

AUDIT REPORT

**CITY OF NEW ROCKFORD
New Rockford, North Dakota**

For the Years Ended December 31, 2024 and 2023

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF NEW ROCKFORD
New Rockford, North Dakota

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CITY OF NEW ROCKFORD
New Rockford, North Dakota

CITY OFFICIALS
December 31, 2024

Stuart Richter	Commission President
Justin Ystaas	Commission Vice President
James Belquist	Commissioner
Jacob Dauenhauer	Commissioner
Zachary Fleming	Commissioner
Andrew Presnell	Auditor

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Bryce Fischer, CPA
Todd Goehring, CPA

Specializing in Governmental Auditing

1003 E. Interstate Ave. Ste. 7
Bismarck, ND 58503-0500
Phone 701-258-4560
rathandmehrer@hotmail.com

INDEPENDENT AUDITOR'S REPORT

Governing Board
City of New Rockford
New Rockford, North Dakota

Report on the Audit of Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Rockford as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the city's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the city as of December 31, 2024 and 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the years then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting / Prior Period Adjustments

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Additionally, we draw attention to Note 11 of the financial statements, which describes a prior period adjustment made to the December 31, 2022 balance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the city's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The budgeting comparison information and the schedules of fund activity arising from cash transactions are 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 audits 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 budgeting comparison information and the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2025 on our consideration of the city's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

August 15, 2025

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash, Cash Equivalents and Investments	2,472,484.61	1,882,175.33	4,354,659.94
Capital Assets (net of accumulated depreciation):			
Land		30,000.00	30,000.00
Buildings and Infrastructure	6,312,223.00	10,044,741.00	16,356,964.00
Machinery and Vehicles	167,567.00	88,655.00	256,222.00
Total Capital Assets	6,479,790.00	10,163,396.00	16,643,186.00
Total Assets	8,952,274.61	12,045,571.33	20,997,845.94
<u>Liabilities:</u>			
Long-Term Liabilities:			
Due Within One Year:			
General Obligation Bonds Payable	45,000.00		45,000.00
Special Assessment Bonds Payable	366,473.51		366,473.51
Revenue Bonds Payable		105,601.85	105,601.85
Due After One Year:			
General Obligation Bonds Payable	500,000.00		500,000.00
Special Assessment Bonds Payable	5,013,479.06		5,013,479.06
Revenue Bonds Payable		4,436,475.01	4,436,475.01
Total Liabilities	5,924,952.57	4,542,076.86	10,467,029.43
<u>NET POSITION:</u>			
Net Investment in Capital Assets	554,837.43	5,621,319.14	6,176,156.57
Restricted for:			
Debt Service	456,334.89		456,334.89
Special Purposes	1,494,530.59		1,494,530.59
Unrestricted	521,619.13	1,882,175.33	2,403,794.46
Total Net Position	3,027,322.04	7,503,494.47	10,530,816.51

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash, Cash Equivalents and Investments	2,346,101.71	1,735,827.20	4,081,928.91
Capital Assets (net of accumulated depreciation):			
Land		30,000.00	30,000.00
Buildings and Infrastructure	6,712,218.00	10,345,901.00	17,058,119.00
Machinery and Vehicles	168,465.00	95,890.00	264,355.00
 Total Capital Assets	 6,880,683.00	 10,471,791.00	 17,352,474.00
 Total Assets	 9,226,784.71	 12,207,618.20	 21,434,402.91
<u>Liabilities:</u>			
Long-Term Liabilities:			
Due Within One Year:			
General Obligation Bonds Payable	40,000.00		40,000.00
Special Assessment Bonds Payable	367,396.59		367,396.59
Revenue Bonds Payable		104,233.35	104,233.35
Due After One Year:			
General Obligation Bonds Payable	545,000.00		545,000.00
Special Assessment Bonds Payable	5,379,952.57		5,379,952.57
Revenue Bonds Payable		4,542,076.86	4,542,076.86
 Total Liabilities	 6,332,349.16	 4,646,310.21	 10,978,659.37
<u>NET POSITION:</u>			
Net Investment in Capital Assets	548,333.84	5,825,480.79	6,373,814.63
Restricted for:			
Debt Service	362,563.01		362,563.01
Special Purposes	1,307,006.09		1,307,006.09
Unrestricted	676,532.61	1,735,827.20	2,412,359.81
 Total Net Position	 2,894,435.55	 7,561,307.99	 10,455,743.54

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Activities - Modified Cash Basis
December 31, 2024

Net (Expense) Revenue and Change in Net Position						
	Program Revenues			Primary Government		
	Charges for	Operating Grants	Governmental	Business-Type		
	Expenses	Services	and Contributions	Activities	Activities	Total
Functions/Programs						
Primary Government						
<u>Governmental Activities:</u>						
General Government	266,914.21	32,929.57		(233,984.64)		(233,984.64)
Public Safety	173,054.43	212.00		(172,842.43)		(172,842.43)
Streets and Public Works	734,171.84	45,442.38	215,858.71	(472,870.75)		(472,870.75)
Culture and Recreation	98,682.76		90,298.61	(8,384.15)		(8,384.15)
Urban and Economic Development	102,811.09			(102,811.09)		
Other	43,681.69	20,335.00		(23,346.69)		(23,346.69)
Interest on Long-Term Debt	127,158.47		540,607.85	413,449.38		413,449.38
Total Governmental Activities	1,546,474.49	98,918.95	846,765.17	(600,790.37)		(497,979.28)
<u>Business-Type Activities:</u>						
Water	435,195.48	246,719.73			(188,475.75)	(188,475.75)
Water Main Replacement	319,502.65	141,404.12	82,351.59		(95,746.94)	(95,746.94)
Sewer	104,241.70	116,990.42			12,748.72	12,748.72
Garbage	305,612.96	305,182.39			(430.57)	(430.57)
Total Business-Type Activities	1,164,552.79	810,296.66			(271,904.54)	(271,904.54)
Total Primary Government	2,711,027.28	909,215.61	846,765.17	(600,790.37)	(271,904.54)	(769,883.82)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes				271,501.57		271,501.57
Property taxes; levied for special purposes				109,697.10		109,697.10
Sales taxes				266,666.26	80,321.17	346,987.43
Lodging taxes				2,026.66		2,026.66
Cigarette taxes				2,177.70		2,177.70
Intergovernmental revenue not restricted to specific programs				112,831.09		112,831.09
Earnings on investments and other revenue				67,776.48	34,769.85	102,546.33
Transfers				(99,000.00)	99,000.00	-
Total General Revenues and Transfers				733,676.86	214,091.02	947,767.88
Change in Net Position				132,886.49	(57,813.52)	75,072.97
Net Position - January 1				2,894,435.55	7,561,307.99	10,455,743.54
Net Position - December 31				3,027,322.04	7,503,494.47	10,530,816.51

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Activities - Modified Cash Basis
December 31, 2023

Net (Expense) Revenue and Change in Net Position						
	Program Revenues			Primary Government		
	Charges for	Operating Grants	Governmental	Business-Type		
Expenses	Services	and Contributions	Activities	Activities	Total	
Functions/Programs						
Primary Government						
<u>Governmental Activities:</u>						
General Government	288,581.89	41,347.55	(247,234.34)		(247,234.34)	
Public Safety	183,950.26	152.00	(183,798.26)		(183,798.26)	
Streets and Public Works	698,460.53	30,204.91	368,082.36	(300,173.26)	(300,173.26)	
Culture and Recreation	98,983.51		82,679.93	(16,303.58)	(16,303.58)	
Urban and Economic Development	111,193.91			(111,193.91)		
Other	51,137.73	21,363.30		(29,774.43)	(29,774.43)	
Interest on Long-Term Debt	66,153.70		629,220.32	563,066.62	563,066.62	
Total Governmental Activities	1,498,461.53	93,067.76	1,079,982.61	(325,411.16)	(214,217.25)	
<u>Business-Type Activities:</u>						
Water	401,481.27	274,324.11		(127,157.16)	(127,157.16)	
Water Main Replacement	321,514.77	130,020.25	142,663.84	(48,830.68)	(48,830.68)	
Sewer	100,767.43	89,318.20		(11,449.23)	(11,449.23)	
Garbage	244,176.28	275,728.13		31,551.85	31,551.85	
Total Business-Type Activities	1,067,939.75	769,390.69		(155,885.22)	(155,885.22)	
Total Primary Government	2,566,401.28	862,458.45	1,079,982.61	(325,411.16)	(155,885.22)	(370,102.47)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes			233,877.82		233,877.82	
Property taxes; levied for special purposes			106,334.66		106,334.66	
Sales taxes			288,409.19	86,870.23	375,279.42	
Cigarette taxes			2,380.43		2,380.43	
Intergovernmental revenue not restricted to specific programs			116,148.82		116,148.82	
Earnings on investments and other revenue			52,866.21	2,264.17	55,130.38	
Transfers			(138,398.20)	138,398.20	-	
Total General Revenues and Transfers			661,618.93	227,532.60	889,151.53	
Change in Net Position			336,207.77	71,647.38	407,855.15	
Net Position - January 1			2,544,003.37	7,489,660.61	10,033,663.98	
Prior Period Adjustment - Note 10			14,224.41		14,224.41	
Net Position - January 1, as Restated			2,558,227.78	7,489,660.61	10,047,888.39	
Net Position - December 31			2,894,435.55	7,561,307.99	10,455,743.54	

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2024

	Major Funds				
	Street Project		Other	Total	
	2021-1 - Special	Infrastructure	Governmental	Governmental	
	General	Assessments	Improvements	Funds	Funds
<u>ASSETS:</u>					
Cash, Cash Equivalents and Investments	411,916.69	434,912.18	802,131.70	823,524.04	2,472,484.61
<u>FUND BALANCES:</u>					
Restricted for:					
Public Safety			96,339.14	96,339.14	
Street and Public Works		802,131.70	249,267.57	1,051,399.27	
Urban and Economic Development			4,805.23	4,805.23	
Culture and Recreation			3,805.55	3,805.55	
Emergency Purposes			20,681.99	20,681.99	
Airport			317,499.41	317,499.41	
Debt Service		434,912.18	21,422.71	456,334.89	
Assigned to:					
Public Safety			5,985.60	5,985.60	
Street and Public Works			103,716.84	103,716.84	
Unassigned	411,916.69				411,916.69
Total Fund Balances	411,916.69	434,912.18	802,131.70	823,524.04	2,472,484.61

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2023

	Major Funds				
	General	Street Project 2021-1 - Special Assessments	Street Project 2021-01 - Construction	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>					
Cash, Cash Equivalents and Investments	564,164.09	242,414.79	59.98	1,539,462.85	2,346,101.71
<u>FUND BALANCES:</u>					
Restricted for:					
Public Safety				83,348.85	83,348.85
Street and Public Works			59.98	832,741.19	832,801.17
Urban and Economic Development				2,778.57	2,778.57
Culture and Recreation				7,728.92	7,728.92
Emergency Purposes				13,460.79	13,460.79
Airport				366,887.79	366,887.79
Debt Service		242,414.79		120,148.22	362,563.01
Assigned to:					
Public Safety				5,585.60	5,585.60
Street and Public Works				106,782.92	106,782.92
Unassigned	564,164.09				564,164.09
Total Fund Balances	564,164.09	242,414.79	59.98	1,539,462.85	2,346,101.71

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
December 31, 2024

Total Fund Balances for Governmental Funds		2,472,484.61
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	9,961,281.00	
Less Accumulated Depreciation	<u>(3,481,491.00)</u>	
Net Capital Assets		6,479,790.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2024 are:		
General Obligation Bonds Payable	(545,000.00)	
Special Assessment Bonds Payable	<u>(5,379,952.57)</u>	
		<u>(5,924,952.57)</u>
Total Net Position of Governmental Activities		<u><u>3,027,322.04</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
December 31, 2023

Total Fund Balances for Governmental Funds		2,346,101.71
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	9,939,452.00	
Less Accumulated Depreciation	<u>(3,058,769.00)</u>	
Net Capital Assets		6,880,683.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2023 are:		
General Obligation Bonds Payable	(585,000.00)	
Special Assessment Bonds Payable	<u>(5,747,349.16)</u>	
		<u>(6,332,349.16)</u>
Total Net Position of Governmental Activities		<u><u>2,894,435.55</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2024

	Major Funds			Formerly Major Fund		
	General	Street Project 2021-1 - Special Assessments	Infrastructure Improvements	Street Project 2021-01 - Construction	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	319,694.27		102,811.09		227,386.23	649,891.59
Special Assessments		535,894.65				535,894.65
Licenses, Permits and Fees	17,425.31				4,713.20	22,138.51
Intergovernmental	174,705.33		125,000.00		121,460.78	421,166.11
Charges for Services	15,504.26				65,777.38	81,281.64
Fines and Forfeits	212.00					212.00
Miscellaneous	22,577.31	1,083.37	8,957.77		35,158.03	67,776.48
Total Revenues	550,118.48	536,978.02	236,768.86	-	454,495.62	1,778,360.98
Expenditures:						
Current:						
General Government	265,285.21					265,285.21
Public Safety	172,892.98				161.45	173,054.43
Streets and Public Works		10,904.15	48,272.30		325,238.39	384,414.84
Culture and Recreation					38,546.76	38,546.76
Urban and Economic Development					102,811.09	102,811.09
Other	30,491.61				1,990.08	32,481.69
Capital Outlay					21,829.00	21,829.00
Debt Service:						
Principal		367,396.59			40,000.00	407,396.59
Interest and Service Charges		106,675.97			20,482.50	127,158.47
Total Expenditures	468,669.80	484,976.71	48,272.30	-	551,059.27	1,552,978.08
Excess (Deficiency) of Revenue Over (Under) Expenditures	81,448.68	52,001.31	188,496.56	-	(96,563.65)	225,382.90
Other Financing Sources (Uses):						
Transfers In		140,496.08			76,200.00	216,696.08
Transfers Out	(233,696.08)		(75,000.00)		(7,000.00)	(315,696.08)
Total Other Financing Sources (Uses)	(233,696.08)	140,496.08	(75,000.00)	-	69,200.00	(99,000.00)
Net Change in Fund Balances	(152,247.40)	192,497.39	113,496.56	-	(27,363.65)	126,382.90
Fund Balance - January 1, as Previously Presented	564,164.09	242,414.79	-	59.98	1,539,462.85	2,346,101.71
Change in Financial Reporting Entity (Major to Non-Major Fund) (Non-Major to Major Fund)			688,635.14	(59.98)	59.98	-
Fund Balance - January 1, as Restated	564,164.09	242,414.79	688,635.14	-	850,887.69	2,346,101.71
Fund Balance - December 31	411,916.69	434,912.18	802,131.70	-	823,524.04	2,472,484.61

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	Major Funds				
	General	Street Project 2021-1 - Special Assessments	Street Project 2021-1 - Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	285,999.96			342,621.71	628,621.67
Special Assessments	140,496.08	486,810.36		1,913.88	629,220.32
Licenses, Permits and Fees	17,890.43				17,890.43
Intergovernmental	169,998.54			399,293.00	569,291.54
Charges for Services	23,457.12			51,568.21	75,025.33
Fines and Forfeits	152.00				152.00
Miscellaneous	39,370.26	1,003.66		12,492.29	52,866.21
Total Revenues	677,364.39	487,814.02	-	807,889.09	1,973,067.50
Expenditures:					
Current:					
General Government	286,952.89				286,952.89
Public Safety	169,755.85			14,194.41	183,950.26
Streets and Public Works		101,726.78	237.89	247,718.86	349,683.53
Culture and Recreation				38,847.51	38,847.51
Urban and Economic Development				111,193.91	111,193.91
Other	17,574.72			22,363.01	39,937.73
Capital Outlay			2,593,000.00		2,593,000.00
Debt Service:					
Principal		571,881.51		40,000.00	611,881.51
Interest and Service Charges		44,421.20		21,732.50	66,153.70
Total Expenditures	474,283.46	718,029.49	2,593,237.89	496,050.20	4,281,601.04
Excess (Deficiency) of Revenue Over (Under) Expenditures	203,080.93	(230,215.47)	(2,593,237.89)	311,838.89	(2,308,533.54)
Other Financing Sources (Uses):					
Transfers In	6,190.78			36,200.00	42,390.78
Transfers Out	(92,598.20)			(88,190.78)	(180,788.98)
Special Assessment Bonds Issued			2,579,851.55		2,579,851.55
Total Other Financing Sources (Uses)	(86,407.42)	-	2,579,851.55	(51,990.78)	2,441,453.35
Net Change in Fund Balances	116,673.51	(230,215.47)	(13,386.34)	259,848.11	132,919.81
Fund Balance - January 1, as Previously Presented	447,490.58	-	13,446.32	1,738,020.59	2,198,957.49
Change in Financial Reporting Entity (Non-Major to Major Fund)		472,630.26		(472,630.26)	-
Prior Period Adjustment - Note 10				14,224.41	14,224.41
Fund Balance - January 1, as Restated	447,490.58	472,630.26	13,446.32	1,279,614.74	2,213,181.90
Fund Balance - December 31	564,164.09	242,414.79	59.98	1,539,462.85	2,346,101.71

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds	126,382.90
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	21,829.00	
Current Year Depreciation Expense	<u>(422,722.00)</u>	(400,893.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	-	
Repayment of Debt	<u>407,396.59</u>	<u>407,396.59</u>

Change in Net Position of Governmental Activities	<u>132,886.49</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds	132,919.81
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Current Year Capital Outlay	2,593,000.00	
Current Year Depreciation Expense	<u>(421,742.00)</u>	2,171,258.00

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt proceeds exceeded repayment of debt.

Debt Proceeds	(2,579,851.55)	
Repayment of Debt	<u>611,881.51</u>	<u>(1,967,970.04)</u>

Change in Net Position of Governmental Activities	<u><u>336,207.77</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2024

	Major Enterprise Funds			Other	Total
	Water Department	Water Main Replacement	Garbage	Enterprise Funds	Enterprise Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	656,118.31	821,156.59	308,868.67	96,031.76	1,882,175.33
Noncurrent Assets:					
Capital Assets (net of accumulated depreciation):					
Land		30,000.00			30,000.00
Buildings and Infrastructure	450,572.00	9,594,169.00			10,044,741.00
Machinery and Vehicles	34,258.00			54,397.00	88,655.00
Total Noncurrent Assets	484,830.00	9,624,169.00	-	54,397.00	10,163,396.00
Total Assets	1,140,948.31	10,445,325.59	308,868.67	150,428.76	12,045,571.33
LIABILITIES					
Current Liabilities:					
Revenue Bonds Payable	13,000.00	92,601.85			105,601.85
Noncurrent Liabilities:					
Revenue Bonds Payable	152,000.00	4,284,475.01			4,436,475.01
Total Liabilities	165,000.00	4,377,076.86	-	-	4,542,076.86
NET POSITION					
Net Investment in Capital Assets	319,830.00	5,247,092.14	-	54,397.00	5,621,319.14
Unrestricted	656,118.31	818,156.59	308,868.67	99,031.76	1,882,175.33
Total Net Position	975,948.31	6,065,248.73	308,868.67	153,428.76	7,503,494.47

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2023

	Major Enterprise Funds			Other	Total
	Water	Water Main		Enterprise	Enterprise
	Department	Replacement	Garbage	Funds	Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	661,243.76	679,964.74	316,756.85	77,861.85	1,735,827.20
Noncurrent Assets:					
Capital Assets (net of accumulated depreciation):					
Land		30,000.00			30,000.00
Buildings and Infrastructure	499,254.00	9,846,647.00			10,345,901.00
Machinery and Vehicles	36,705.00			59,185.00	95,890.00
Total Noncurrent Assets	535,959.00	9,876,647.00	-	59,185.00	10,471,791.00
Total Assets	1,197,202.76	10,556,611.74	316,756.85	137,046.85	12,207,618.20
LIABILITIES					
Current Liabilities:					
Revenue Bonds Payable	13,000.00	91,233.35			104,233.35
Noncurrent Liabilities:					
Revenue Bonds Payable	165,000.00	4,377,076.86			4,542,076.86
Total Liabilities	178,000.00	4,468,310.21	-	-	4,646,310.21
NET POSITION					
Net Investment in Capital Assets	357,959.00	5,408,336.79	-	59,185.00	5,825,480.79
Unrestricted	661,243.76	679,964.74	316,756.85	77,861.85	1,735,827.20
Total Net Position	1,019,202.76	6,088,301.53	316,756.85	137,046.85	7,561,307.99

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2024

	Major Enterprise Funds			Other Enterprise Funds	Total Enterprise Funds
	Water Department	Water Main Replacement	Garbage		
Operating Revenues:					
Charges for Sales and Services:					
Water Sales	246,423.71	141,404.12			387,827.83
Water Plant Sales	296.02				296.02
Sewer Charges				116,990.42	116,990.42
Garbage Collections			291,682.41		291,682.41
Other Services			13,499.98		13,499.98
Total Operating Revenues	246,719.73	141,404.12	305,182.39	116,990.42	810,296.66
Operating Expenses:					
Salaries	74,902.06		19,395.50	52,100.57	146,398.13
Health Insurance	22,289.28			17,401.80	39,691.08
Retirement	9,509.06		1,169.58	6,326.78	17,005.42
Utilities	28,107.02		1,382.30	7,546.96	37,036.28
Operations and Maintenance	141,232.69		74,677.16	15,746.04	231,655.89
Oil and Gas	1,595.01		5,403.56	331.55	7,330.12
Chemicals	95,624.64				95,624.64
Water Meters	5,980.03				5,980.03
Garbage Contract			203,584.86		203,584.86
Miscellaneous	376.69				376.69
Depreciation	51,129.00	252,478.00		4,788.00	308,395.00
Total Operating Expenses	430,745.48	252,478.00	305,612.96	104,241.70	1,093,078.14
Operating Income (Loss)	(184,025.75)	(111,073.88)	(430.57)	12,748.72	(282,781.48)
Non-Operating Revenues (Expenses):					
Homeland Security Grant	82,351.59				82,351.59
Sales Taxes		80,321.17			80,321.17
Interest Income	18,788.84	2,719.56	5,542.39	3,573.19	30,623.98
Miscellaneous Receipts	4,080.87	5.00		60.00	4,145.87
Debt Service					
Interest	(3,560.00)	(67,024.65)			(70,584.65)
Service Charges	(890.00)				(890.00)
Total Non-Operating Revenues (Expenses)	100,771.30	16,021.08	5,542.39	3,633.19	125,967.96
Income (Loss) Before Transfers	(83,254.45)	(95,052.80)	5,111.82	16,381.91	(156,813.52)
Transfer In	50,000.00	136,359.00			186,359.00
Transfer Out	(10,000.00)	(61,359.00)	(13,000.00)	(3,000.00)	(87,359.00)
Changes in Net Position	(43,254.45)	(20,052.80)	(7,888.18)	13,381.91	(57,813.52)
Net Position - January 1	1,019,202.76	6,085,301.53	316,756.85	140,046.85	7,561,307.99
Net Position - December 31	975,948.31	6,065,248.73	308,868.67	153,428.76	7,503,494.47

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2023

	Major Enterprise Funds			Other Enterprise Funds	Total Enterprise Funds
	Water Department	Water Main Replacement	Garbage		
Operating Revenues:					
Charges for Sales and Services:					
Water Sales	267,450.54	130,020.25			397,470.79
Water Plant Sales	339.19				339.19
Sewer Charges				89,318.20	89,318.20
Garbage Collections			273,569.25		273,569.25
Other Services	6,534.38		2,158.88		8,693.26
Total Operating Revenues	274,324.11	130,020.25	275,728.13	89,318.20	769,390.69
Operating Expenses:					
Salaries	68,830.71		25,381.14	49,538.70	143,750.55
Health Insurance	21,374.08		784.27	15,157.49	37,315.84
Retirement	6,412.37			4,818.71	11,231.08
Utilities	32,778.45		2,378.48	8,587.80	43,744.73
Operations and Maintenance	71,033.57	663.84	13,283.73	15,207.94	100,189.08
Oil and Gas	2,796.78		3,086.66	2,668.79	8,552.23
Chemicals	132,834.95				132,834.95
Water Meters	9,283.05				9,283.05
Garbage Contract			199,262.00		199,262.00
Miscellaneous	233.31				233.31
Depreciation	51,129.00	252,478.00		4,788.00	308,395.00
Total Operating Expenses	396,706.27	253,141.84	244,176.28	100,767.43	994,791.82
Operating Income (Loss)	(122,382.16)	(123,121.59)	31,551.85	(11,449.23)	(225,401.13)
Non-Operating Revenues (Expenses):					
USDA Grant		142,663.84			142,663.84
Sales Taxes		86,870.23			86,870.23
Interest Income	698.20		95.28	45.00	838.48
Miscellaneous Receipts	838.21			587.48	1,425.69
Debt Service					
Interest	(3,820.00)	(68,372.93)			(72,192.93)
Service Charges	(955.00)				(955.00)
Total Non-Operating Revenues (Expenses)	(3,238.59)	161,161.14	95.28	632.48	158,650.31
Income (Loss) Before Transfers	(125,620.75)	38,039.55	31,647.13	(10,816.75)	(66,750.82)
Transfer In	89,398.20	136,359.00			225,757.20
Transfer Out	(10,000.00)	(61,359.00)	(13,000.00)	(3,000.00)	(87,359.00)
Changes in Net Position	(46,222.55)	113,039.55	18,647.13	(13,816.75)	71,647.38
Net Position - January 1	1,065,425.31	5,975,261.98	298,109.72	150,863.60	7,489,660.61
Net Position - December 31	1,019,202.76	6,088,301.53	316,756.85	137,046.85	7,561,307.99

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year ended December 31, 2024

	Major Funds			Other Enterprise Funds	Total Enterprise Funds
	Water Department	Water Main Replacement	Garbage		
<u>Cash flows from operating activities:</u>					
Receipts from customers	246,719.73	141,404.12	305,182.39	116,990.42	810,296.66
Payments to employees	(74,902.06)	-	(19,395.50)	(52,100.57)	(146,398.13)
Payments to suppliers	(304,714.42)	-	(286,217.46)	(47,353.13)	(638,285.01)
Net cash provided (used) by operating activities	(132,896.75)	141,404.12	(430.57)	17,536.72	25,613.52
<u>Cash flows from noncapital financing activities:</u>					
Miscellaneous receipts	4,080.87		5.00	60.00	4,145.87
Transfers in	50,000.00	136,359.00			186,359.00
Transfers out	(10,000.00)	(61,359.00)	(13,000.00)	(3,000.00)	(87,359.00)
Net cash provided (used) by noncapital financing activities	44,080.87	75,000.00	(12,995.00)	(2,940.00)	103,145.87
<u>Cash flows from capital and related financing activities:</u>					
Sales taxes		80,321.17			80,321.17
Homeland Security grant	82,351.59				82,351.59
Principal payments	(13,000.00)	(91,233.35)			(104,233.35)
Interest payments	(3,560.00)	(67,024.65)			(70,584.65)
Service charges	(890.00)				(890.00)
Net cash provided (used) by capital and related financing activities	64,901.59	(77,936.83)	-	-	(13,035.24)
<u>Cash flows from investing activities:</u>					
Interest income	18,788.84	2,719.56	5,542.39	3,573.19	30,623.98
Net increase (decrease) in cash and cash equivalents	(5,125.45)	141,186.85	(7,883.18)	18,169.91	146,348.13
Cash and cash equivalents, January 1	661,243.76	679,964.74	316,756.85	77,861.85	1,735,827.20
Cash and cash equivalents, December 31	656,118.31	821,151.59	308,873.67	96,031.76	1,882,175.33
<u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>					
Operating income (Loss)	(184,025.75)	(111,073.88)	(430.57)	12,748.72	(282,781.48)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>					
Depreciation expense	51,129.00	252,478.00		4,788.00	308,395.00
Net cash provided (used) by operating activities	(132,896.75)	141,404.12	(430.57)	17,536.72	25,613.52

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year ended December 31, 2023

	Major Funds			Other Enterprise Funds	Total Enterprise Funds
	Water Department	Water Main Replacement	Garbage		
<u>Cash flows from operating activities:</u>					
Receipts from customers	274,324.11	130,020.25	275,728.13	89,318.20	769,390.69
Payments to employees	(68,830.71)	-	(25,381.14)	(49,538.70)	(143,750.55)
Payments to suppliers	(276,746.56)	(663.84)	(218,795.14)	(46,440.73)	(542,646.27)
Net cash provided (used) by operating activities	(71,253.16)	129,356.41	31,551.85	(6,661.23)	82,993.87
<u>Cash flows from noncapital financing activities:</u>					
Miscellaneous receipts	838.21			587.48	1,425.69
Transfers in	89,398.20	136,359.00			225,757.20
Transfers out	(10,000.00)	(61,359.00)	(13,000.00)	(3,000.00)	(87,359.00)
Net cash provided (used) by noncapital financing activities	80,236.41	75,000.00	(13,000.00)	(2,412.52)	139,823.89
<u>Cash flows from capital and related financing activities:</u>					
Sales taxes		86,870.23			86,870.23
USDA grant received		142,663.84			142,663.84
Water system project		(142,000.00)			(142,000.00)
Principal payments	(13,000.00)	(89,885.07)			(102,885.07)
Interest payments	(3,820.00)	(68,372.93)			(72,192.93)
Service charges	(955.00)				(955.00)
Net cash provided (used) by capital and related financing activities	(17,775.00)	(70,723.93)	-	-	(88,498.93)
<u>Cash flows from investing activities:</u>					
Interest income	698.20	-	95.28	45.00	838.48
Net increase (decrease) in cash and cash equivalents	(8,093.55)	133,632.48	18,647.13	(9,028.75)	135,157.31
Cash and cash equivalents, January 1	669,337.31	546,332.26	298,109.72	86,890.60	1,600,669.89
Cash and cash equivalents, December 31	661,243.76	679,964.74	316,756.85	77,861.85	1,735,827.20
<u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>					
Operating income (Loss)	(122,382.16)	(123,121.59)	31,551.85	(11,449.23)	(225,401.13)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>					
Depreciation expense	51,129.00	252,478.00		4,788.00	308,395.00
Net cash provided (used) by operating activities	(71,253.16)	129,356.41	31,551.85	(6,661.23)	82,993.87

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Fiduciary Net Position
Modified Cash Basis - Fiduciary Fund
December 31, 2023

	Custodial Fund
<u>Assets:</u>	
Cash and Investments	-
<u>Net Position:</u>	
Restricted for:	
Organizations and Other Governments	-

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Statement of Changes in Fiduciary Net Position
Modified Cash Basis - Fiduciary Fund
For the Year Ended December 31, 2023

	<u>Custodial Fund</u>
Net Position - January 1, as Previously Presented	14,224.41
Prior Period Adjustment - Note 11	<u>(14,224.41)</u>
Net Position - January 1, as Restated	<u>-</u>
Net Position - December 31	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Notes to the Financial Statements
December 31, 2024 and 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of New Rockford operates under a city commission form of government. The financial statements of the city have been prepared on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The accompanying financial statements present the activities of the city. The city has considered all potential component units for which the city is financially accountable and other organizations for which the nature and significance of their relationships with the city are such that exclusion would cause the city's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the city to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the city.

Based on these criteria, the following is a brief review of each potential component unit addressed defining the government's reporting entity.

Included within the reporting entity:

New Rockford Airport Authority. This unit provides services to residents, generally within the geographic boundaries of the city, and its governing board is appointed by the city's governing body. The city's governing body has the authority to disapprove, amend or approve the budget of this unit. The city maintains all the accounting records of this unit within its accounting system and, therefore, this fund is blended with the city's special revenue funds.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, the City of New Rockford. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type* activities of the city. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the city's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include

(a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the city's funds, including its fiduciary fund. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The city reports the following major governmental funds:

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

Street Project 2021-1 – Special Assessments. This fund accounts for special assessments collected for the purpose of retiring the principal and interest on the Definitive Warrant, Series 2022.

Street Project 2021-1 – Construction. This fund accounts for the proceeds from the Definitive Improvement Warrant, Series 2022, to be used to finance a city-wide street improvement project.

Infrastructure Improvements. This fund accounts a for a portion of the city sales collections used for city infrastructure improvements.

The city reports the following major enterprise funds:

Water Department. This fund accounts for the activities of the city's water distribution system.

Water Main Replacement. This fund accounts for the accumulation of resources to be used for the payment of long-term debt principal and interest related to the Refunding Improvement Bonds of 2020.

Garbage Department. This fund accounts for the activities of the city's garbage collection system.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the city utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of three months or less.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column and the business-type activities column in the government-wide financial statements. Assets are also reported in the

proprietary fund statements. Capital assets are defined by the city as assets with an initial individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Infrastructure	15 to 100 years
Machinery and Vehicles	10 to 20 years

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt 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 are reported as debt service expenditures.

G. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. 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 purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the city council through the adoption of a resolution. The city council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the city’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the city council or by an official to which the city council delegates authority.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The city reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the city’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the city’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the city has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

H. Interfund Transactions

In the governmental and proprietary fund financial statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

I. Use of Estimates

The preparation of financial statements in conformity with the special purpose framework (SPF) used by the city requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the city maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district or any other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or other securities approved by the banking board.

At December 31, 2024 the city's carrying amount of deposits was \$4,354,660 and the bank balance was \$4,375,066. Of the bank balance, \$1,551,720 was covered by Federal Depository Insurance. The remaining balance of \$2,823,346 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2023 the city's carrying amount of deposits was \$4,081,929 and the bank balance was \$4,112,205. Of the bank balance, \$1,357,731 was covered by Federal Depository Insurance. The remaining balance of \$2,754,474 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

The city may invest idle funds as authorized in North Dakota Statutes, as follows:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2024, the city held certificates of deposit in the amount of \$1,051,720 which are all considered deposits.

At December 31, 2023, the city held certificates of deposit in the amount of \$881,102, which are all considered deposits.

Concentration of Credit Risk

The city does not have a limit on the amount the city may invest in any one issuer.

Note 3 PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on the property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

Note 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31:

	<u>2024</u>		
	Balance January 1	Increases	Decreases
Governmental Activities:			
<i>Capital assets being depreciated:</i>			
Buildings and Infrastructure	9,531,110		
Machinery and Vehicles	408,342	21,829	
Total	9,939,452	21,829	-
Less accumulated depreciation for:			
Buildings and Infrastructure	2,818,892	399,995	
Machinery and Vehicles	239,877	22,727	
Total	3,058,769	422,722	-
Governmental Activities			
Capital Assets, Net	6,880,683	(400,893)	-
	<u>2023</u>		
	Balance January 1	Increases	Decreases
Governmental Activities:			
<i>Capital assets not being depreciated:</i>			
Construction in Progress	3,705,610	2,593,000	6,298,610
<i>Capital assets being depreciated:</i>			
Buildings and Infrastructure	3,232,500	6,298,610	
Machinery and Vehicles	408,342		
Total	3,640,842	6,298,610	-
Less accumulated depreciation for:			
Buildings and Infrastructure	2,418,897	399,995	
Machinery and Vehicles	218,130	21,747	
Total	2,637,027	421,742	-
Governmental Activities			
Capital Assets, Net	4,709,425	8,469,868	6,298,610

	<u>2024</u>			
	<u>Balance December 31</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	30,000			30,000
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	12,072,125			12,072,125
Machinery and Vehicles	199,580			199,580
Total	12,271,705	-	-	12,271,705
Less accumulated depreciation for:				
Buildings and Infrastructure	1,726,224	301,160		2,027,384
Machinery and Vehicles	103,690	7,235		110,925
Total capital assets being depreciated, net	1,829,914	308,395	-	2,138,309
Business-Type Activities Capital Assets, Net	10,471,791	(308,395)	-	10,163,396

	<u>2023</u>			
	<u>Balance December 31</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	30,000			30,000
Construction in Progress	9,957,125	142,000	10,099,125	-
Total	9,987,125	142,000	10,099,125	30,000
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	1,973,000	10,099,125		12,072,125
Machinery and Vehicles	199,580			199,580
Total	2,172,580	10,099,125	-	12,271,705
Less accumulated depreciation for:				
Buildings and Infrastructure	1,425,064	301,160		1,726,224
Machinery and Vehicles	96,455	7,235		103,690
Total capital assets being depreciated, net	1,521,519	308,395	-	1,829,914
Business-Type Activities Capital Assets, Net	10,638,186	9,932,730	10,099,125	10,471,791

Depreciation expense was charged to functions/programs of the city as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Governmental Activities:		
General Government	1,629	1,629
Streets and Public Works	349,757	348,777
Culture and Recreation	60,136	60,136
Other	11,200	11,200
Total	422,722	421,742

Business-type Activities:

Water	51,129	51,129
Water Main Replacement	252,478	252,478
Sewer	4,788	4,788
Total	<u>308,395</u>	<u>308,395</u>

Note 5 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2024 and 2023, the following changes occurred in liabilities reported in the long-term liabilities of the city:

Governmental Activities

	Balance January 1	Increases	2024		Balance December 31	Due Within One Year
			Decreases			
General Obligation Bonds	585,000		40,000		545,000	45,000
Special Assessment Bonds	5,747,349		367,397		5,379,952	366,474
Total	<u>6,332,349</u>	<u>-</u>	<u>407,397</u>		<u>5,924,952</u>	<u>411,474</u>
	Balance January 1	Increases	2023		Balance December 31	Due Within One Year
			Decreases			
General Obligation Bonds	625,000		40,000		585,000	40,000
Special Assessment Bonds	3,739,379	2,579,852	571,882		5,747,349	367,397
Total	<u>4,364,379</u>	<u>2,579,852</u>	<u>611,882</u>		<u>6,332,349</u>	<u>407,397</u>

Business-type Activities:

	Balance January 1	Increases	2024		Balance December 31	Due Within One Year
			Decreases			
Revenue Bonds Payable	<u>4,646,310</u>	<u>-</u>	<u>104,233</u>		<u>4,542,077</u>	<u>105,602</u>
	Balance January 1	Increases	2023		Balance December 31	Due Within One Year
			Decreases			
Revenue Bonds Payable	<u>4,749,195</u>	<u>-</u>	<u>102,885</u>		<u>4,646,310</u>	<u>104,233</u>

Outstanding debt at December 31, 2024 consists of the following:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2024 is as follows:

General Obligation Bonds. The city issued general obligation bonds to provide funds for the construction of a new swimming pool. General obligation bonds outstanding at December 31, 2024 are as follows:

\$900,000 General Obligation Bonds, Series 2015 due in annual installments of \$45,000 to \$55,000 through May 1, 2035; interest is at 3.25% to 3.5%.

545,000.00

The annual requirements to amortize the outstanding general obligation bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2025	45,000.00	18,006.25
2026	45,000.00	16,543.75
2027	45,000.00	15,081.25
2028	45,000.00	13,562.50
2029	50,000.00	11,900.00
2030 - 2034	260,000.00	32,900.00
2035	55,000.00	962.50
Total	<u>545,000.00</u>	<u>108,956.25</u>
Year Ending		

Special Assessment Bond Debt. The city has issued special assessment bonds to provide funds for the construction and/or improvement of streets. Special assessment bonds outstanding at December 31, 2024 are as follows:

\$5,747,349.16 Definitive Improvement Warrant, Series 2022, due in annual installments of \$474,072.56 through May 1, 2037; interest is at 2%.

5,379,952.57

The annual requirements to amortize the outstanding special assessment bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2025	366,473.51	107,599.05
2026	373,802.98	100,269.58
2027	381,279.04	92,793.52
2028	388,904.62	85,167.94
2029	396,682.71	77,389.85
2030 - 2034	2,105,639.82	264,722.98
2035 - 2037	1,367,169.89	55,047.75
Total	<u>5,379,952.57</u>	<u>782,990.67</u>

Business-type Activities (Proprietary Funds):

Revenue bonds payable. The city has issued bonds whereby the city pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at December 31, 2024 are as follows:

\$270,000 Water Revenue Bonds, Series 2016, due in annual installments of \$13,000 to \$17,000 through September 1, 2035; interest is at 2%.

165,000.00

\$4,734,000 Water System Revenue Bonds, Series 2020, due in annual installments of \$158,258.00 through September 24, 2059 and a final payment of \$157,492.76 on September 24, 2060; interest is at 1.5%.

4,377,076.86

Total

4,542,076.86

The annual requirements to amortize the outstanding revenue bonds payable are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2025	105,601.85	68,956.15
2026	107,990.87	67,307.13
2027	109,400.74	65,617.26
2028	110,831.75	63,906.25
2039	113,284.23	62,173.77
2030 - 2034	591,982.36	283,747.64
2035 - 2039	570,704.98	237,925.02
2040 - 2044	596,497.52	194,792.48
2045 - 2049	642,597.23	148,692.77
2050 - 2054	692,259.72	99,030.28
2055 - 2059	745,760.33	45,529.67
2060	155,165.28	2,327.48
Total	<u>4,542,076.86</u>	<u>1,340,005.90</u>

Note 6 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2024</u>		
Equipment	33,000.00	
Street		7,000.00
Water Department		10,000.00
Sewer Maintenance		3,000.00
Garbage		13,000.00
To set aside funds for purchase of equipment.		
Water Main Replacement: Debt Service	75,000.00	
Infrastructure Improvements: General		75,000.00
To subsidize debt service payments.		
Water Main Replacement: Water Works Reserve	15,826.00	
Water Main Replacement: Water Works Short Lived Assets	45,533.00	
Water Main Replacement: Debt Service		61,359.00
To set aside funds for required reserves.		
Street	40,000.00	
Siren	200.00	
Water Department	50,000.00	
Library	3,000.00	
General		93,200.00
To subsidize expenditures.		
Street Project 2021-1 - Special Assessment Funds	140,496.08	
General		140,496.08
To correct prior year posting error.		

December 31, 2023

Siren	200.00	
Water Department	89,398.20	
Library	3,000.00	
General		92,598.20
To subsidize expenditures.		
Equipment	33,000.00	
Street		7,000.00
Water Department		10,000.00
Sewer Maintenance		3,000.00
Garbage		13,000.00
To set aside funds for purchase of equipment.		
Water Main Replacement: Debt Service	75,000.00	
Infrastructure Improvements: General		75,000.00
To subsidize debt service payments.		
Water Main Replacement: Water Works Reserve	15,826.00	
Water Main Replacement: Water Works Short Lived Assets	45,533.00	
Water Main Replacement: Debt Service		61,359.00
To set aside funds for required reserves.		
General	6,190.78	
Street		1,049.80
Infrastructure Improvements: General		5,140.98
To correct prior year posting error.		

Note 7 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The city pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$5,000,000 per occurrence for general liability and automobile; and \$1,231,910 for public assets.

The city also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the city with a blanket fidelity bond coverage in the amount of \$1,977,654 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The city has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 8 **PENSION PLAN**

North Dakota Public Employees Retirement System (Main System)

The city provides benefits for all of its full-time employees through the North Dakota Public Employees Retirement System (NDPERS).

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54 – 52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the NDPERS plan is financed through the contributions and investment earnings of the plan.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55 – 64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation. During the years ended December 31, 2024 and 2023 the city contributed \$21,470.05 and \$15,722.76, respectively.

Note 9 TAX ABATEMENTS

The city has not entered into any tax abatement agreements that would reduce the city's tax revenues for the years ended December 31, 2024 and 2023.

Note 10 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to properly reclassify the Library Fund as a Special Revenue Fund:

	<u>Governmental Activities</u>
Net Position as previously reported	2,544,003.37
Adjustment to restate the January 1, 2023 balance:	
Cash, Cash Equivalents and Investments	<u>14,224.41</u>
Net Position, January 1, 2023 as restated	<u>2,558,227.78</u>
	<u>Governmental Activities</u>
Fund Balance as previously reported:	2,198,957.49
Adjustment to restate the January 1, 2023 balance:	
Cash, Cash Equivalents and Investments	<u>14,224.41</u>
Fund Balance, January 1, 2023 as restated	<u>2,213,181.90</u>
	<u>Fiduciary Fund</u>
Net Position as previously reported:	14,224.41
Adjustment to restate the January 1, 2023 balance:	
Cash and Investments	<u>(14,224.41)</u>
Net Position, January 1, 2023 as restated	<u>-</u>

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	264,760.42	319,694.27	54,933.85
Licenses, Permits and Fees	17,053.00	17,425.31	372.31
Intergovernmental	189,850.00	174,705.33	(15,144.67)
Charges for Services	8,600.00	15,504.26	6,904.26
Fines and Forfeits	300.00	212.00	(88.00)
Miscellaneous	41,400.00	22,577.31	(18,822.69)
Total Revenues	521,963.42	550,118.48	28,155.06
<u>Expenditures:</u>			
Current:			
General Government	241,563.00	265,285.21	(23,722.21)
Public Safety	175,288.00	172,892.98	2,395.02
Health and Welfare	18,000.00		18,000.00
Culture and Recreation	72,750.00	30,491.61	42,258.39
Other	35,400.00		35,400.00
Total Expenditures	543,001.00	468,669.80	74,331.20
Excess (Deficiency) of Revenue Over (Under) Expenditures	(21,037.58)	81,448.68	102,486.26
<u>Other Financing (Uses):</u>			
Transfers Out	(93,000.00)	(233,696.08)	(140,696.08)
Net Change in Fund Balances	(114,037.58)	(152,247.40)	(38,209.82)
Fund Balance - January 1	564,164.09	564,164.09	
Fund Balance - December 31	450,126.51	411,916.69	(38,209.82)

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	232,582.27	285,999.96	53,417.69
Special Assessments		140,496.08	140,496.08
Licenses, Permits and Fees	17,540.00	17,890.43	350.43
Intergovernmental	181,150.00	169,998.54	(11,151.46)
Charges for Services	5,850.00	23,457.12	17,607.12
Fines and Forfeits	150.00	152.00	2.00
Miscellaneous	7,500.00	39,370.26	31,870.26
Total Revenues	444,772.27	677,364.39	232,592.12
<u>Expenditures:</u>			
Current:			
General Government	201,622.00	286,952.89	(85,330.89)
Public Safety	166,081.00	169,755.85	(3,674.85)
Health and Welfare	14,185.00		14,185.00
Culture and Recreation	71,380.00	17,574.72	53,805.28
Other	36,000.00		36,000.00
Total Expenditures	489,268.00	474,283.46	14,984.54
Excess (Deficiency) of Revenue Over (Under) Expenditures	(44,495.73)	203,080.93	247,576.66
<u>Other Financing Sources (Uses):</u>			
Transfers In		6,190.78	6,190.78
Transfers Out		(92,598.20)	(92,598.20)
Total Other Financing Sources (Uses):	-	(86,407.42)	(86,407.42)
Net Change in Fund Balances	(44,495.73)	116,673.51	161,169.24
Fund Balance - January 1	447,490.58	447,490.58	
Fund Balance - December 31	402,994.85	564,164.09	161,169.24

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Infrastructure Improvements Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	92,000.00	102,811.09	10,811.09
Intergovernmental		125,000.00	125,000.00
Miscellaneous	5,500.00	8,957.77	3,457.77
Total Revenues	97,500.00	236,768.86	139,268.86
<u>Expenditures:</u>			
Current:			
Streets and Public Works	60,000.00	48,272.30	11,727.70
Other	50,000.00		50,000.00
Total Expenditures	110,000.00	48,272.30	61,727.70
Excess (Deficiency) of Revenue Over (Under) Expenditures	(12,500.00)	188,496.56	200,996.56
<u>Other Financing (Uses):</u>			
Transfers Out	(75,000.00)	(75,000.00)	-
Net Change in Fund Balances	(87,500.00)	113,496.56	200,996.56
Fund Balance - January 1	688,635.14	688,635.14	
Fund Balance - December 31	601,135.14	802,131.70	200,996.56

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2024 and 2023

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Based upon available financial information and requests by the governing board, the city auditor prepares the preliminary budget. The city budget is prepared for the general, special revenue and debt service funds by function and activity on the cash basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year end.

The governing board holds a public hearing where any taxpayer may testify in favor of, or against, any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7, the board adopts the final budget. The final budget must be filed with the county auditor by October 10. No expenditure shall be made, or liability incurred, in excess of the total appropriation by fund except as authorized by North Dakota Century Code Section 40-40-18. However, the governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the official proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the budgets during the years ended December 31, 2024 and 2023.

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2024

	Balance 1-1-2024	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2024
<u>Major Governmental Fund</u>						
General Fund	564,164.09	550,118.48		233,696.08	468,669.80	411,916.69
Street Project 2021-1 - Special Assessment Funds	242,414.79	536,978.02	140,496.08		484,976.71	434,912.18
<u>Infrastructure Improvements:</u>						
General	188,380.39	111,768.86		75,000.00	48,272.30	176,876.95
Reserve	157,299.00					157,299.00
Municipal	342,955.75	125,000.00				467,955.75
Total Major Governmental Funds	1,495,214.02	1,323,865.36	140,496.08	308,696.08	1,001,918.81	1,648,960.57
<u>Non-Major Governmental Funds</u>						
Street	90,037.94	171,649.06	40,000.00	7,000.00	172,051.93	122,635.07
Legacy Highway Earnings Fund	28,053.83	1,351.62			11,700.00	17,705.45
Emergency	13,460.79	7,221.20				20,681.99
Special Assessment Deficiency	100,435.12	8,421.95				108,857.07
Airport	366,887.79	50,544.61			99,932.99	317,499.41
Economic Development	2,678.57	102,811.09			102,811.09	2,678.57
Siren	5,585.60	200.00	200.00			5,985.60
Equipment	106,782.92	3,292.19	33,000.00		39,358.27	103,716.84
Fire Department Equipment and Building	83,348.85	13,151.74			161.45	96,339.14
Community Development	100.00					100.00
American Rescue Plan	26,014.28				26,014.28	-
Lodging Tax		2,026.66				2,026.66
Library	7,728.92	31,623.39	3,000.00		38,546.76	3,805.55
Swimming Pool	19,713.10	62,192.11			60,482.50	21,422.71
Street Project 2021-1 - Construction	59.98	10.00				69.98
Total Non-Major Governmental Funds	850,887.69	454,495.62	76,200.00	7,000.00	551,059.27	823,524.04
Total Governmental Funds	2,346,101.71	1,778,360.98	216,696.08	315,696.08	1,552,978.08	2,472,484.61
<u>Major Enterprise Funds</u>						
Water Department	661,243.76	351,941.03	50,000.00	10,000.00	397,066.48	656,118.31
<u>Water Main Replacement:</u>						
Construction	805.04	5.00				810.04
Debt Service	495,082.70	224,444.85	75,000.00	61,359.00	158,258.00	574,910.55
Water Works Reserve	47,478.00		15,826.00			63,304.00
Water Works Short Lived Assets	136,599.00		45,533.00			182,132.00
Garbage Department	316,756.85	310,724.78		13,000.00	305,612.96	308,868.67
Total Major Enterprise Funds	1,657,965.35	887,115.66	186,359.00	84,359.00	860,937.44	1,786,143.57
<u>Non-Major Enterprise Funds</u>						
Sewer Maintenance	77,861.85	120,623.61		3,000.00	99,453.70	96,031.76
Total Enterprise Funds	1,735,827.20	1,007,739.27	186,359.00	87,359.00	960,391.14	1,882,175.33
Total All Funds	4,081,928.91	2,786,100.25	403,055.08	403,055.08	2,513,369.22	4,354,659.94

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2023

	Balance 1-1-2023	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2023
<u>Major Governmental Fund</u>						
General Fund	447,490.58	677,364.39	6,190.78	92,598.20	474,283.46	564,164.09
Street Project 2021-1 - Special Assessment Funds	472,630.26	487,814.02			718,029.49	242,414.79
Street Project 2021-1 - Construction	13,446.32	2,579,851.55			2,593,237.89	59.98
Total Major Governmental Funds	933,567.16	3,745,029.96	6,190.78	92,598.20	3,785,550.84	806,638.86
<u>Non-Major Governmental Funds</u>						
Street	118,181.35	187,121.59		8,049.80	207,215.20	90,037.94
Legacy Highway Earnings Fund		28,053.83				28,053.83
Emergency	7,128.92	6,331.87				13,460.79
Special Assessment Deficiency	98,409.64	2,025.48				100,435.12
Airport	327,452.66	42,598.14			3,163.01	366,887.79
Economic Development	2,678.57	111,193.91			111,193.91	2,678.57
Siren	5,185.60	200.00	200.00			5,585.60
<u>Infrastructure Improvements:</u>						
General	176,451.94	112,312.89		80,140.98	20,243.46	188,380.39
Reserve	157,299.00					157,299.00
Municipal	151,373.65	211,842.30			20,260.20	342,955.75
Equipment	92,938.92	44.00	33,000.00		19,200.00	106,782.92
Fire Department Equipment and Building	83,644.03	13,899.23			14,194.41	83,348.85
Community Development	100.00					100.00
American Rescue Plan	26,014.28					26,014.28
Library	14,224.41	29,352.02	3,000.00		38,847.51	7,728.92
Swimming Pool	18,531.77	62,913.83			61,732.50	19,713.10
Total Non-Major Governmental Funds	1,279,614.74	807,889.09	36,200.00	88,190.78	496,050.20	1,539,462.85
Total Governmental Funds	2,213,181.90	4,552,919.05	42,390.78	180,788.98	4,281,601.04	2,346,101.71
<u>Major Enterprise Funds</u>						
Water Department	669,337.31	275,860.52	89,398.20	10,000.00	363,352.27	661,243.76
<u>Water Main Replacement:</u>						
Construction	805.04	142,663.84			142,663.84	805.04
Debt Service	422,809.22	216,890.48	75,000.00	61,359.00	158,258.00	495,082.70
Water Works Reserve	31,652.00		15,826.00			47,478.00
Water Works Short Lived Assets	91,066.00		45,533.00			136,599.00
Garbage Department	298,109.72	275,823.41		13,000.00	244,176.28	316,756.85
Total Major Enterprise Funds	1,513,779.29	911,238.25	225,757.20	84,359.00	908,450.39	1,657,965.35
<u>Non-Major Enterprise Funds</u>						
Sewer Maintenance	86,890.60	89,950.68		3,000.00	95,979.43	77,861.85
Total Enterprise Funds	1,600,669.89	1,001,188.93	225,757.20	87,359.00	1,004,429.82	1,735,827.20
Total All Funds	3,813,851.79	5,554,107.98	268,147.98	268,147.98	5,286,030.86	4,081,928.91

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Bryce Fischer, CPA
Todd Goehring, CPA

Specializing in Governmental Auditing

1003 E. Interstate Ave. Ste. 7
Bismarck, ND 58503-0500
Phone 701-258-4560
rathandmehrer@hotmail.com

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
City of New Rockford
New Rockford, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Rockford, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the city's basic financial statements, and have issued our report thereon dated August 15, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the city's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the city's response to the findings identified in our audits and described in the accompanying *Schedule of Findings and Responses*. The city's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

August 15, 2025

CITY OF NEW ROCKFORD
New Rockford, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2024 and 2023

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified-Modified Cash Basis
Business-Type Activities	Unmodified-Modified Cash Basis
Major Governmental Funds	Unmodified-Modified Cash Basis
Major Business-Type Funds	Unmodified-Modified Cash Basis
Aggregate Remaining Fund Information	Unmodified-Modified Cash Basis

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None Reported
- Noncompliance material to financial Statements noted? ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. 2024-001 – Segregation of Duties

Criteria: To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud, there should be a segregation of the functions of approval, custody of assets, posting and reconciliation.

Condition: The city has one person responsible for most accounting functions. The employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare bank reconciliations.

Cause: The city does not have a large enough staff to properly segregate all duties.

Effect: A lack of segregation of duties leads to a limited degree of internal control.

Recommendation: We recommend that management and the governing board be aware of the lack of segregation of duties and implement controls whenever possible to mitigate this risk.

Views of Responsible Officials: The city is aware of the condition and segregates duties whenever possible.

2. 2024-002- Financial Statement Preparation

Criteria: A good system of internal controls requires the city to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the city must maintain knowledge of current accounting principles and required financial statement disclosures.

Condition: The city's financial statements, including the accompanying note disclosures, are prepared by the city's external auditors.

Cause: The city feels that it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

Effect: Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation: We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to external distribution.

Views of Responsible Officials: The city will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.