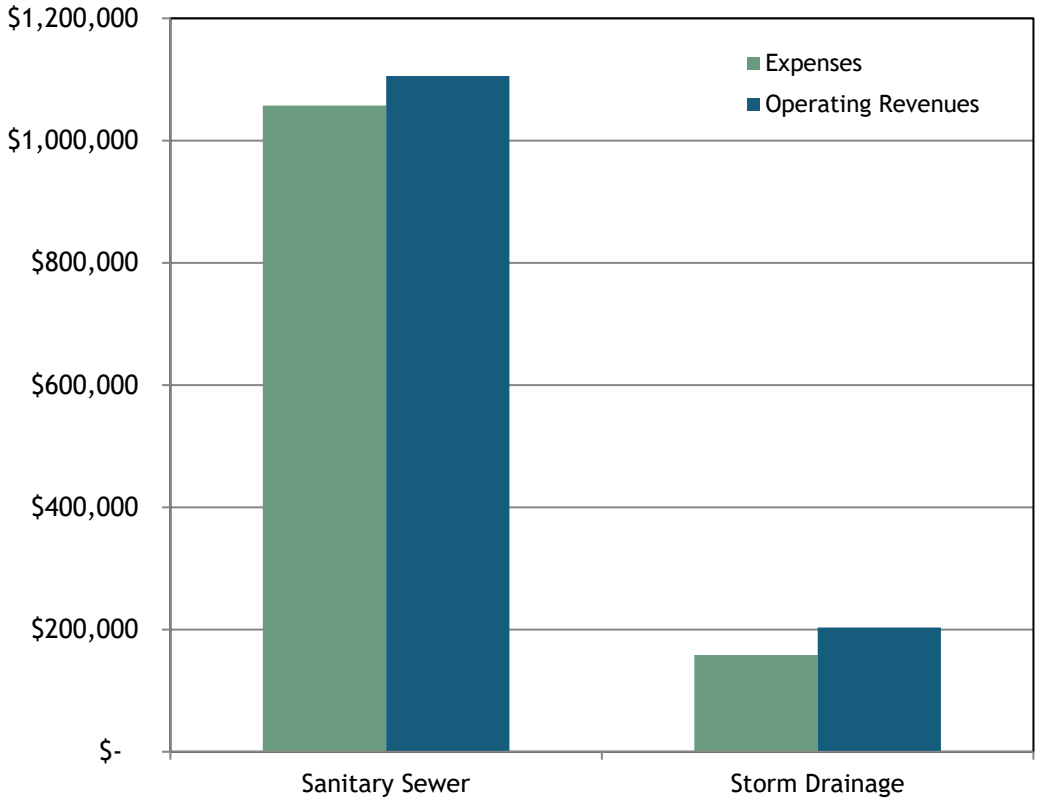
Revenues by Source - Governmental Activities



BUSINESS-TYPE ACTIVITIES

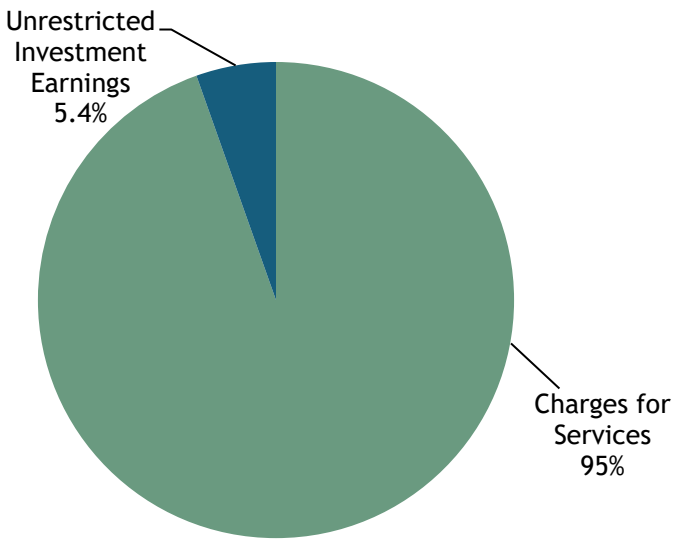
Business-type activities decreased the City's net position by a negative $831,290 after a transfer for $1,000,000 was made to the Parks/PW Capital Improvement Fund for future capital improvements. There was a 2.1% increase in sanitary sewer fees and a 2.9% increase in storm drainage fees for 2024. In 2023, there was a 2.1% increase in sanitary sewer fees and a 2.9% increase in storm drainage fees. In 2011, the City changed the method of billing the sanitary sewer fees. The City instituted a base fee plus a variable fee determined by water consumption, instead of the previous method of using a flat fee for residential property owners. This resulted in property owners having an incentive for less water consumption to help lower their sanitary sewer charges. The commercial properties were increased the same percentage as the residential properties. With the environmental importance of clean storm water drainage flows being discharged into our neighboring lakes and ponds, the City will continue to be required to make future capital improvements to our storm water drainage system.

Expenses and Operating Revenues - Business-Type Activities



BUSINESS-TYPE ACTIVITIES (CONTINUED)

Revenues by Source - Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9,681,832, an increase of $1,420,926 in comparison with the prior year. Approximately thirty-eight percent ($3,671,658) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. There is $35,687 of the fund balance being non-spendable, which indicates that it is not available for new spending because it has been disbursed for various prepaid expenditures in the General Fund. Eight percent ($729,013) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Three percent ($288,249) is committed fund balance constrained by the City Council for specific purposes. Fifty-one percent ($4,957,225) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,671,658, while total fund balance reached $3,707,345. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107% of total General Fund expenditures, while total fund balance represents 109% of that same amount. 2024 was a normal year for the City. 2023 and 2022 showed improvement compared to 2021. 2020 was a very challenging year, but it was fortunate that the City received $412,789 in COVID-19 federal/state funding due to the pandemic. The City locked down because of the pandemic in March of 2020 and suspended all recreational programs, cultural events, and city celebrations. In 2021 the City partially opened up the recreational programs, cultural events, and city celebrations. The City continued to place extra emphasis on conservative spending of the annual budget knowing that revenue shortfalls could occur due to the pandemic. In addition, the City strived to maintain its AAA bond rating by maintaining a large fund balance in the General Fund. In 2022 and 2021 property tax collections were not adversely affected. A bond rating of AAA has the effect of savings of thousands of dollars in interest costs when the City would go out for bonding for upcoming street projects in the next couple of years.

In 2024, the fund balance of the City's General Fund increased by $279,525. Revenues were $245,346 over budget. Expenditures were $122,179 under budget. There were transfers out of $76,000 resulting in the $279,525 increase to the fund balance. Key factors for this fund balance change are:

Revenue Variances

- Property Tax revenue had a variance under budget of $5,267. There was excess tax increment revenue totaling $28,709. Property tax revenues are very stable for the City.
- Revenue from fees associated with licenses and permits was $7,215 over budget. This represents a normal year without any large building projects within the City.
- Intergovernmental revenue was $46,105 over budget. There was an additional $49,268 received in police support funds from Ramsey County, a MCMA Intern grant of $3,500, and a county grant of $34,399 for the Larpenteur/Snelling corridor study.
- Fines and forfeits revenue had a positive variance of $3,168. Additional revenue was received from State Fair parking fines.
- Investment income was $149,094 over budget for 2024. This includes a fair market value increase of $7,314.
- Refunds, Reimbursements, and Other revenues were over budget by $15,406 primarily due to receiving an insurance refund from the City’s workers’ compensation and general liability and property insurance policies ($11,304), and the MCMA Internship funds of $2,262 provided to the City.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Expenditure Variances

- General Government was $51,745 under budget. The city continues to use a conservative approach to spending. The departments within the general government contributing to this are as follows: The Legislative section was $5,711 under budget. The Administrative section recognized a $4,805 expenditure variance under budget primarily due to less consultant expenditures. The Finance section was $4,861 under budget mostly due to less health and dental insurance expenditures. Legal was $6,163 under budget. The Communications section was $1,639 over budget. The Planning and Inspection section was under budget by $32,041 due to $10,011 less in Larpenteur/Snelling Corridor expenditures, and building/mechanical inspection fees were $9,207 less than budgeted. Also, a planning consultant budget estimated at $10,000 was not used.
- The Public Safety section was $33,941 under budget. The fire services contracted with the City of St Paul was $5,327 under budget. The police services contracted with the Ramsey County Sherriff's office was $25,981 under budget. Prosecution was $1,000 under budget.
- Expenditures for the Public Works buildings and grounds section was $14,923 under budget. While city hall maintenance expenditures were $5,217 over budget there was a $9,279 budget savings in insurance & bond coverage costs. Gas utility expenditures were $4,576 under budget due to a mild winter.
- Expenditures for the Streets department were $6,117 over budget. Compensation was over budget by $7,816 due to positions being reclassified. Repairing equipment was $15,207 over budget due to increased repairs on older trucks. Snow removal costs were $6,323 under budget due to the City having two snowplow trucks so city staff could perform the snow removal. Motor fuel was $5,867 under budget due primarily to less snow plowing.
- Expenditures for the City's Engineering department was $8,114 under budget. Engineering expenses for the 2024 street project were expensed in a separate street capital fund.
- City's Tree Program was $12,918 under budget primarily due to less tree trimming and tree and stump removals than budgeted.
- A $13,481 expenditure variance under budget in total park and recreation expenditures was due to less maintenance and compensation expenses. Compensation was $4,074 under budget due to less seasonal employment needed. Other park maintenance expenditures were $9,407 under budget due to Community Park being partially closed.
- A transfer of $26,000 was made from the General Fund to the Parks Program Special Revenue Fund to help support future summer recreational sports programming activities. A transfer of $50,000 was made from the General Fund to the Parks/Public Works Capital Fund for future Community Park improvements.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Expenditure Variances (Continued)
The Future Improvements Fund, a major fund, is the fund the City uses to record the infrastructure capital improvements of the City that would not be associated with any of the City's tax increment financing districts. The City received $57,620 in street and local government aid from the state of Minnesota. Additional income of $19,941 was from the University of Minnesota for the Cleveland Avenue project. This $19,941 was then paid to Ramsey County to fund the “right of way” purchases necessary for the Cleveland Avenue project. Also, the City received $137,354 in the form of franchise fees from Xcel Energy during 2024. In addition, there also was $101,593 in Local Government Aid revenue from the State of Minnesota. There also was a transfer of $300,000 to the Parks/PW Capital Fund for future park capital improvements. This Future Improvement Fund holds $1,505,930 in assigned fund balance for future capital improvement infrastructure projects.

The Parks/PW and Facilities Capital Improvements Fund, a major fund, had minimal activity for the year although it did receive a $1,698,543 transfer from other funds in 2024. The General Fund transferred $50,000, the Water Fund transferred $300,000, the Sanitary Sewer Fund transferred $1,000,000, the Amber Union Fund transferred $48,543, and the Infrastructure Fund transferred $300,000 as previously noted. The fund balance will be partially utilized for the Community Park building in 2025.

Proprietary Funds
The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to $1,573,266 while unrestricted net position for the Storm Drainage Fund amounted to $404,856.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were $122,179 less than the budgetary estimates. Revenues were $245,346 more than the budgetary estimates. Also, $26,000 was transferred from the General Fund to the Parks Program Special Revenue Fund to help support park programs in the City. In 2024, the net change in fund balance for the General Fund was $279,525.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024 amounts to $11,174,715 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and system, improvements other than buildings, and machinery and equipment.

The City has elected to use the "modified approach”, as defined by GASB Statement No. 34, for infrastructure reporting of its streets and alleys.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program, MicroPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. From 2007 to present day, the City used the software program ICON, which was developed and supported by Goodpointe Technology as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times.

Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation and reconstruction. The PCI groups set up for the City are as follows:100 to 66 – Adequate; 65 to 36 – Marginal; and 35 to 0 – Poor. The City's minimum desired PCI rating is 70. The City’s PCI rating was 69 for 2022. The City’s lowest PCI rated street was Garden Avenue. The next street rating will take place in 2025.

In 2024, the city completed a mill and overlay resurfacing project on a portion of Roselawn Avenue. In 2023, the City conducted a complete street rebuild to Garden Avenue to include sidewalk, new curb and gutter, stormwater basin improvements, and sanitary sewer improvements. In 2021, 2019, and 2017, the City conducted mill and overlay resurfacing. The 2021 resurfacing program included three neighborhood streets of the City. Also, during 2019, 2020, 2021, and 2022 the City relined a portion of the sanitary sewer line in one of the sections of the city.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

City of Falcon Heights' Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 1,527,452	$ 1,527,452	$ -	$ -	$ 1,527,452	$ 1,527,452
Construction in					-	-
Building and system	114,810	122,055	2,735,866	2,574,704	2,850,676	2,696,759
Improvements other than buildings	378,568	420,579	-	-	378,568	420,579
Machinery and	581,276	253,549	86,960	-	668,236	253,549
Infrastructure	5,749,783	5,749,783	-	-	5,749,783	5,749,783
Total	$ 8,351,889	$ 8,073,418	$ 2,822,826	$ 2,574,704	$ 11,174,715	$ 10,648,122

Additional information on the City's capital assets can be found in Note 3 on pages 54-55 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of $1,055,000. The debt service payments in 2024 were $255,000.

City of Falcon Heights' Outstanding Debt
General Obligation (G.O.) and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
G.O. Bonds	$ 1,055,000	$ 1,310,000	$ -	$ -	$ 1,055,000	$ 1,310,000

The City earned a "AAA" rating from Standard and Poor's Rating Service on the debt issuance in 2017.

State statutes limit the amount of G.O. debt a governmental entity may issue to a percentage of its total assessed valuation. The current debt limitation for the City is $12,923,576, which is an excess of the City's outstanding G.O. debt.

Additional information on the City's long-term debt can be found in Note 5 on pages 55-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The December 2024 unemployment rate for Ramsey County, in which the City resides, is currently 2.4%, as compared to the rate of 2.3% a year ago. This local unemployment rate compares favorably to the state's December 2024 unemployment rate of 2.6% and favorably to the national December 2024 rate of 3.8%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

Inflationary trends in the region compare favorably to national indices. For a basket of goods indexed at $100 in 1984, a resident of the Midwest Region will pay approximately $293. This compares favorably to the average US citizen who pays approximately $300 for that same basket. The source for this data is the Federal Bureau of Labor and Statistics CPI inflation calculator.

All of these factors were considered in preparing the City's budget for the 2024 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by $367,525 to a total of $3,707,345. The City has designated $3,671,658 of this balance as unassigned fund balance available for spending at the City's discretion.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2077 W. Larpenteur Ave., City of Falcon Heights, Minnesota 55113.

BASIC FINANCIAL STATEMENTS

City of Falcon Heights
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash eqivalents)	$ 9,848,699	$ 1,812,425	$ 11,661,124
Receivables			
Taxes receivable	39,939	-	39,939
Special assessments	238,871	-	238,871
Accounts receivable	65,546	243,719	309,265
Interest receivable	70,705	12,527	83,232
Due from other governments	634,415	-	634,415
Prepaid items	35,687	65,555	101,242
Capital assets (net of accumulated depreciation)			
Land	1,527,452	-	1,527,452
Infrastructure	5,749,783	-	5,749,783
Buildings and system	114,810	2,735,866	2,850,676
Improvements other than buildings	378,568	-	378,568
Machinery and equipment	581,276	86,960	668,236
Total assets	19,285,751	4,957,052	24,242,803
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	63,731	20,893	84,624
Total assets and deferred outflows of resources	$ 19,349,482	$ 4,977,945	$ 24,327,427
Liabilities			
Accounts payable	$ 41,883	$ 1,704	$ 43,587
Due to other governments	341,304	2,913	344,217
Salaries and benefits payable	450	130	580
Interest payable	14,555	-	14,555
Bond principal payable			
Payable within one year	357,000	-	357,000
Payable after one year	706,903	-	706,903
Compensated absences payable			
Payable within one year	39,604	18,522	58,126
Payable after one year	55,080	14,101	69,181
Net pension liability			
Payable after one year	256,900	84,217	341,117
Total liabilities	1,813,679	121,587	1,935,266
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	169,025	55,410	224,435
Net Position			
Net investment in capital assets	8,606,889	2,822,826	11,429,715
Restricted for			
Debt service	659,112	-	659,112
Tax increment	66,596	-	66,596
Other purposes	70,712	-	70,712
Unrestricted	7,963,469	1,978,122	9,941,591
Total net position	17,366,778	4,800,948	22,167,726
Total liabilities, deferred inflows of resources, and net position	$ 19,349,482	$ 4,977,945	$ 24,327,427

See notes to basic financial statements.

City of Falcon Heights
Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities							
General government	$ 1,020,574	$ 99,600	$ 2,262	$ -	$ (918,712)	$ -	$ (918,712)
Public safety	2,013,781	86,384	49,268	-	(1,878,129)	-	(1,878,129)
Public works	1,197,562	228,974	345,988	72,132	(550,468)	-	(550,468)
Park and recreation	368,599	13,449	7,799	-	(347,351)	-	(347,351)
Community development	1,723	2,092	-	-	369	-	369
Interest on long-term debt	18,980	-	-	-	(18,980)	-	(18,980)
Total governmental activities	4,621,219	430,499	405,317	72,132	(3,713,271)	-	(3,713,271)
Business-type activities							
Sanitary sewer	1,057,156	1,105,796	-	-	-	48,640	48,640
Storm sewer	158,264	203,265	-	-	-	45,001	45,001
Total business-type activities	1,215,420	1,309,061	-	-	-	93,641	93,641
Total governmental and business-type activities	$ 5,836,639	$ 1,739,560	$ 405,317	$ 72,132	(3,713,271)	93,641	(3,619,630)
General revenues							
Property taxes levied for general purposes					2,489,831	-	2,489,831
Property taxes levied for debt service					189,687	-	189,687
Franchise taxes					137,354	-	137,354
Tax increments					689,640	-	689,640
Unrestricted intergovernmental aids and grants					809,868	-	809,868
Other general revenue					30,441	-	30,441
Unrestricted investment earnings					465,815	75,069	540,884
Transfers					1,000,000	(1,000,000)	-
Total general revenues and transfers					5,812,636	(924,931)	4,887,705
Change in net position					2,099,365	(831,290)	1,268,075
Net position - beginning					15,267,413	5,632,238	20,899,651
Net position - ending					$ 17,366,778	$ 4,800,948	$ 22,167,726

See notes to basic financial statements.

City of Falcon Heights
Balance Sheet - Governmental Funds
December 31, 2024

	General	Debt Service: G.O. Improvement Bonds, Series 2023A	Capital Projects: Future Improvements	Capital Projects: Parks/PW and Facilities Capital Improvements
Assets				
Cash and investments	$ 3,939,597	$ 96,120	$ 1,484,407	$ 2,474,009
Taxes receivable - delinquent	39,939	-	-	-
Special assessment receivable - deferred	-	166,549	16,167	-
Accounts receivable	-	-	34,401	-
Interest receivable	35,479	-	13,374	21,852
Due from other governments	27,086	451	589,583	-
Prepaid items	35,687	-	-	-
Total assets	$ 4,077,788	$ 263,120	$ 2,137,932	$ 2,495,861
Liabilities				
Accounts payable	$ 12,189	$ -	$ 4,280	$ 12,822
Due to other governments	317,887	-	21,972	-
Salaries and benefits payable	428	-	-	-
Total liabilities	330,504	-	26,252	12,822
Deferred Inflows of Resources				
Unavailable revenue - state shared taxes	-	-	589,583	-
Unavailable revenue - property tax	39,939	-	-	-
Unavailable revenue - special assessments	-	166,549	16,167	-
Total deferred inflows of resources	39,939	166,549	605,750	-
Fund Balances				
Nonspendable	35,687	-	-	-
Restricted	-	96,571	-	33,575
Committed	-	-	-	-
Assigned	-	-	1,505,930	2,449,464
Unassigned	3,671,658	-	-	-
Total fund balances	3,707,345	96,571	1,505,930	2,483,039
Total liabilities, deferred inflows of resources, and fund balances	$ 4,077,788	$ 263,120	$ 2,137,932	$ 2,495,861

See notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
$ 1,854,566	$ 9,848,699
-	39,939
56,155	238,871
31,145	65,546
-	70,705
17,295	634,415
-	35,687
$ 1,959,161	$ 10,933,862
$ 12,592	$ 41,883
1,445	341,304
22	450
14,059	383,637
-	589,583
-	39,939
56,155	238,871
56,155	868,393
-	35,687
598,867	729,013
288,249	288,249
1,001,831	4,957,225
-	3,671,658
1,888,947	9,681,832
$ 1,959,161	$ 10,933,862

City of Falcon Heights

City of Falcon Heights
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2024

Total fund balances - governmental funds	$ 9,681,832
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.	
Cost of capital assets	10,794,249
Less accumulated depreciation	(2,442,360)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(1,055,000)
Bond premium	(8,903)
Compensated absences payable	(94,684)
Net pension liability	(256,900)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(169,025)
Deferred outflows of resources related to pensions	63,731
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period'sexpenditures and, therefore, are deferred in the funds.	
Property taxes	39,939
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	238,871
State shared taxes	589,583
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(14,555)
Total net position - governmental activities	$ 17,366,778

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2024

	General	Debt Service: G.O. Improvement Bonds, Series 2023A	Capital Projects: Future Improvements	Capital Projects: Parks/PW and Facilities Capital Improvements
Revenues				
Property taxes	$ 2,505,119	$ 67,087	$ -	$ -
Tax increments	28,709	-	-	-
Special assessments	-	50,916	14,892	-
Licenses and permits	102,465	-	137,354	-
Intergovernmental	876,076	-	180,814	-
Charges for services	47,488	-	-	-
Fines and forfeitures	18,168	-	-	-
Miscellaneous				
Investment income	164,094	1,827	65,731	145,352
Contributions and donations	-	-	-	500
Refunds and reimbursements	11,304	-	-	-
Other	5,102	-	376	-
Total revenues	3,758,525	119,830	399,167	145,852
Expenditures				
Current				
General government	973,640	748	-	-
Public safety	2,009,092	-	-	-
Public works	331,014	-	34,873	-
Park and recreation	89,254	-	-	748
Community development	-	-	-	-
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	22,511	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	420,801	-
Park and recreation	-	-	-	214,732
Total expenditures	3,403,000	23,259	455,674	215,480
Excess of revenues over (under) expenditures	355,525	96,571	(56,507)	(69,628)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	25,000
Insurance recoveries	-	-	-	-
Transfers in	-	-	-	1,698,543
Transfers out	(76,000)	-	(300,000)	-
Total other financing sources (uses)	(76,000)	-	(300,000)	1,723,543
Net change in fund balances	279,525	96,571	(356,507)	1,653,915
Fund Balances				
Beginning of year, as previously stated	3,427,820	-	1,862,437	829,124
Change within financial reporting entity (See Note 10)	-	-	-	-
Beginning of year, as restated	3,427,820	-	1,862,437	829,124
End of year	$ 3,707,345	$ 96,571	$ 1,505,930	$ 2,483,039

See notes to basic financial statements.

Capital Projects		
2023 Street Project	Other Governmental Funds	Total Governmental Funds
$ -	$ 122,600	$ 2,694,806
-	660,931	689,640
-	41,383	107,191
-	-	239,819
-	21,213	1,078,103
-	237,972	285,460
-	-	18,168
-	88,811	465,815
-	-	500
-	-	11,304
-	11,765	17,243
-	1,184,675	5,608,049
-	748	975,136
-	7,339	2,016,431
-	194,264	560,151
-	47,063	137,065
-	2,444	2,444
-	747	747
-	255,000	255,000
-	20,348	42,859
-	16,958	16,958
-	4,460	4,460
-	664,933	1,085,734
-	-	214,732
-	1,214,304	5,311,717
-	(29,629)	296,332
-	-	25,000
-	99,594	99,594
-	26,000	1,724,543
-	(348,543)	(724,543)
-	(222,949)	1,124,594
-	(252,578)	1,420,926
301,648	1,839,877	8,260,906
(301,648)	301,648	-
-	2,141,525	8,260,906
$ -	$ 1,888,947	$ 9,681,832

City of Falcon Heights
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2024

Net change in fund balances - governmental funds	$ 1,420,926
Amounts reported for governmental activities in the Statement of Activities are different because:	
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 outlays	397,071
Depreciation expense	(118,600)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(11,240)
Governmental funds recognized pension contributions as expenditures at the time of payment in items related to pensions on a full accrual perspective.	31,792
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net assets in the Statement of Activities.	255,000
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 when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	11,352
The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of bond premiums	12,527
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	(57,036)
State shared taxes	172,861
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(15,288)
Change in net position - governmental activities	$ 2,099,365

See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Property taxes	$ 2,510,386	$ 2,510,386	$ 2,505,119	$ (5,267)
Tax increments	-	-	28,709	28,709
Licenses and permits	95,250	95,250	102,465	7,215
Intergovernmental	829,971	829,971	876,076	46,105
Charges for services	46,572	46,572	47,488	916
Fines and forfeitures	15,000	15,000	18,168	3,168
Miscellaneous revenues				
Investment income	15,000	15,000	164,094	149,094
Refunds and reimbursements	-	-	11,304	11,304
Other	1,000	1,000	5,102	4,102
Total revenues	3,513,179	3,513,179	3,758,525	245,346
Expenditures				
Current				
General government	1,025,385	1,025,385	973,640	(51,745)
Public safety	1,955,033	2,043,033	2,009,092	(33,941)
Public works	354,026	354,026	331,014	(23,012)
Park and recreation	102,735	102,735	89,254	(13,481)
Total expenditures	3,437,179	3,525,179	3,403,000	(122,179)
Excess of revenues over (under) expenditures	76,000	(12,000)	355,525	367,525
Other Financing Sources (Uses)				
Transfers out	(76,000)	(76,000)	(76,000)	-
Net change in fund balance	$ -	$ (88,000)	279,525	$ 367,525
Fund Balance				
Beginning of year			3,427,820	
End of year			$ 3,707,345	

See notes to basic financial statements.

City of Falcon Heights
Statement of Net Position - Proprietary Funds
December 31, 2024

	Sanitary Sewer	Storm Drainage	Total
Assets			
Current assets			
Cash and investments	$ 1,390,449	$ 421,976	$ 1,812,425
Accounts receivable	211,409	32,310	243,719
Interest receivable	12,527	-	12,527
Prepaid items	63,555	2,000	65,555
Total current assets	1,677,940	456,286	2,134,226
Noncurrent assets			
Capital assets			
Sewer system	2,360,935	-	2,360,935
Storm drain	-	2,354,711	2,354,711
Machinery and equipment	117,506	122,570	240,076
Total capital assets	2,478,441	2,477,281	4,955,722
Less accumulated depreciation	(1,114,880)	(1,018,016)	(2,132,896)
Net capital assets	1,363,561	1,459,265	2,822,826
Total assets	3,041,501	1,915,551	4,957,052
Deferred Outflows of Resouces			
Deferred outflows of resources related to pensions	14,317	6,576	20,893
Total assets and deferred outflows of resources	$ 3,055,818	$ 1,922,127	$ 4,977,945
Liabilities			
Current liabilities			
Accounts payable	$ 95	$ 1,609	$ 1,704
Due to other governments	-	2,913	2,913
Salaries and benefits payable	81	49	130
Amount due within one year	12,393	6,129	18,522
Total current liabilities	12,569	10,700	23,269
Noncurrent liabilities			
Compensated absences	23,135	9,488	32,623
Net pension liability	57,710	26,507	84,217
Less amount due within one year	(12,393)	(6,129)	(18,522)
Total noncurrent liabilities	68,452	29,866	98,318
Total liabilities	81,021	40,566	121,587
Deferred Inflows of Resouces			
Deferred inflows of resources related to pensions	37,970	17,440	55,410
Net Position			
Net investment in capital assets	1,363,561	1,459,265	2,822,826
Unrestricted	1,573,266	404,856	1,978,122
Total net position	2,936,827	1,864,121	4,800,948
Total liabilities, deferred inflows of resources, and net position	$ 3,055,818	$ 1,922,127	$ 4,977,945

See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2024

	Sanitary Sewer	Storm Drainage	Total
Operating Revenues			
Charges for services	$ 1,105,796	$ 203,265	$ 1,309,061
Operating Expenses			
Wages, salaries, and compensation	190,849	89,201	280,050
Materials and supplies	157	1,959	2,116
Professional services	2,359	847	3,206
Maintenance	32,532	7,202	39,734
Repairs	2,995	3,836	6,831
Depreciation	29,039	48,113	77,152
Metro sewer charges	760,060	-	760,060
Sac charges	2,485	-	2,485
Billing fees	21,269	914	22,183
Insurance and bonds	5,374	2,549	7,923
Miscellaneous	10,037	3,643	13,680
Total operating expenses	1,057,156	158,264	1,215,420
Operating income	48,640	45,001	93,641
Nonoperating Revenues			
Investment income	56,344	18,725	75,069
Income before transfers	104,984	63,726	168,710
Transfers out	(1,000,000)	-	(1,000,000)
Change in net position	(895,016)	63,726	(831,290)
Net Position			
Beginning of year	3,831,843	1,800,395	5,632,238
End of year	$ 2,936,827	$ 1,864,121	$ 4,800,948

See notes to basic financial statements.

City of Falcon Heights
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

	Sanitary Sewer	Storm Drainage	Total
Cash Flows - Operating Activities			
Receipts from customers and users	$ 1,209,584	$ 203,210	$ 1,412,794
Payments to suppliers	(840,705)	(33,745)	(874,450)
Payments to employees	(194,890)	(90,427)	(285,317)
Net cash flows - operating activities	173,989	79,038	253,027
Cash Flows - Noncapital Financing Activities			
Transfer to other funds	(1,000,000)	-	(1,000,000)
Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	(325,274)	-	(325,274)
Cash Flows - Investing Activities			
Investment Income	77,338	18,725	96,063
Net change in cash and cash equivalents	(1,073,947)	97,763	(976,184)
Cash and Cash Equivalents			
Beginning of year	2,464,396	324,213	2,788,609
End of year	$ 1,390,449	$ 421,976	$ 1,812,425
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income	$ 48,640	$ 45,001	$ 93,641
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	29,039	48,113	77,152
Accounts receivable	(61,239)	(55)	(61,294)
Due from other governments	165,027	-	165,027
Prepaid items	(217)	(2,000)	(2,217)
Pension expense	(5,299)	(2,035)	(7,334)
Accounts payable	(990)	(400)	(1,390)
Contracts payable	(2,230)	(13,308)	(15,538)
Due to other governmental units	-	2,913	2,913
Salaries payable	62	41	103
Compensated absences payable	1,196	768	1,964
Total adjustments	125,349	34,037	159,386
Net cash flows - operating activities	$ 173,989	$ 79,038	$ 253,027

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Falcon Heights is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds:

Major Governmental Funds:

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

G.O. Improvement Bonds, Series 2023A Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

Future Improvements Capital Projects Fund – This fund accounts for costs associated with replacement of the City's utility and road systems.

Parks/PW and Facilities Capital Improvements Capital Projects Fund - This fund accounts for capital outlay within the departments stated in its name.

Major Proprietary Funds:

Sanitary Sewer Enterprise Fund – This fund accounts for the operations of the City's sanitary sewer utility.

Storm Drainage Enterprise Fund – This fund accounts for the activities of the City's storm drainage operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Sewer and the Storm Drainage Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 2. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14 day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Ramsey County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent tax receivable.

3. Prepaid Items and Inventory

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Park Buildings	30
Building Improvements	15
Furniture and Equipment	5
Light Vehicles	5
Machinery and Equipment	5 - 7
Fire Trucks	20
Utility Distribution System	50

The City uses the modified approach in accounting for its street and alley infrastructure assets. Under this method, depreciation expense is not recognized. A pavement condition policy has been established and all costs of maintaining the assets at this level are expensed.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences

City employees earn vacation time based on years of City service with a maximum at twice their annual vacation leave. At least one week of vacation must be used per calendar year. Upon termination, employees will receive compensation for unused vacation time. Sick leave is accumulated for all regular full-time employees at the rate of one day per calendar month to a maximum of 150 days. The City compensates employees who leave municipal service at the rate of 50% of unused sick leave. Vacation and sick leave benefits are recorded as expenditures in governmental funds when paid. Compensated absences payable are reported in governmental funds only if they have matured as a result of employee resignations and retirements. Vacation and sick benefits are recorded as expenses in proprietary funds when earned.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Equity (Continued)

a. Classification (Continued)

- Restricted Fund Balances – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.

- Committed Fund Balances – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision-making authority) through resolution.

- Assigned Fund Balances – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Based on authorization provided by the City's fund balance policy, assignments are made by the City Administrator based on the City Council's direction.

- Unassigned Fund Balances – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance

The City will strive to maintain a minimum unassigned fund balance in the General Fund of 45% of the subsequent year's budgeted expenditures.

10. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2024, the City's bank balance of $0 was not exposed to custodial credit risk because it was fully insured through the FDIC.

The book balance as of December 31, 2024, was $0 for deposits.

As of December 31, 2024, the City had a petty cash balance of $250.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

		Investment Maturity				
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	Rating
Brokered Certificates of Deposit	$ 5,416,671	$ 4,961,725	$ 454,946	$ -	$ -	NR
4M Term Series	1,250,000	1,250,000	-	-	-	NR
4M Fund and 4M Fund Plus	4,741,035	-	-	-	-	NR
Brokered Money Markets	253,168	-	-	-	-	NR
Total investments	$ 11,660,874	$ 6,211,725	$ 454,946	$ -	$ -	

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City shall set the goal that no one issuer represents 5% or more of total investments with the exception of U.S. Treasuries and U.S. government agencies that are either implicitly or explicitly guaranteed by the federal government.

Interest Rate Risk: This is the risk that fair values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City will invest in approximately 10% to 25% of its available funds in liquid instruments, such as commercial paper and money market accounts. This is to ensure the City's funds could be available should unexpected large bills be presented for payment. The policy goes on to state once the liquidity needs have been met, the remaining investments shall be placed with institutions offering the highest rate of return consistent with the maturities determined by the City.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating obligations. The policy lists the authorized investments to comply with the requirements of *Minnesota Statutes* §§ 118A.04, 118A.05, and 118A.06, examples include commercial paper rated as A-1, P-1 and F-1 with maturities of 270 days or less, U.S. government obligations, obligations of the State of Minnesota, irrevocable letter of credit and interest bearing deposits.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states investments are to be fully insured or collateralized and/or registered in the name of the City with safekeeping for the security provided by the City's broker/financial institution or trust department. The financial institution is also required to be a member of the Securities Investor Protection Corporation (SIPC) to protect the securities in the City's account. All certificates of deposit up to $250,000 principal and interest will be protected by the FDIC. In the event the City purchases a certificate of deposit from a broker/financial institution that does not provide safekeeping, the City may provide safekeeping in a secured location at the City.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)
The City has the following recurring fair value measurements as of December 31, 2024:

- $5,416,671 of investments (all brokered certificates of deposit) are significant other observable inputs (Level 2 inputs) using closing market prices.

Summary of cash deposits and investments as of December 31, 2024, were as follows:

Petty cash	$ 250
Investments (Note 2.B.)	11,660,874
Total deposits and investments	$ 11,661,124

C. Cash and Investments
Deposits and investments are presented in the December 31, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	$ 9,848,699
Cash and investments - business-type activities	1,812,425
Total	$ 11,661,124

NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,527,452	$ -	$ -	$ 1,527,452
Infrastructure	5,749,783	-	-	5,749,783
Total capital assets not being depreciated	7,277,235	-	-	7,277,235
Capital assets being depreciated				
Buildings	1,360,310	-	-	1,360,310
Improvements other than buildings	994,816	-	5,565	989,251
Machinery and equipment	814,222	397,071	43,840	1,167,453
Total capital assets being depreciated	3,169,348	397,071	49,405	3,517,014
Less accumulated depreciation for				
Buildings	1,238,255	7,245	-	1,245,500
Improvements other than buildings	574,237	42,011	5,565	610,683
Machinery and equipment	560,673	69,344	43,840	586,177
Total accumulated depreciation	2,373,165	118,600	49,405	2,442,360
Total capital assets being depreciated, net	796,183	278,471	-	1,074,654
Governmental activities capital assets, net	$ 8,073,418	$ 278,471	$ -	$ 8,351,889

NOTE 3 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Buildings and system	$ 4,481,908	$ 233,738	$ -	$ 4,715,646
Machinery and equipment	175,674	91,536	27,134	240,076
Total capital assets being depreciated	4,657,582	325,274	27,134	4,955,722
Less accumulated depreciation for				
Buildings and system	1,907,204	72,575	-	1,979,779
Machinery and equipment	175,674	4,577	27,134	153,117
Total accumulated depreciation	2,082,878	77,152	27,134	2,132,896
Total capital assets being depreciated, net	2,574,704	248,122	-	2,822,826
Business-type activities capital assets, net	$ 2,574,704	$ 248,122	$ -	$ 2,822,826

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

Governmental activities	
General government	$ 34,823
Public safety	17,976
Public works	49,397
Culture and recreation	16,404
Total depreciation expense - governmental activities	$ 118,600
Business-type activities	
Sanitary sewer	$ 29,039
Storm drainage	48,113
Total depreciation expense - business-type activities	$ 77,152

NOTE 4 – TRANSFERS

Transfers during the year ended December 31, 2024, were as follows:

	Transfers Out				
Transfers In	General Fund	Future Improvements	Sewer	Other Non-Major	Total
Parks/PW and facilities	$ 50,000	$ 300,000	$ 1,000,000	$ 348,543	$ 1,698,543
Other non-major	26,000	-	-	-	26,000
Total	$ 76,000	$ 300,000	$ 1,000,000	$ 348,543	$ 1,724,543

The transfer from the General Fund to the Other Governmental Funds were to assist with park programs. All other transfers were to provide resources for capital expenditures.

NOTE 5 – LONG-TERM DEBT

A. G.O. Debt

The City issues G.O. bonds to provide for financing of street improvements. Debt service is funded by special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City.

	Original Issue	Interest Rates	Principal Outstanding
Long-term liabilities			
Governmental activities			
G.O. Improvement Bonds, Series 2017A	$ 845,000	3.00%	$ 130,000
G.O. Improvement Bonds, Series 2021A	665,000	2.00%	405,000
G.O. Improvement Bonds, Series 2023A	520,000	4.41%	520,000

NOTE 5 – LONG-TERM DEBT (CONTINUED)

A. G.O. Debt (Continued)

Annual debt service requirements to maturity for G.O. bonds are as follows:

Year Ending December 31,	G.O. Improvement Bonds Principal	G.O. Improvement Bonds Interest
2025	$ 357,000	$ 29,603
2026	239,000	20,632
2027	241,000	13,301
2028	108,000	7,232
2029	110,000	2,426
Total	$ 1,055,000	$ 73,194

B. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Improvement Bonds	$ 1,310,000	$ -	$ 255,000	$ 1,055,000	$ 357,000
Unamortized Bond Premium	21,430	-	12,527	8,903	-
Compensated absences	83,444	11,240	-	94,684	39,604
Total governmental activities	1,414,874	11,240	267,527	1,158,587	396,604
Business-type activities					
Compensated absences	30,659	25,676	23,712	32,623	18,522
Total long-term liabilities	$ 1,445,533	$ 36,916	$ 291,239	$ 1,191,210	$ 415,126

The General Fund typically liquidates the liability related to compensated absences, as well as pensions.

C. Conduit Debt

Conduit debt is certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Conduit Debt (Continued)

As of December 31, 2024, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/24
Pines of Hutchinson, LLC	2013	$ 4,400,000	$ -
Mounds Park Academy	2014	7,707,444	4,789,071
St Paul Academy and Summit School Project Series	2017	7,375,000	5,385,811
Senior Housing and Health Care Revenue Note 2018A	2018	3,000,000	2,585,637
Senior Housing and Health Care Revenue Refunding 2018B	2018	1,523,889	1,020,473
New Harmoney Project Senior Housing and Healthcare Revenue Note	2021	7,000,000	6,230,101
Amber Union Project 2021 Multifamily Housing Revenue Refunding	2021	26,976,188	-
Total		$ 57,982,521	$ 20,011,093

NOTE 6 – FUND BALANCE DETAIL

At December 31, 2024, fund balance was comprised of the following components:

	General	G.O. Improvement Bonds Series 2023A	Future Improvements	Parks/PW and Facilities Capital	Other Governmental Fund	Total
Nonspendable						
Prepaid items	$ 35,687	$ -	$ -	$ -	$ -	$ 35,687
Restricted						
Tax increment capital projects	-	-	-	-	77,192	77,192
Debt service	-	96,571	-	-	450,963	547,534
Grants	-	-	-	-	49,424	49,424
Park dedication	-	-	-	33,575	-	33,575
Charitable gambling	-	-	-	-	21,288	21,288
Committed						
Recreation costs	-	-	-	-	74,494	74,494
Hydrant and fire truck costs	-	-	-	-	32,432	32,432
Recycling and environmental activities	-	-	-	-	100,541	100,541
Activities promoting economic development	-	-	-	-	20,174	20,174
Lighting costs	-	-	-	-	53,308	53,308
Garden costs	-	-	-	-	7,300	7,300
Assigned						
Capital projects	-	-	1,505,930	2,449,464	1,001,831	4,957,225
Unassigned	3,671,658	-	-	-	-	3,671,658
Total	$ 3,707,345	$ 96,571	$ 1,505,930	$ 2,483,039	$ 1,888,947	$ 9,681,832

NOTE 7 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2024 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

NOTE 7 – RISK MANAGEMENT

At December 31, 2024, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 8 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2024, was $42,037. The components of pension expense is noted in the following plan summary.

The General Fund typically liquidates the liability related to the pensions.

Public Employees' Retirement Association

A. Plan Description
The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes* Chapters 353, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

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

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

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 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for Genal Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% 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. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions

Minnesota Statutes Chapters 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 6.5% of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were $65,232. The City's contributions were equal to the required contributions as set by state statute.

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of $341,117 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 $8,821. 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 0.0092% at the end of the measurement period and 0.0089% for the beginning of the period.

City's proportionate share of the net pension liability	$	341,117
State of Minnesota's proportionate share of the net pension liability associated with the City		8,821
Total	$	349,938

For the year ended December 31, 2024, the City recognized pension expense of $50,622 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized $236 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule 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 $ 15,695 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2024, the City reported its proportionate share of General Employee Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and and actual economic experience	$ 31,676	$ -
Changes in actuarial assumptions	1,588	125,767
Net difference between projected and actual investment earnings	-	98,668
Changes in proportion	18,744	-
Contributions paid to PERA subsequent to the measurement date	32,616	-
Total	$ 84,624	$ 224,435

The $32,616 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 Ending December 31,	Pension Expense Amount
2025	$ (96,311)
2026	(13,146)
2027	(36,826)
2028	(26,144)
Total	$ (172,427)

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

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	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation.

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)
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.

G. Discount Rate
The discount rate used to measure the total pension liability in 2024 was 7.0%. 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 positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity
The following 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	$ 745,051	$ 341,117	$ 8,842

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

I. Pension Plan Fiduciary Net Position

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

NOTE 9 – TAX INCREMENT FINANCING

The City has entered into one Tax Increment Financing agreement which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from *Minnesota Statutes* § 469. The City entered into these agreements for the purpose of economic development.

Under the agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City though tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2024, the City generated $660,931 in tax increment revenue and made $533,170 in payments to developers.

NOTE 10 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCES

During the year ended December 31, 2024, the City's 2023 Street Project Fund was changed from a major governmental fund to a nonmajor governmental fund, resulting in an increase of beginning fund balance for the nonmajor governmental funds of $301,648.

Financial Reporting Period	Reporting Units Affected by Adjustments and Restatements of Beginning Balances	
	Funds	
	2023 Street Project	Nonmajor Governmental
12/31/2023, as previously reported	$ 301,648	$ 1,839,877
Change from major to nonmajor	(301,648)	301,648
12/31/2023, as adjusted or restated	$ -	$ 2,141,525

City of Falcon Heights

REQUIRED SUPPLEMENTARY INFORMATION

City of Falcon Heights
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liablility and the State's Proportionate Share of the Net Pension Liablility Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0092%	$ 341,117	$ 8,821	$ 349,938	$ 780,933	43.68%	89.08%
2023	0.0089%	497,678	13,651	511,329	706,587	70.43%	83.10%
2022	0.0088%	696,962	20,528	717,490	660,880	105.46%	76.67%
2021	0.0087%	371,529	11,389	382,918	625,853	59.36%	87.00%
2020	0.0084%	503,618	15,603	519,221	600,693	83.84%	79.06%
2019	0.0079%	436,773	13,666	450,439	561,133	77.84%	80.23%
2018	0.0086%	477,093	15,681	492,774	580,440	82.20%	79.53%
2017	0.0088%	561,786	7,039	568,825	564,907	99.45%	75.90%
2016	0.0084%	682,038	9,002	691,040	524,187	130.11%	68.91%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Falcon Heights
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 65,232	$ 65,232	$ -	$ 869,760	7.50%
2023	54,333	54,333	-	724,440	7.50%
2022	52,097	52,097	-	694,627	7.50%
2021	46,939	46,939	-	625,853	7.50%
2020	45,483	45,483	-	606,440	7.50%
2019	44,191	44,191	-	589,213	7.50%
2018	43,247	43,247	-	576,627	7.50%
2017	43,937	43,937	-	585,827	7.50%
2016	40,580	40,580	-	541,067	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

	2020	2021	2022	2023	2024
Streets and alleys					
Estimated	$ -	$ 997,000	$ 60,000	$ 1,227,000	$ 132,000
Actual	-	1,819,330	38,524	874,473	11,002
Difference	$ -	$ (822,330)	$ 21,476	$ 352,527	$ 120,998

CONDITION RATING OF THE CITY'S STREET SYSTEMS

	2016	2019	2022
Streets and alleys	77	71	69

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program MircoPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, 2016, 2019, and 2022 the City used the software program ICON, which was developed and supported by Goodpointe Technology, as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times. Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation, and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2022, the City's PCI rating was 69. This was the seventh analysis of the City's streets and alleys. The next rating will be completed in 2025.

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 6.5% to 7.0%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million was 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 2.5% 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 since the prior valuation.

2021 Changes
Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% 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 since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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% 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 changes 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% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. 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 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% 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% to 3.00%, beginning July 1, 2018.

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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; this 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 CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% 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 post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

General Employees Fund (Continued)

2015 Changes (Continued)

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.

City of Falcon Heights

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Assets				
Cash and investments	$ 75,186	$ 23,479	$ 79,228	$ 20,174
Special assessment receivable deferred	-	-	-	-
Accounts receivable	-	8,953	16,870	-
Due from other governments	-	-	13,914	-
Total assets	$ 75,186	$ 32,432	$ 110,012	$ 20,174
Liabilities				
Accounts payable	$ 692	$ -	$ 9,449	$ -
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	22	-
Total liabilities	692	-	9,471	-
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Committed	74,494	32,432	100,541	20,174
Assigned	-	-	-	-
Total fund balances	74,494	32,432	100,541	20,174
Total liabilities, deferred inflows of resources, and fund balances	$ 75,186	$ 32,432	$ 110,012	$ 20,174

Special Revenue					Debt Service
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total	G.O. Improvement Bonds, Series 2017A
$ 50,819	$ 7,300	$ 49,424	$ 21,288	$ 326,898	$ 383,073
-	-	-	-	-	-
5,322	-	-	-	31,145	-
-	-	-	-	13,914	81
$ 56,141	$ 7,300	$ 49,424	$ 21,288	$ 371,957	$ 383,154
$ 2,451	$ -	$ -	$ -	$ 12,592	$ -
382	-	-	-	382	-
-	-	-	-	22	-
2,833	-	-	-	12,996	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	49,424	21,288	70,712	383,154
53,308	7,300	-	-	288,249	-
-	-	-	-	-	-
53,308	7,300	49,424	21,288	358,961	383,154
$ 56,141	$ 7,300	$ 49,424	$ 21,288	$ 371,957	$ 383,154

City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024

	Debt Service		Capital Projects	
	G.O. Improvement Bonds, Series 2021A	Total	General Capital Improvements	Amber Union
Assets				
Cash and investments	$ 66,841	$ 449,914	$ 458,075	$ -
Special assessment receivable deferred	56,155	56,155	-	-
Accounts receivable	-	-	-	-
Due from other governments	968	1,049	2,332	-
Total assets	$ 123,964	$ 507,118	$ 460,407	$ -
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - special assessments	56,155	56,155	-	-
Total deferred inflows of resources	56,155	56,155	-	-
Fund Balances				
Restricted	67,809	450,963	-	-
Committed	-	-	-	-
Assigned	-	-	460,407	-
Total fund balances	67,809	450,963	460,407	-
Total liabilities, deferred inflows of resources, and fund balances	$ 123,964	$ 507,118	$ 460,407	$ -

Capital Projects							
2021 Street Project	Tax Increment No. 1-3	TIF District No. 1-4	Public Safety Capital Improvements	2023 Street Project	Total	Total Other Governmental Funds
$ 234,318	$ 66,951	$ 10,948	$ 20,273	$ 287,189	$ 1,077,754	$ 1,854,566
-	-	-	-	-	-	56,155
-	-	-	-	-	-	31,145
-	-	-	-	-	2,332	17,295
$ 234,318	$ 66,951	$ 10,948	$ 20,273	$ 287,189	$ 1,080,086	$ 1,959,161
$ -	$ -	$ -	$ -	$ -	$ -	$ 12,592
-	355	352	-	356	1,063	1,445
-	-	-	-	-	-	22
-	355	352	-	356	1,063	14,059
-	-	-	-	-	-	56,155
-	-	-	-	-	-	56,155
-	66,596	10,596	-	-	77,192	598,867
-	-	-	-	-	-	288,249
234,318	-	-	20,273	286,833	1,001,831	1,001,831
234,318	66,596	10,596	20,273	286,833	1,079,023	1,888,947
$ 234,318	$ 66,951	$ 10,948	$ 20,273	$ 287,189	$ 1,080,086	$ 1,959,161

City of Falcon Heights
Ramsey County, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2024

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Tax increments	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	7,299	-	13,914	-
Charges for services	12,499	48,016	113,877	-
Miscellaneous				
Investment income	4,226	1,939	4,147	958
Other	-	-	-	2,092
Total revenues	24,024	49,955	131,938	3,050
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	14,908	135,842	-
Park and recreation	47,008	-	-	-
Community development	-	-	-	2,444
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	47,008	14,908	135,842	2,444
Excess of revenues over (under) expenditures	(22,984)	35,047	(3,904)	606
Other Financing Sources (Uses)				
Insurance recoveries	-	-	-	-
Transfers in	26,000	-	-	-
Transfers out	-	(300,000)	-	-
Total other financing sources (uses)	26,000	(300,000)	-	-
Net change in fund balances	3,016	(264,953)	(3,904)	606
Fund Balances				
Beginning of year, as previously stated	71,478	297,385	104,445	19,568
Change within financial reporting entity (See Note 10)	-	-	-	-
Beginning of year, as restated	71,478	297,385	104,445	19,568

Special Revenue					Debt Service
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total	G.O. Improvement Bonds, Series 2017A
$ -	$ -	$ -	$ -	$ -	$ 40,579
-	-	-	-	-	-
-	-	-	-	-	3,991
-	-	-	-	21,213	-
41,862	950	-	20,768	237,972	-
				-	
2,142	355	2,518	520	16,805	17,823
-	-	-	-	2,092	-
44,004	1,305	2,518	21,288	278,082	62,393
-	-	-	-	-	-
-	-	6,590	-	6,590	-
31,975	-	-	-	182,725	747
-	55	-	-	47,063	-
-	-	-	-	2,444	-
-	-	-	-	-	-
				-	
-	-	-	-	-	125,000
-	-	-	-	-	6,625
				-	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,975	55	6,590	-	238,822	132,372
12,029	1,250	(4,072)	21,288	39,260	(69,979)
-	-	-	-	-	-
-	-	-	-	26,000	-
-	-	-	-	(300,000)	-
-	-	-	-	(274,000)	-
12,029	1,250	(4,072)	21,288	(234,740)	(69,979)
41,279	6,050	53,496	-	593,701	453,133
-	-	-	-	-	-
41,279	6,050	53,496	-	593,701	453,133

City of Falcon Heights
Ramsey County, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2024

	Debt Service		Capital Projects	
	G.O. Improvement Bonds, Series 2021A	Total	General Capital Improvements	Amber Union
Revenues				
Property taxes	$ 82,021	$ 122,600	$ -	$ -
Tax increments	-	-	-	-
Special assessments	37,392	41,383	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous		-		
Investment income	53	17,876	22,875	2,402
Other	-	-	9,673	-
Total revenues	119,466	181,859	32,548	2,402
Expenditures				
Current				
General government	-	-	748	-
Public safety	-	-	-	-
Public works	-	747	-	747
Park and recreation	-	-	-	-
Community development	-	-	-	-
Miscellaneous	747	747	-	-
Debt service		-		
Principal	130,000	255,000	-	-
Interest and other charges	13,723	20,348	-	-
Capital outlay		-		
General government	-	-	16,958	-
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	144,470	276,842	17,706	747
Excess of revenues over (under) expenditures	(25,004)	(94,983)	14,842	1,655
Other Financing Sources (Uses)				
Insurance recoveries	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(48,543)
Total other financing sources (uses)	-	-	-	(48,543)
Net change in fund balances	(25,004)	(94,983)	14,842	(46,888)
Fund Balances				
Beginning of year, as previously stated	92,813	545,946	445,565	46,888
Change within financial reporting entity (See Note 10)	-	-	-	-
Beginning of year, as restated	92,813	545,946	445,565	46,888
End of year	$ 67,809	$ 450,963	$ 460,407	$ -

Capital Projects							
2021 Street Project	Tax Increment No. 1-3	TIF District No. 1-4	Public Safety Capital Improvements	2023 Street Project	Total	Total Other Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 122,600
-	384,709	276,222	-	-	660,931	660,931
-	-	-	-	-	-	41,383
-	-	-	-	-	-	21,213
-	-	-	-	-	-	237,972
9,607	1,813	153	1,208	16,072	54,130	88,811
-	-	-	-	-	9,673	11,765
9,607	386,522	276,375	1,208	16,072	724,734	1,184,675
-	-	-	-	-	748	748
-	-	-	749	-	749	7,339
3,908	748	1,149	-	4,240	10,792	194,264
-	-	-	-	-	-	47,063
-	-	-	-	-	-	2,444
-	-	-	-	-	-	747
-	-	-	-	-	-	255,000
-	-	-	-	-	-	20,348
-	-	-	-	-	16,958	16,958
-	-	-	4,460	-	4,460	4,460
-	375,162	263,124	-	26,647	664,933	664,933
3,908	375,910	264,273	5,209	30,887	698,640	1,214,304
5,699	10,612	12,102	(4,001)	(14,815)	26,094	(29,629)
99,594	-	-	-	-	99,594	99,594
-	-	-	-	-	-	26,000
-	-	-	-	-	(48,543)	(348,543)
99,594	-	-	-	-	51,051	(222,949)
105,293	10,612	12,102	(4,001)	(14,815)	77,145	(252,578)
129,025	55,984	(1,506)	24,274	-	700,230	1,839,877
-	-	-	-	301,648	301,648	301,648
129,025	55,984	(1,506)	24,274	301,648	1,001,878	2,141,525
$ 234,318	$ 66,596	$ 10,596	$ 20,273	$ 286,833	$ 1,079,023	$ 1,888,947

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	$ 2,510,386	$ 2,510,386	$ 2,505,119	$ (5,267)
Tax increments	-	-	28,709	28,709
Licenses and permits	95,250	95,250	102,465	7,215
Intergovernmental revenue				
Local government aid	759,971	759,971	763,471	3,500
Market value credit	35,000	35,000	34,399	(601)
Cable television franchise fees	30,000	30,000	28,938	(1,062)
Fire aid	5,000	5,000	-	(5,000)
Public safety aid	-	-	49,268	49,268
Total intergovernmental revenue	829,971	829,971	876,076	46,105
Charges for services				
Plan check fees	10,000	10,000	8,025	(1,975)
Other	11,300	11,300	14,244	2,944
Snow removal	25,272	25,272	25,219	(53)
Total charges for services	46,572	46,572	47,488	916
Fines and forfeitures	15,000	15,000	18,168	3,168
Miscellaneous revenue				
Investment income	15,000	15,000	164,094	149,094
Refunds and reimbursements	-	-	11,304	11,304
Other	1,000	1,000	5,102	4,102
Total miscellaneous revenue	16,000	16,000	180,500	164,500
Total revenues	3,513,179	3,513,179	3,758,525	245,346
Expenditures				
General government				
Legislative				
Wages, salaries, and compensation	22,125	22,125	22,305	180
Materials and supplies	1,600	1,600	1,452	(148)
Other	30,436	30,436	24,693	(5,743)
Administration				
Wages, salaries, and compensation	236,000	236,000	223,668	(12,332)
Materials and supplies	9,900	9,900	4,417	(5,483)
Other	61,440	61,440	74,450	13,010

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Original and Final Budget		
Expenditures (Continued)				
General government (Continued)				
Finance				
Wages, salaries, and compensation	$ 191,350	$ 191,350	$ 186,769	$ (4,581)
Materials and supplies	500	500	1,783	1,283
Other	25,490	25,490	23,927	(1,563)
Legal	26,000	26,000	19,837	(6,163)
Elections				
Materials and supplies	1,300	1,300	1,552	252
Other	24,800	24,800	24,746	(54)
Communications				
Wages, salaries, and compensation	62,560	62,560	69,957	7,397
Materials and supplies	10,500	10,500	10,550	50
Other	90,784	90,784	84,975	(5,809)
Planning and inspections				
Wages, salaries, and compensation	96,850	96,850	97,022	172
Materials and supplies	50	50	-	(50)
Other	133,700	133,700	101,537	(32,163)
Total general government	1,025,385	1,025,385	973,640	(51,745)
Public safety				
Emergency preparedness				
Wages, salaries, and compensation	6,837	6,837	5,603	(1,234)
Materials and supplies	100	100	-	(100)
Other	600	600	301	(299)
Police services	1,734,779	1,822,779	1,796,798	(25,981)
Legal	31,000	31,000	30,000	(1,000)
Fire fighting				
Other	181,717	181,717	176,390	(5,327)
Total public safety	1,955,033	2,043,033	2,009,092	(33,941)
Public works				
Buildings and grounds				
Wages, salaries, and compensation	33,480	33,480	33,645	165
Materials and supplies	9,000	9,000	8,427	(573)
Other	70,621	70,621	56,106	(14,515)

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Original and Final Budget		
Expenditures (Continued)				
Public works (Continued)				
Streets				
Wages, salaries, and compensation	$ 67,375	$ 67,375	$ 75,191	$ 7,816
Materials and supplies	28,100	28,100	16,042	(12,058)
Other	32,500	32,500	42,859	10,359
Engineering	12,000	12,000	3,886	(8,114)
Tree program				
Wages, salaries and compensation	15,550	15,550	15,744	194
Materials and supplies	2,000	2,000	1,012	(988)
Tree maintenance	71,000	71,000	58,082	(12,918)
Other	12,400	12,400	20,020	7,620
Total public works	354,026	354,026	331,014	(23,012)
Park and recreation				
Park maintenance				
Wages, salaries, and compensation	71,735	71,735	67,661	(4,074)
Materials and supplies	6,500	6,500	7,715	1,215
Other	24,500	24,500	13,878	(10,622)
Total parks and recreation	102,735	102,735	89,254	(13,481)
Total expenditures	3,437,179	3,525,179	3,403,000	(122,179)
Excess of revenues over (under) expenditures	76,000	(12,000)	355,525	367,525
Other Financing Sources (Uses)				
Transfers out	(76,000)	(76,000)	(76,000)	-
Net change in fund balance	$ -	$ (88,000)	279,525	$ 367,525
Fund Balance				
Beginning of year			3,427,820	
End of year			$ 3,707,345	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Park Programs Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Federal Grants			
Other grants and aids	$ -	$ 7,299	$ 7,299
Charges for services	12,000	12,499	499
Miscellaneous revenues			
Investment income	1,500	4,226	2,726
Total revenues	13,500	24,024	10,524
Expenditures			
Park and recreation			
Current			
Wages, salaries, and compensation	33,250	28,066	(5,184)
Materials and supplies	2,650	692	(1,958)
Other	11,300	18,250	6,950
Total expenditures	47,200	47,008	(192)
Excess of revenues over (under) expenditures	(33,700)	(22,984)	10,716
Other Financing Sources			
Transfers in	26,000	26,000	-
Net change in fund balance	$ (7,700)	3,016	$ 10,716
Fund Balance			
Beginning of year		71,478	
End of year		$ 74,494	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Water Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	$ 38,000	$ 48,016	$ 10,016
Miscellaneous revenues			
Investment income	6,000	1,939	(4,061)
Total revenues	44,000	49,955	5,955
Expenditures			
Public works			
Wages, salaries, and compensation	12,500	11,859	(641)
Other	3,500	3,049	(451)
Total expenditures	16,000	14,908	(1,092)
Excess of revenues over expenditures	28,000	35,047	7,047
Other Financing Sources (Uses)			
Transfers out	(300,000)	(300,000)	-
Net change in fund balance	$ (272,000)	(264,953)	$ 7,047
Fund Balance			
Beginning of year		297,385	
End of year		$ 32,432	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Solid Waste Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Recycling grant	$ 16,000	$ 13,914	$ (2,086)
Charges for services	114,000	113,877	(123)
Miscellaneous revenues			
Investment income	2,000	4,147	2,147
Total revenues	132,000	131,938	(62)
Expenditures			
Public works			
Wages, salaries, and compensation	19,870	19,834	(36)
Materials and supplies	10,850	170	(10,680)
Recycling contract	113,000	113,512	512
Other	4,350	2,326	(2,024)
Total expenditures	148,070	135,842	(12,228)
Excess of revenues over (under) expenditures	$ (16,070)	(3,904)	$ 12,166
Fund Balance			
Beginning of year		104,445	
End of year		$ 100,541	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Development Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 250	$ 958	$ 708
Other	2,092	2,092	-
Total revenues	2,342	3,050	708
Expenditures			
Community development			
Other	8,800	2,444	(6,356)
Excess of revenues over (under) expenditures	$ (6,458)	606	$ 7,064
Fund Balance			
Beginning of year		19,568	
End of year		$ 20,174	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Street Lighting Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	$ 42,000	$ 41,862	$ (138)
Miscellaneous revenues			
Investment income	300	2,142	1,842
Total revenues	42,300	44,004	1,704
Expenditures			
Public works			
Other	39,700	31,975	(7,725)
Excess of revenues over expenditures	$ 2,600	12,029	$ 9,429
Fund Balance			
Beginning of year		41,279	
End of year		$ 53,308	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Garden Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services			
Park and recreation	$ 950	$ 950	$ -
Miscellaneous revenues			
Investment income	150	355	205
Total revenues	1,100	1,305	205
Expenditures			
Park and recreation			
Other	1,000	55	(945)
Excess of revenues over expenditures	$ 100	1,250	$ 1,150
Fund Balance			
Beginning of year		6,050	
End of year		$ 7,300	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Inclusion Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 1,000	$ 2,518	$ 1,518
Expenditures			
Public safety			
Wages, salaries and compensation	21,000	6,590	(14,410)
Excess of revenues over (under) expenditures	$ (20,000)	(4,072)	$ 15,928
Fund Balance			
Beginning of year		53,496	
End of year		$ 49,424	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Charitable Gambling Fund - Special Revenue Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services			
Park and recreation	$ -	$ 20,768	$ 20,768
Miscellaneous revenues			
Investment income	-	520	520
Total revenues	-	21,288	21,288
Excess of revenues over (under) expenditures	$ -	21,288	$ 21,288
Fund Balance			
Beginning of year		-	
End of year		$ 21,288	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Improvement Bonds, Series 2023A - Debt Service Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	$ 68,000	$ 67,087	$ (913)
Special assessments	5,000	50,916	45,916
Miscellaneous revenues			
Investment income	-	1,827	1,827
Total revenues	73,000	119,830	46,830
Expenditures			
General government			
Other	800	748	(52)
Debt service			
Interest and other charges	26,000	22,511	(3,489)
Total expenditures	26,800	23,259	(3,541)
Excess of revenues over (under) expenditures	$ 46,200	96,571	$ 50,371
Fund Balance			
Beginning of year		-	
End of year		$ 96,571	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Improvement Bonds, Series 2017A - Debt Service Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	$ 40,275	$ 40,579	$ 304
Special assessments	2,000	3,991	1,991
Miscellaneous revenues			
Investment income	7,000	17,823	10,823
Total revenues	49,275	62,393	13,118
Expenditures			
Public works			
Wages, salaries and compensation	800	747	(53)
Debt service			
Principal	125,000	125,000	-
Interest and other charges	10,775	6,625	(4,150)
Total expenditures	136,575	132,372	(4,203)
Excess of revenues over (under) expenditures	$ (87,300)	(69,979)	$ 17,321
Fund Balance			
Beginning of year		453,133	
End of year		$ 383,154	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Improvement Bonds, Series 2021A - Debt Service Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	$ 82,020	$ 82,021	$ 1
Special assessments	30,000	37,392	7,392
Miscellaneous revenues			
Investment income	100	53	(47)
Total revenues	112,120	119,466	7,346
Expenditures			
Other	800	747	(53)
Debt service			
Principal	130,000	130,000	-
Interest and other charges	14,400	13,723	(677)
Total expenditures	145,200	144,470	(730)
Excess of revenues over (under) expenditures	$ (33,080)	(25,004)	$ 8,076
Fund Balance			
Beginning of year		92,813	
End of year		$ 67,809	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
General Capital Improvements - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 5,000	$ 22,875	$ 17,875
Other	11,000	9,673	(1,327)
Total revenues	16,000	32,548	16,548
Expenditures			
General government			
Current			
Other	800	748	(52)
Capital outlay	19,500	16,958	(2,542)
Total expenditures	20,300	17,706	(2,594)
Excess of revenues over (under) expenditures	$ (4,300)	14,842	$ 19,142
Fund Balance			
Beginning of year		445,565	
End of year		$ 460,407	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
2023 Street Project - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Special Assessments	$ 30,000	$ -	$ (30,000)
Miscellaneous revenues			
Investment income	2,000	16,072	14,072
Total revenues	32,000	16,072	(15,928)
Expenditures			
Public works			
Current	4,000	4,240	240
Capital outlay	29,000	26,647	(2,353)
Total public works	33,000	30,887	(2,113)
Excess of revenues under expenditures	$ (1,000)	(14,815)	$ (13,815)
Fund Balance			
Beginning of year		301,648	
End of year		$ 286,833	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
2021 Street Project - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 2,000	$ 9,607	$ 7,607
Total miscellaneous	2,000	9,607	7,607
Expenditures			
Public works			
Current			
Other	2,800	3,908	1,108
Capital outlay	120,000	-	(120,000)
Total expenditures	122,800	3,908	(118,892)
Excess of revenues over (under) expenditures	(120,800)	5,699	126,499
Other Financing Sources			
Insurance recoveries	-	99,594	99,594
Net change in fund balance	$ (120,800)	105,293	$ 226,093
Fund Balance			
Beginning of year		129,025	
End of year		$ 234,318	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Tax Increment No. 1-3 - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	$ 460,000	$ 384,709	$ (75,291)
Miscellaneous revenue			
Investment income	4,000	1,813	(2,187)
Total revenues	464,000	386,522	(77,478)
Expenditures			
Public works			
Current			
Other	800	748	(52)
Capital outlay	538,800	375,162	(163,638)
Total expenditures	539,600	375,910	(163,690)
Excess of revenues over (under) expenditures	$ (75,600)	10,612	$ 86,212
Fund Balance			
Beginning of year		55,984	
End of year		$ 66,596	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Tax Increment No. 1-4 - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	$ 275,000	$ 276,222	$ 1,222
Miscellaneous revenue			
Investment income	2,000	153	(1,847)
Total revenues	277,000	276,375	(625)
Expenditures			
Public works			
Current			
Other	800	1,149	349
Capital outlay	273,000	263,124	(9,876)
Total expenditures	273,800	264,273	(9,527)
Excess of revenues over expenditures	$ 3,200	12,102	$ 8,902
Fund Balance			
Beginning of year		(1,506)	
End of year		$ 10,596	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Public Safety Capital Improvements - Capital Projects Fund
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Miscellaneous revenues				
Investment income	$ 1,000	$ 1,000	$ 1,208	$ 208
Expenditures				
Public safety				
Current				
Other	800	800	749	(51)
Capital outlay	-	5,000	4,460	(540)
Total expenditures	800	5,800	5,209	(591)
Excess of revenues over (under) expenditures	$ 200	$ (4,800)	(4,001)	$ 799
Fund Balance				
Beginning of year			24,274	
End of year			$ 20,273	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Amber Union - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenue			
Investment income	$ 400	$ 2,402	$ 2,002
Expenditures			
Public works			
Current			
Other	5,800	747	(5,053)
Excess of revenues over (under) expenditures	(5,400)	1,655	7,055
Other Financing Uses			
Transfers out	(48,000)	(48,543)	(543)
Net change in fund balance	$ (53,400)	(46,888)	$ 6,512
Fund Balance			
Beginning of year		46,888	
End of year		$ -	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Future Improvements - Capital Projects Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Special assessments	$ -	$ 14,892	$ 14,892
Licenses and permits	135,000	137,354	2,354
Intergovernmental			
Other grants and aids	156,593	180,814	24,221
Miscellaneous revenues			
Investment income	20,000	65,731	45,731
Other	-	376	376
Total revenues	311,593	399,167	87,574
Expenditures			
Public works			
Current			
Other	800	34,873	34,073
Capital outlay	421,000	420,801	(199)
Total expenditures	421,800	455,674	33,874
Excess of revenues over (under) expenditures	(110,207)	(56,507)	53,700
Other Financing Sources (Uses)			
Transfers out	(300,000)	(300,000)	-
Net change in fund balance	$ (410,207)	(356,507)	$ 53,700
Fund Balance			
Beginning of year		1,862,437	
End of year		$ 1,505,930	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual - Parks/PW
and Facilities Capital Improvements - Capital Projects Fund
Year Ended December 31, 2024

	Original Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 25,000	$ 145,352	$ 145,352
Contributions and donations	-	500	500
Total miscellaneous	25,000	145,852	145,852
Expenditures			
Parks and recreation			
Current			
Other	800	748	748
Capital outlay	3,683,000	214,732	214,732
Total expenditures	3,683,800	215,480	215,480
Excess of revenues under expenditures	(3,658,800)	(69,628)	(69,628)
Other Financing Sources			
Proceeds from sale of capital assets	25,000	25,000	25,000
Transfers in	1,425,000	1,698,543	1,698,543
Total other financing sources	3,200,000	1,723,543	1,723,543
Net change in fund balance	$ (458,800)	1,653,915	$ 1,653,915
Fund Balance			
Beginning of year		829,124	
End of year		$ 2,483,039	

STATISTICAL SECTION

City of Falcon Heights

City of Falcon Heights
Statistical Section

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

Financial Trends
The tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. Tables 1-5

Revenue Capacity
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax. Tables 6-10

Debt Capacity
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Tables 11-15

Demographic and Economic Information
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. Tables 16-17

Operating Information
These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. Tables 18-20

City of Falcon Heights
Net Position by Component
Last Ten Fiscal Years

	2015	2016	2017	2018
Governmental Activities				
Net investment in capital assets	$ 7,205,699	$ 7,139,185	$ 7,073,360	$ 7,136,755
Restricted	477,094	484,867	613,084	528,460
Unrestricted	2,302,829	2,421,877	2,534,275	2,754,612
Total Governmental Activities	$ 9,985,622	$ 10,045,929	$ 10,220,719	$ 10,419,827
Business-Type Activities				
Net investment in capital assets	$ 1,535,176	$ 1,487,989	$ 1,675,687	$ 1,620,358
Unrestricted	2,398,677	2,524,097	2,139,335	2,252,575
Total Business-Type Activities	$ 3,933,853	$ 4,012,086	$ 3,815,022	$ 3,872,933
Primary Government				
Net investment in capital assets	$ 8,740,875	$ 8,627,174	$ 8,749,047	$ 8,757,113
Restricted	477,094	484,867	613,084	528,460
Unrestricted	4,701,506	4,945,974	4,673,610	5,007,187
Total Primary Government Net Position	$ 13,919,475	$ 14,058,015	$ 14,035,741	$ 14,292,760

Source: City of Falcon Heights financial records

Table 1

2019	2020	2021	2022	2023	2024
$ 7,256,270	$ 7,390,580	$ 7,006,594	$ 7,114,386	$ 8,073,418	$ 8,606,889
913,108	866,475	778,435	1,503,171	1,149,698	796,420
3,135,756	4,380,322	5,695,480	5,837,757	6,044,297	7,963,469
$ 11,305,134	$ 12,637,377	$ 13,480,509	$ 14,455,314	$ 15,267,413	$ 17,366,778
$ 1,727,018	$ 1,939,341	$ 2,201,504	$ 2,312,482	$ 2,559,166	$ 2,822,826
2,389,482	2,232,118	2,323,793	2,413,071	3,073,072	1,978,122
$ 4,116,500	$ 4,171,459	$ 4,525,297	$ 4,725,553	$ 5,632,238	$ 4,800,948
$ 8,983,288	$ 9,329,921	$ 9,208,098	$ 9,426,868	$ 10,632,584	$ 11,429,715
913,108	866,475	778,435	1,503,171	1,149,698	796,420
5,525,238	6,612,440	8,019,273	8,250,828	9,117,369	9,941,591
$ 15,421,634	$ 16,808,836	$ 18,005,806	$ 19,180,867	$ 20,899,651	$ 22,167,726

City of Falcon Heights
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
EXPENSES				
Governmental Activities				
General Government	$ 634,328	$ 696,194	$ 752,640	$ 743,238
Public Safety	1,009,561	1,073,268	1,072,905	1,473,021
Public Works	1,068,292	648,892	1,775,574	897,796
Park and Recreation	300,800	162,958	174,392	139,967
Community Development	10,967	1,789	3,726	33,944
Interest on Long-Term Debt	19,695	18,363	28,612	35,301
Total Governmental Activities Expenses	3,043,643	2,601,464	3,807,849	3,323,267
Business-Type Activities				
Sanitary Sewer	613,868	760,415	723,236	708,321
Storm Sewer	136,551	122,303	142,494	156,170
Total Business-Type Activities Expenses	750,419	882,718	865,730	864,491
Total Primary Government Expenses	$ 3,794,062	$ 3,484,182	$ 4,673,579	$ 4,187,758
PROGRAM REVENUES				
Governmental Activities				
Charges for Services:				
General Government	$ 158,077	$ 167,214	$ 145,060	$ 118,265
Public Safety	145,952	125,161	127,160	107,026
Public Works	149,152	152,128	151,229	160,774
Park and Recreation	25,232	15,170	11,476	11,047
Community Development	1,716	1,716	1,895	-
Operating Grants and Contributions	473,143	151,536	154,211	226,881
Capital Grants and Contributions	196,337	11,490	953,653	35,938
Total Governmental Activities Program Revenues	1,149,609	624,415	1,544,684	659,931
Business-Type Activities				
Charges for Services:				
Sanitary Sewer	756,539	829,339	879,391	945,893
Storm Sewer	154,984	157,067	169,957	169,172
Operating Grants and Contributions	-	701	-	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	911,523	987,107	1,049,348	1,115,065
Total Primary Government Program Revenues	$ 2,061,132	$ 1,611,522	$ 2,594,032	$ 1,774,996

Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 777,949	$ 765,683	$ 834,064	$ 821,349	$ 1,010,706	$ 1,020,574
1,528,097	1,604,140	1,596,239	1,374,452	1,581,505	2,013,781
614,411	680,429	2,006,502	2,978,204	2,176,211	1,197,562
145,442	131,580	114,604	243,927	255,689	368,599
8,080	747	723	758	5,670	1,723
32,222	25,644	48,811	18,916	45,328	18,980
3,106,201	3,208,223	4,600,943	5,437,606	5,075,109	4,621,219
901,784	867,393	960,715	852,016	933,620	1,057,156
155,634	145,903	158,873	171,265	152,756	158,264
1,057,418	1,013,296	1,119,588	1,023,281	1,086,376	1,215,420
$ 4,163,619	$ 4,221,519	$ 5,720,531	$ 6,460,887	$ 6,161,485	$ 5,836,639
$ 188,726	$ 129,162	$ 235,187	$ 109,321	$ 150,729	$ 99,600
155,035	76,079	190,431	147,861	187,682	86,384
146,301	154,959	164,379	178,430	213,677	228,974
8,986	1,500	6,374	11,244	18,502	13,449
3,790	-	3,790	-	4,275	2,092
381,001	807,921	730,258	1,344,686	593,800	405,317
10,163	55,253	388,902	1,140,158	656,320	72,132
894,002	1,224,874	1,719,321	2,931,700	1,824,985	907,948
1,070,459	852,185	1,153,186	1,038,379	1,056,397	1,105,796
174,608	179,662	188,125	191,637	198,707	203,265
-	-	129,239	-	-	-
-	-	-	-	-	-
1,245,067	1,031,847	1,470,550	1,230,016	1,255,104	1,309,061
$ 2,139,069	$ 2,256,721	$ 3,189,871	$ 4,161,716	$ 3,080,089	$ 2,217,009

City of Falcon Heights
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Net (Expense)/Revenue				
Governmental Activities	$ (1,894,034)	$ (1,977,049)	$ (2,263,165)	$ (2,663,336)
Business-Type Activities	161,104	104,389	183,618	250,574
Total Primary Government Net (Expense)/ Revenue	$ (1,732,930)	$ (1,872,660)	$ (2,079,547)	$ (2,412,762)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	$ 1,081,384	$ 1,181,336	1,271,602	1,600,552
Franchise Fees	-	-	-	22,179
Tax Increments	156,606	251,476	172,018	294,506
Unrestricted State Aids	533,015	542,320	546,524	604,943
Other General Revenue	15,000	-	18,437	31,975
Unrestricted Investment Income	14,783	22,163	29,149	78,289
Gain on Sale of Assets	270	61	225	-
Transfers	-	40,000	400,000	230,000
Total Governmental Activities	1,801,058	2,037,356	2,437,955	2,862,444
Business-Type Activities:				
Other General Revenue	-			-
Unrestricted Intergovernmental aids and grants				
Unrestricted Investment Income	13,091	13,844	19,318	37,337
Proceeds Sale of Assets	-	-	-	-
Transfers	-	(40,000)	(400,000)	(230,000)
Total Business-Type Activities	13,091	(26,156)	(380,682)	(192,663)
Total Primary Government	$ 1,814,149	$ 2,011,200	$ 2,057,273	$ 2,669,781
Changes in Net Position				
Governmental Activities	$ (92,976)	$ 60,307	$ 174,790	$ 199,108
Business-Type Activities	174,195	78,233	(197,064)	57,911
Total Primary Government	$ 81,219	$ 138,540	$ (22,274)	$ 257,019

*Governmental Accounting Standards Board Statement NO. 68 required implementation for fiscal year 2015.

Source: City of Falcon Heights financial records

Table 2 (Cont)

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ (2,212,199)	$ (1,983,349)	$ (2,881,622)	$ (2,505,906)	$ (3,250,124)	$ (3,713,271)
187,649	18,551	350,962	206,735	168,728	93,641
$ (2,024,550)	$ (1,964,798)	$ (2,530,660)	$ (2,299,171)	$ (3,081,396)	$ (3,619,630)
1,997,743	2,159,635	2,251,745	2,353,403	2,500,294	2,679,518
131,659	138,243	132,896	136,421	137,132	137,354
229,181	271,247	333,729	371,807	389,504	689,640
605,967	604,477	892,919	611,055	624,431	809,868
11,333	52,308	103,564	25,877	21,584	30,441
121,623	89,682	9,901	(17,852)	389,278	465,815
-	-	-	-	-	-
-	-	-	-	-	1,000,000
3,097,506	3,315,592	3,724,754	3,480,711	4,062,223	5,812,636
-					
				604,112	-
55,918	36,408	2,876	(6,479)	133,845	75,069
-	-	-	-	-	-
-	-	-	-	-	(1,000,000)
55,918	36,408	2,876	(6,479)	737,957	(924,931)
$ 3,153,424	$ 3,352,000	$ 3,727,630	$ 3,474,232	$ 4,800,180	$ 4,887,705
$ 885,307	$ 1,332,243	$ 843,132	$ 974,805	$ 812,099	$ 2,099,365
243,567	54,959	353,838	200,256	906,685	(831,290)
$ 1,128,874	$ 1,387,202	$ 1,196,970	$ 1,175,061	$ 1,718,784	$ 1,268,075

City of Falcon Heights

City of Falcon Heights
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Table 3

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2015	$ 1,081,384	$ 156,606	$ -	$ 1,237,990
2016	1,181,336	251,476	-	1,432,812
2017	1,271,602	172,018	-	1,443,620
2018	1,600,552	294,506	22,179	1,917,237
2019	1,997,743	229,181	131,659	2,358,583
2020	2,159,635	271,247	138,243	2,569,125
2021	2,251,745	333,729	132,896	2,718,370
2022	2,353,403	371,807	136,421	2,861,631
2023	2,500,294	389,504	137,132	3,026,930
2024	2,679,518	689,640	137,354	3,506,512

Source: City of Falcon Heights financial records

City of Falcon Heights
Fund Balances of Governmental Funds
Last 10 Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	$ 85,535	$ 71,138	$ 37,201	$ 40,800
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,334,716	1,504,383	1,676,621.00	1,828,155
Total General Fund	$ 1,420,251	$ 1,575,521	$ 1,713,822	$ 1,868,955
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	318,141	337,506	498,308	450,561
Committed	263,384	308,915	321,089	333,318
Assigned	803,442	799,450	1,642,422	1,659,242
Unassigned	-	(43,120)	-	-
Total All Other Governmental Funds	$ 1,384,967	$ 1,402,751	$ 2,461,819	$ 2,443,121

Governmental Accounting Standards Board Statement NO. 54 required implementation for fiscal year 2011.

Source: City of Falcon Heights financial records

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 17,737	$ 53,084	$ -	$ 35,967	$ 8,840	$ 35,687
-	-	-	-	224,272	-
-	-	-	-	-	-
-	-	-	-	-	-
2,007,462	2,515,136	3,245,298	3,118,111	3,194,708	3,671,658
$ 2,025,199	$ 2,568,220	$ 3,245,298	$ 3,154,078	$ 3,427,820	$ 3,707,345
$ -	$ -	$ -	$ -	$ -	$ -
868,901	857,959	649,927	732,661	689,001	729,013
377,003	426,849	471,616	502,097	540,205	288,249
1,404,348	1,775,983	3,109,890	3,853,008	3,605,386	4,957,225
-	-	-	-	(1,506)	-
$ 2,650,252	$ 3,060,791	$ 4,231,433	$ 5,087,766	$ 4,833,086	$ 5,974,487

City of Falcon Heights
Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
REVENUES				
Taxes	$ 1,229,405	$ 1,435,717	$ 1,443,823	$ 1,897,392
Special Assessments	76,673	54,579	210,956	51,510
Licenses and Permits	80,864	73,339	93,344	94,519
Intergovernmental	1,142,257	792,070	1,478,994	843,652
Charges for Services	238,876	225,347	235,928	237,908
Fines and Forfeitures	80,415	73,901	45,806	35,719
Investment Income	14,783	22,163	29,149	78,289
Miscellaneous	50,185	35,435	46,047	95,207
Total Revenues	2,913,458	2,712,551	3,584,047	3,334,196
EXPENDITURES				
General Government	$ 580,026	$ 593,485	$ 662,544	$ 661,557
Public Safety	885,969	939,029	957,329	1,321,072
Public Works	351,541	322,322	351,470	380,343
Park and Recreation	218,807	110,393	124,396	112,641
Community Development	10,967	1,789	3,726	33,944
Miscellaneous	-	-	-	-
Capital Outlay	796,133	364,916	1,477,627	693,758
Debt Service:				
Principal	125,000	140,000	150,000	150,000
Interest and Other Charges	20,248	18,813	20,980	46,673
Total Expenditures	2,988,691	2,490,747	3,748,072	3,399,988
Excess of Revenues Over (Under) Expenditures	(75,233)	221,804	(164,025)	(65,792)
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 24,716	$ 62,000	$ 442,000	$ 291,770
Transfers Out	(24,716)	(22,000)	(42,000)	(61,770)
Proceeds Sale of Capital Assets	270	61	225	-
Insurance Recoveries	-	-	-	-
Bonds Issued	-	-	845,000	-
Bond premium	-	-	-	-
Total Other Financing Sources (Uses)	270	40,061	1,245,225	230,000
Net Change in Fund Balances	$ (74,963)	$ 261,865	$ 1,081,200	$ 164,208
Debt Service as a Percentage of Noncapital Expenditures	5.02%	6.44%	4.62%	5.97%

Source: City of Falcon Heights financial records

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 2,223,631	$ 2,435,870	$ 2,576,318	$ 2,739,439	$ 2,843,641	$ 3,384,446
45,029	45,900	184,268	57,233	213,191	107,191
290,690	214,568	385,304	292,942	389,617	239,819
1,025,523	1,485,632	1,267,770	2,953,789	1,698,111	1,078,103
265,620	215,778	345,082	208,593	261,632	285,460
28,191	15,109	19,511	18,385	17,962	18,168
121,623	89,682	9,901	(17,852)	389,278	465,815
24,274	80,280	51,209	56,351	51,647	29,047
4,024,581	4,582,819	4,839,363	6,308,880	5,865,079	5,608,049
$ 672,880	$ 672,321	$ 748,953	$ 808,935	$ 919,283	$ 975,136
1,432,158	1,509,034	1,541,474	1,391,181	1,568,320	2,016,431
366,734	393,428	638,436	1,570,165	626,035	560,151
111,737	89,144	96,937	116,430	112,012	137,065
8,080	747	723	758	5,670	2,444
-	1,414	592	758	2,430	747
437,505	497,043	1,369,067	1,534,594	2,839,027	1,321,884
265,000	265,000	445,000	120,000	255,000	255,000
38,746	35,249	56,875	36,422	42,240	42,859
3,332,840	3,463,380	4,898,057	5,579,243	6,370,017	5,311,717
691,741	1,119,439	(58,694)	729,637	(504,938)	296,332
$ 479,912	$ 158,000	$ 650,120	$ 720,000	$ 1,034,000	$ 1,724,543
(479,912)	(158,000)	(650,120)	(720,000)	(1,034,000)	(724,543)
-	-	537,349	35,476	4,000	25,000
-	-	-	-	-	99,594
-	-	665,000	-	520,000	-
-	-	30,512	-	-	-
-	-	1,232,861	35,476	524,000	1,124,594
$ 691,741	$ 1,119,439	$ 1,174,167	$ 765,113	$ 19,062	$ 1,420,926
9.61%	9.13%	10.30%	2.85%	5.74%	6.06%

City of Falcon Heights
General Governmental Tax Revenues by Source
Last 10 Fiscal Years

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2015	$ 1,072,799	$ 156,606	$ -	$ 1,229,405
2016	1,184,241	251,476	-	1,435,717
2017	1,271,805	172,018	-	1,443,823
2018	1,602,886	294,506	22,179	1,919,571
2019	1,994,450	229,181	131,659	2,355,290
2020	2,164,623	271,247	138,243	2,574,113
2021	2,242,589	333,729	132,896	2,709,214
2022	2,367,632	371,807	136,421	2,875,860
2023	2,454,137	389,504	137,132	2,980,773
2024	2,694,806	689,640	137,354	3,521,800

Source: City of Falcon Heights financial records

City of Falcon Heights
Assessed Value and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years

Table 7

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assesed (Tax Capacity) Value[(1)] as a Percentage of Taxable Market Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2015	$ 4,111,429	NA	NA	$ 61,664	NA	$ 4,173,093	23.470	$ 385,888,200	1.08%
2016	4,100,084	NA	NA	64,788	NA	4,164,872	25.855	384,679,900	1.08%
2017	4,327,797	NA	NA	68,082	NA	4,395,879	26.342	403,438,700	1.09%
2018	4,602,900	NA	NA	72,140	NA	4,675,040	31.780	426,967,700	1.09%
2019	4,821,090	NA	NA	68,604	NA	4,889,694	37.356	464,013,600	1.05%
2020	5,290,593	NA	NA	70,696	NA	5,361,289	36.635	502,720,300	1.07%
2021	5,596,770	NA	NA	78,544	NA	5,675,314	36.348	527,577,000	1.08%
2022	5,519,656	NA	NA	31,868	NA	5,551,524	38.783	520,933,700	1.07%
2023	5,881,851	NA	NA	33,096	NA	5,914,947	35.174	596,939,400	0.99%
2024	6,162,607	NA	NA	35,080	NA	6,197,687	36.978	646,178,800	0.96%

(1) Assessed values replaced by Gross Tax Capacity (GTC) by state statutes.
Assessed values of commercial property, motor vehicles and tax exempt properties are not provided by Ramsey County.

Source: Ramsey County property tax and records

City of Falcon Heights
Property Tax Rates
Direct and Overlapping (1) Governments
Last 10 Fiscal Years

Table 8

	Net Tax Capacity Rates (2)							
	City of Falcon Heights			Overlapping Rates				
Fiscal Year	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	Total Direct and Overlapping Rates
2015	23.470	0.000	23.470	0.000	58.922	17.18	8.647	108.219
2016	25.855	0.000	25.855	0.000	58.885	20.958	9.052	114.750
2017	26.342	0.000	26.342	0.000	55.850	18.894	8.669	109.755
2018	31.780	0.000	31.780	0.000	53.962	34.396	9.086	129.223
2019	37.356	0.000	37.356	0.000	52.879	31.687	8.891	130.903
2020	35.635	0.000	35.635	0.000	52.302	30.668	9.270	127.875
2021	36.348	0.000	36.348	0.000	47.760	31.25	8.588	123.947
2022	38.783	0.000	38.783	0.000	48.034	26.776	10.924	124.517
2023	35.174	0.000	35.174	0.000	44.901	25.533	9.767	115.375
2024	36.978	0.000	36.978	0.000	45.454	25.030	10.046	117.509

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Falcon Heights. Not all overlapping rates apply to all City of Falcon Heights property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) Tax capacity rates are used by state statute instead of millage rates.

(3) Does not include tax increments.

Source: Ramsey County property tax and records

City of Falcon Heights
Principal Property Taxpayers
December 31, 2024

Table 9

Taxpayer	2024 Taxable Assessed Value (1)	2024 Rank	2024 Percentage of Total Taxable Assessed Value	2015 Taxable Assessed Value	2015 Rank	2015 Percentage of Total Taxable Assessed Value
Tilden FP Falcon Heights Sr Apts	$ 373,641	1	6.03 %	$ 68,801	3	1.65 %
Buhl GTA LP	278,125	2	4.49	-	-	-
Larpenteur Manor LLC	222,258	3	3.59	101,710	2	2.44
PC Hendrikson LLC	179,866	4	2.90	-	-	-
Twin Cities CO Ops Fed Cr Union	147,250	5	2.38	149,250	1	3.58
Falcon Crossing, LLC	77,300	6	1.25	47,250	4	1.13
Warner Properties of MN, LLP	76,888	7	1.24	37,765	5	0.90
Anna Spiegler	70,979	8	1.15	36,579	6	0.88
Xerxes Ave LLC	60,190	9	0.97	-	-	-
Midtown 2500 LLC	48,451	10	0.78	-	-	-
Total	$ 1,534,948		23.98 %	$ 441,355		10.58 %

(1) Assessed values replaced by Gross Tax Capacities (GTC) by state statute.

Source: Ramsey County property tax and records

City of Falcon Heights
Ramsey County, Minnesota

Property Tax Levies and Collections [1]
Last 10 Fiscal Years

Table 10

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 1,083,850	$ 1,072,033	98.9%	$ 11,280	$ 1,083,313	99.95%
2016	1,173,447	1,171,208	99.8%	2,239	1,173,447	100.00%
2017	1,278,231	1,271,805	99.5%	6,047	1,277,852	99.97%
2018	1,487,059	1,480,385	99.6%	4,085	1,487,059	100.00%
2019	1,980,918	1,975,542	99.7%	5,376	1,980,918	100.00%
2020	2,137,524	2,131,339	99.7%	3,700	2,137,628	100.00%
2021	2,249,275	2,242,589	99.7%	34	2,245,212	99.82%
2022	2,360,444	2,358,279	99.9%	218	2,358,497	99.92%
2023	2,474,298	2,454,137	99.2%	20,161	2,474,298	100.00%
2024	2,700,072	2,694,806	99.8%		2,694,806	99.80%

Source: City of Falcon Heights financial records

City of Falcon Heights
Ratios of Outstanding Debt by Type
Last 10 Fiscal Years

Table 11

Fiscal Year	Governmental Activities G.O. Bonds	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2015	$ 1,070,000	$ 1,070,000	0.65%	196
2016	930,000	930,000	0.54%	170
2017	1,625,000	1,625,000	0.95%	298
2018	1,475,000	1,475,000	0.75%	271
2019	1,210,000	1,210,000	0.61%	220
2020	973,499	973,499	0.50%	174
2021	1,211,484	1,211,484	0.59%	216
2022	1,078,957	1,078,957	0.48%	200
2023	1,331,430	1,331,430	0.52%	248
2024	1,063,903	1,055,000	0.37%	187

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] See the Schedule of Demographic and Economic Statistics (Table 16) for personal income and population data.

Source: City of Falcon Heights financial records

City of Falcon Heights

City of Falcon Heights
Ratio of General Bonded Debt Outstanding
Last 10 Fiscal Years

Table 12

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value[(1)] of Property	Per Capita[(2)]
2015	$ 1,070,000	$ 234,341	$ 835,659	0.22%	153
2016	930,000	247,198	682,802	0.18%	125
2017	1,070,000	404,754	665,246	0.16%	122
2018	1,475,000	351,141	1,123,859	0.26%	206
2019	1,210,000	729,333	480,667	0.10%	87
2020	973,499	704,542	268,957	0.05%	48
2021	1,211,484	486,550	724,934	0.14%	129
2022	1,078,957	576,359	502,598	0.10%	93
2023	1,331,430	545,946	785,484	0.13%	145
2024	1,063,903	547,534	516,369	0.08%	96

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 7) for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics (Table 16)

Source: City of Falcon Heights financial records

City of Falcon Heights
Direct and Overlapping Governmental Activities Debt
December 31, 2024

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes: County	$ 1,959,089,111	0.8%	$ 15,079,547
Subtotal, Overlapping Debt			15,079,547
City of Falcon Heights Direct Debt			1,055,000
Unamoritzed bond premium direct debt			8,903
Subtotal Direct Debt			1,063,903
Total Direct and Overlapping Debt			$ 16,143,450

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's total taxable assessed value.

Sources: Assessed value data used to estimate applicable percentages provided by the County, Board of Education, and Assessment. Debt outstanding data provided by the County.

City of Falcon Heights
Computation of Direct and Overlapping Bonded Debt
December 31, 2024

Table 13 (Cont.)

Governmental Unit	Gross Debt [1]	Sinking Funds	Net Debt	City's Share Percent	City's Share Amount
Direct					
City of Falcon Heights	$ 1,063,903	$ 547,534	$ 516,369	100.00 %	$ 516,369
Overlapping					
School Districts					
ISD No. 623	159,925,000	971,419	158,953,581	7.05	11,207,556
Ramsey County					
Ramsey County	214,887,000	5,413,083	209,473,917	0.85	1,775,003
County Library	16,335,000	556,458	15,778,542	1.67	263,418
Metro Watershed (Capital Region)	8,725,000	-	8,725,000	1.96	170,966
Metropolitan Agencies					
Metro Council	1,558,153,208	131,895,072	1,426,258,136	0.12	1,662,604
Total Overlapping Debt	1,958,025,208	138,836,032	1,819,189,176		15,079,547
Total Direct and Overlapping Debt	$ 1,959,089,111	$ 139,383,566	$ 1,819,705,545		$ 15,595,916

[1] Gross debt totals include bonds which are financed by ad valorem tax levy, G.O. revenue financing and special assessments.

Source: Department of Property Records and Revenue – Ramsey County

City of Falcon Heights
Legal Debt Margin Information
Last 10 Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Debt Limit	$ 7,717,764	$ 7,693,598	$ 8,068,774	$ 8,539,354
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	$ 7,717,764	$ 7,693,598	$ 8,068,774	$ 8,539,354
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Note: Under state finance law, the City's G.O. debt should not exceed 2% of total assessed tax capacity. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

Table 14

Fiscal Year						
2019	2020	2021	2022	2023	2024	
$ 9,280,272	$ 10,054,406	$ 10,551,540	$ 10,418,674	$ 11,938,788	$ 12,923,576	
-	-	-	-	-	-	
$ 9,280,272	$ 10,054,406	$ 10,551,540	$ 10,418,674	$ 11,938,788	$ 12,923,576	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

	Legal Debt Margin Calculation for Fiscal Year 2024
Assessed Value	$ 646,178,800
Add Back Exempt Real Property	-
Total Assessed Value	646,178,800
Debt Limit (2% of Total Assessed Value)	12,923,576
Debt Applicable to Limit:	
G.O. Bonds	-
Less Amount Set Aside for Repayment of G.O. Debt	-
Total Net Debt Applicable to Limit	-
Legal Debt Margin	$ 12,923,576

City of Falcon Heights
Pledged-Revenue Coverage
Last Ten Fiscal Years

Table 15

Fiscal Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		
		Principal	Interest	Coverage
2015	$ 50,145	$ 60,000	$ 6,870	75.0%
2016	45,371	60,000	6,345	68.4%
2017	39,328	65,000	5,606	55.7%
2018	43,579	65,000	30,772	45.5%
2019	41,048	180,000	27,151	19.8%
2020	41,393	180,000	22,418	20.4%
2021	8,847	180,000	21,110	4.4%
2022	53,585	120,000	30,674	35.6%
2023	41,803	255,000	21,525	15.1%
2024	41,383	255,000	37,088	14.2%

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

Source: City of Falcon Heights financial records

City of Falcon Heights
Demographic Economic Statistics
Last 10 Fiscal Years

Table 16

Fiscal Year	Population[1]	Total Personal Income	Per Capita Personal Income[2]	Median Age[3]	Education Level in Years of Formal Schooling[3]	School Enrollment[4]	Unemployment Rate[5]
2015	5,450	$ 165,314,850	$ 30,333	NA	14.8	7,507	3.1
2016	5,460	170,657,760	31,256	NA	14.8	7,590	4.1
2017	5,450	170,345,200	36,156	NA	14.8	7,592	3.2
2018	5,450	197,535,250	36,245	NA	14.8	7,519	2.9
2019	5,500	199,347,500	36,245	NA	14.8	7,329	3.2
2020	5,600	196,072,800	35,013	NA	14.8	7,294	4.7
2021	5,600	204,948,800	36,598	NA	14.8	7,192	2.7
2022	5,400	226,249,200	41,898	NA	14.8	7,379	2.6
2023	5,379	255,099,075	47,425	NA	14.8	7,210	2.3
2024	5,640	286,895,520	50,868	NA	14.8	7,234	2.6

Data sources

[1] Bureau of the Census/Metropolitan Council

[2] State of Minnesota Demography Department - Ramsey County data and US Census data

[3] Census Data for 2020

[4] School District

[5] State Department of Labor

* Revenue Information for Ramsey County not available

Note: Population, median age and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

City of Falcon Heights
Principal Employers
Current Year and Nine Years Ago

Table 17

	2024			2015		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Minnesota (1)	2,400	1	68.57 %	2,400	1	68.57 %
Blaze Credit Union	195	2	5.57 %	150	2	4.29 %
Minnesota State Fair (2)	87	3	2.49 %	75	4	2.14 %
Twin Cities Laboratories	65	4	1.86 %	125	3	3.57 %
Falcon Heights Elementary	60	5	1.71 %	-	-	-
Estimated Total City Employees All Businesses:	3,500		80.20 %	3,500		81.57 %

(1) The University of Minnesota Saint Paul Campus employs an additional 400 part time people during the year.
(2) During the Minnesota State Fair held each fall, there are an additional 2,600 people contingently employed.

Source: City of Falcon Heights administrative office

City of Falcon Heights
Full-Time Equivalent City Government Employee by Function
Last 10 Fiscal Years

Table 18

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	4.26	4.26	4.61	5.21	5.21	5.21	5.18	5.41	5.36	5.36
Public Safety										
Police (1):										
Officers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fire:										
Firefighters and Officers	3.02	3.02	2.77	2.77	2.77	2.77	0.35	-	-	-
Highways and Streets										
Engineering (2)										
Maintenance	1.13	1.13	1.10	1.11	1.11	1.11	1.11	1.13	1.06	1.06
Park and Recreation	2.49	2.49	2.44	2.49	2.49	2.49	1.64	2.49	2.05	2.05
Sewer	2.19	2.19	2.32	2.32	2.32	2.32	2.33	2.19	2.58	2.58
Total	13.09	13.09	13.24	13.90	13.90	13.90	10.61	11.22	11.05	11.05

(1) The City contracts with Ramsey County for police services.
(2) The City contracts with outside entities for engineering services.

Source: City of Falcon Heights administrative office

City of Falcon Heights
Operating Indicators by Function
Last 10 Fiscal Years

Table 19

Function	Fiscal Year 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Physical Arrests	700	539	311	59	37	30	67	30	52	40
Parking Violations	313	303	155	304	410	88	135	274	363	418
Traffic Violations	1,987	1,344	1,653	270	299	73	207	288	169	33
Fire										
Number of Calls Answered	108	120	119	143	200	106	171	190	206	224
Inspections	67	77	105	146	99	70	2	98	93	85
Highways and Streets										
Streets Resurfacing (Miles)	-	-	-	1	-	-	3	-	-	
Potholes Repaired	80	70	68	29	55	100	20	30	35	42
Sanitation										
Refuse Collected (Tons/Day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recyclables Collected (Tons/Day) (2)	8.9	9.0	8.9	8.6	8.0	9.3	9.3	8.4	8.3	8.3
Park and Recreation										
Athletic Field Permits Issued	3	3	83	87	93	0	0	0	3	0
Community Centers Admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Water										
New Connections	-	-	3	2	-	-	-	-	-	-
Water Mains Breaks	-	-	1	1	1	7	3	2	3	4
Average Daily Consumption (Thousands of Gallons)	728	716	723	769	742	574	708	820	823	761
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons per Day)	561	574	538	629	638	500	572	602	577	583

Note: Indicators are not available for the general government function.

(1) Individual property owners contract privately with refuse collectors to provide this service.
(2) The City of Falcon Heights contracts with a recycling collector to collect recyclables.
(3) The City of Falcon Heights does not have a community center, but does have park buildings to use when parks are rented.

Source: Various government departments

City of Falcon Heights
Capital Asset Statistics by Function
Last 10 Fiscal Years

Table 20

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police (1):										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol Units	-	-	-	-	-	-	-	-	-	-
Fire Stations (2)	1	1	1	1	1	1	1	-	-	-
Highways and Streets										
Streets (Miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Streetlights	210	210	210	210	210	210	210	210	210	210
Traffic Signals	9	9	9	9	9	9	9	9	9	9
Park and Recreation										
Parks Acreage	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Parks	3	3	3	3	3	3	3	3	3	3
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (Miles)	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Fire Hydrants	146	146	146	146	146	146	146	146	146	146
Maximum Daily Capacity (Thousands of Gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sewer										
Sanitary Sewers (Miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Storm Sewers (Miles)	4	4	4	4	4	4	4	4	4	4
Maximum Daily Treatment Capacity (3) (Thousands of Gallons)	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000

Note: No capital asset indicators are available for the general government function.

(1) Falcon Heights contracts with the Ramsay County Sherriff's Department for 24 hour police coverage
(2) The fire service was disbanded in January 2021. Contract for fire services with City of St Paul.
(3) Falcon Heights is part of the Metropolitan Council Environmental Services metro area wide treatment facility. This number represents total system daily plant capacity authorized by permit for the area including the City.

Source: Various city departments, St Paul Water Utility, Metropolitan Council Environmental Services