

PRELIMINARY OFFICIAL STATEMENT December 10, 2024

New Issue

S & P Global Rating Requested

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

\$1,820,000

City of Rockford, Minnesota

General Obligation Capital Notes, Series 2025A

PURPOSE/AUTHORITY: The \$1,820,000 General Obligation Capital Notes, Series 2025A (the "Notes") are issued pursuant to Minnesota Statutes, Chapters 412 and 475 to finance the purchase of an aerial truck (the "Project"). The Notes will be general obligations of the City of Rockford, Minnesota (the "City") for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. The City pledges tax levies to make the semi-annual payments.

BID OPEN & AWARD: Tuesday, January 14, 2025; Open 11:00 A.M. CST; Award 6:00 P.M. CST.

DATED DATE: February 4, 2025

MATURITY: The Notes will mature February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$ 160,000	2032	\$ 185,000
2028	165,000	2033	190,000
2029	165,000	2034	195,000
2030	175,000	2035	200,000
2031	180,000	2036	205,000

INTEREST: August 1, 2025, and each February 1 and August 1 thereafter.

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

CALL DATE: February 1, 2032

MINIMUM BID: \$1,796,340.00 (98.70%)

TAX STATUS: Tax-exempt; bank-qualified

GOOD FAITH DEPOSIT: \$36,400 payable to the City on the sale date

CLOSING/ DELIVERY DATE: On or about February 4, 2025

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

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this POS constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



DDA  
David Drown Associates, Inc.  
Public Finance Advisors

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

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

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

## **PRELIMINARY OFFICIAL STATEMENT**

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

## **REVIEW PERIOD**

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

## **FINAL OFFICIAL STATEMENT**

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

## **REPRESENTATIONS**

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

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

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

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

## Table of Contents

<b>INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT .....</b>	<b>5</b>
<b>TERMS OF OFFERING .....</b>	<b>7</b>
<b>OFFICIAL STATEMENT .....</b>	<b>12</b>
Full Continuing Disclosure.....	12
Authority and Purpose.....	12
Sources and Uses.....	12
Payment and Security.....	12
Optional Redemption.....	13
Rating.....	13
Taxability of Interest.....	13
Other Federal Tax Considerations.....	14
Details of Certain Terms.....	14
Original Issue Discount.....	15
Original Issue Premium.....	15
Term Bond Option.....	15
Bank-qualified Tax-Exempt Obligations.....	15
Book Entry System.....	15
Litigation.....	17
Future Financing.....	17
Legality.....	17
Municipal Advisor.....	17
Certification.....	17
<b>VALUATIONS – COUNTY AUDITOR.....</b>	<b>18</b>
<b>TRENDS IN VALUATIONS .....</b>	<b>18</b>
<b>CASH AND INVESTMENTS.....</b>	<b>18</b>
<b>CITY INDEBTEDNESS.....</b>	<b>19</b>
Legal Debt Limit and Margin.....	19
General Obligation Debt Supported by Tax Levies.....	19
General Obligation Debt Supported by Tax Increment.....	19
General Obligation Debt Supported by Revenues.....	19
Lease Agreement & Other.....	19
Summary of Direct Debt Including This Issue.....	20
Overlapping Debt.....	20
Debt Ratios.....	20
Annual Debt Service Payments.....	21
<b>GENERAL INFORMATION .....</b>	<b>22</b>
Organization.....	22
City Services.....	22
Employee Pensions.....	22
Census Data.....	23
Employment Data.....	23
Financial Services.....	23
Major Employers.....	23
Commercial/Industrial Development.....	24
Building Permits.....	24
Healthcare.....	24
Transportation.....	24
Education.....	24
Utilities.....	24
Communications.....	25

Appendix A:	Hennepin and Wright County Auditor’s Certificates
Appendix B:	Proposed Form of Legal Opinion
Appendix C:	Proposed Form of (Full) Continuing Disclosure
Appendix D:	Summary of Tax Levies, Payment Provisions & Valuations
Appendix E:	2023 Audited Financial Statement
Appendix F:	Continuing Disclosure Filings via EMMA

## CITY OF ROCKFORD, MINNESOTA

### City of Rockford City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Renee Hafften	Mayor	2024
Wyatt Gutzke	Council Member	2026
Heather Michalik	Council Member	2026
Missy Vogel	Council Member	2024
Mike Werman	Council Member	2026

### Administration

Anna Carlson	City Administrator	Appointed
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### Bond Counsel

Taft Stettinius & Hollister LLP  
Minneapolis, MN

### Municipal Advisor

David Drown Associates, Inc.  
Minneapolis, MN

## INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

*The following information is furnished solely to provide limited introductory information regarding the \$1,820,000 General Obligation Capital Notes, Series 2025A, of City of Rockford, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.*

Issuer:	City of Rockford, Minnesota																								
Sale Date & Time:	Tuesday, January 14, 2025, 11:00 A.M. Central																								
Award Date & Time:	Tuesday, January 14, 2025; 6:00 P.M. Central																								
Dated Date:	February 4, 2025																								
Interest Payments:	August 1, 2025, and each February 1 and August 1 thereafter to registered owners of the Notes appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the “Record Date”)																								
Principal Payments:	February 1 in the years and amounts as follows:																								
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Amount</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2027</td> <td style="text-align: center;">\$ 160,000</td> <td style="text-align: center;">2032</td> <td style="text-align: center;">\$ 185,000</td> </tr> <tr> <td style="text-align: center;">2028</td> <td style="text-align: center;">165,000</td> <td style="text-align: center;">2033</td> <td style="text-align: center;">190,000</td> </tr> <tr> <td style="text-align: center;">2029</td> <td style="text-align: center;">165,000</td> <td style="text-align: center;">2034</td> <td style="text-align: center;">195,000</td> </tr> <tr> <td style="text-align: center;">2030</td> <td style="text-align: center;">175,000</td> <td style="text-align: center;">2035</td> <td style="text-align: center;">200,000</td> </tr> <tr> <td style="text-align: center;">2031</td> <td style="text-align: center;">180,000</td> <td style="text-align: center;">2036</td> <td style="text-align: center;">205,000</td> </tr> </tbody> </table>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	2027	\$ 160,000	2032	\$ 185,000	2028	165,000	2033	190,000	2029	165,000	2034	195,000	2030	175,000	2035	200,000	2031	180,000	2036	205,000
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Rating:	The City <i>has</i> requested a rating from S & P Global Rating																								
Maturity Adjustment:	The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each																								
Continuing Disclosure:	Full continuing disclosure																								
Security:	The City pledges tax levies to make the semi-annual payments																								
Purpose:	Proceeds will finance the City’s purchase of an aerial truck																								
Authority:	Minnesota Statutes, Chapters 412 and 475																								
Optional Redemption:	Notes are callable on February 1, 2032.																								
Tax Status:	Tax-exempt, bank-qualified																								
Legal Opinion:	Taft Stettinius & Hollister LLP, Minneapolis, Minnesota																								
Municipal Advisor:	David Drown Associates, Inc., Minneapolis, Minnesota																								
Closing/Delivery:	On or about February 4, 2025																								

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

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## TERMS OF OFFERING

City of Rockford, Minnesota

\$1,820,000

General Obligation Capital Notes, Series 2025A

(BOOK ENTRY ONLY)

### TERMS OF PROPOSAL

Proposals for the Capital Notes will be received on Tuesday, January 14, 2025 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, 55410 after which time they will be opened and tabulated. Consideration for award of the Capital Notes will be by the City Council at 6:00 P.M., Central Time, on that same date.

### SUBMISSION OF PROPOSALS

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

Notice is hereby given that electronic proposals will be received via PARITY<sup>®</sup>, in the manner described below, until 11:00 a.m., local time on January 14, 2025. Bids may be submitted electronically via PARITY<sup>®</sup> pursuant to this Notice until 11:00 a.m., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY<sup>®</sup> conflict with this Notice, the terms of this Notice shall control. For further information about PARITY<sup>®</sup>, potential bidders may contact David Drown Associates, Inc. or PARITY<sup>®</sup> at (212) 806-8304.

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

### DETAILS OF THE CAPITAL NOTES

The Capital Notes will be dated February 4, 2025, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Capital Notes will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2027	\$160,000
2028	165,000
2029	165,000
2030	175,000
2031	180,000
2032	185,000
2033	190,000
2034	195,000
2035	200,000
2036	205,000

## **TERM BOND OPTION**

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

## **BOOK ENTRY SYSTEM**

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

## **REGISTRAR**

The City will name US Bank Trust Company, National Association., St. Paul, MN, as registrar for the Capital Notes. US Bank Trust Company, National Association shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

## **OPTIONAL REDEMPTION**

The City may elect on February 1, 2032 and on any day thereafter, to prepay Capital Notes due on or after February 1, 2033. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Capital Notes of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

## **SECURITY AND PURPOSE**

The Capital Notes will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City has pledged tax levies to make the semi-annual payments. The proceeds will be used to finance the purchase of an aerial truck.

## **TYPE OF PROPOSALS**

Proposals shall be for not less than \$1,796,340.00 (98.70%) and accrued interest on the total principal amount of the Capital Notes. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$36,400.00 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Capital Notes is adjourned, recessed, or continued to another date without award of the Capital Notes having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Capital Notes of the same maturity shall bear a single rate from the date of the Capital Notes to the date of maturity. No conditional proposals will be accepted.



## AWARD

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

## MATURITY ADJUSTMENTS

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

## ISSUE PRICE DETERMINATION

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

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

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

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

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

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

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

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

### **CUSIP NUMBERS**

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

### **SETTLEMENT**

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

### **FULL CONTINUING DISCLOSURE**

On the date of the actual issuance and delivery of the Capital Notes, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide annual financial information including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5).

### **OFFICIAL STATEMENT**

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Capital Notes, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor of the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Capital Notes, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Capital Notes, as that term is defined in Rule 15c2-12. By awarding the Capital Notes to any underwriter or underwriting syndicate submitting a proposal therefor,

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

Dated: December 10, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Anna Carlson  
City Administrator

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# OFFICIAL STATEMENT

## CITY OF ROCKFORD, MINNESOTA

### \$1,820,000 General Obligation Capital Notes, Series 2025A

#### INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of, \$1,820,000 General Obligation Capital Notes, Series 2025A (the “Notes”) by City of Rockford, Minnesota (the “City”). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Notes authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Ms. Anna Carlson, City Administrator, City of Rockford, 6031 Main Street, Rockford MN 55373 or by telephoning (763) 477-6565.

#### Full Continuing Disclosure

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

The City has always complied with the requirements of their Continuing Disclosure Undertakings. Although not always filed immediately upon their completion, City Audits have always been filed by the deadline outlined in their Continuing Disclosure Undertakings. The City works with a dissemination agent. See Appendix F for Continuing Disclosure information available from EMMA.

#### Authority and Purpose

The Notes are being issued pursuant to Minnesota Statutes, Chapters 412 and 475 for the purpose of financing the City's purchase of an aerial truck.

#### Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Par Amount of the Notes	\$ 1,820,000	Project Costs	\$ 1,874,040
Construction Fund Earnings	24,800	Underwriter's Discount (1.30%)	23,660
Cash Contribution	<u>100,000</u>	Issuance Costs	<u>47,100</u>
Totals	\$ 1,944,800	Total	\$ 1,944,800

#### Payment and Security

The Notes are a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. The City pledges tax levies to make the semi-annual payments.

## Optional Redemption

The City may elect on February 1, 2032 and on any day thereafter, to prepay Notes due on or after February 1, 2033. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Notes of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

## Rating

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

## Taxability of Interest

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

1. Gross Income: the Notes, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trust and estates for Minnesota income tax purposes, but such interest is includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax.
2. Alternative Minimum Tax: interest on the Notes is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; however, interest on the Notes is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022.
3. Compliance: the above opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements that must be satisfied subsequent to the issuance of the Notes. FAILURE TO COMPLY WITH CERTAIN OF SUCH REQUIREMENTS MAY CAUSE THE INCLUSION OF INTEREST ON THE NOTES IN FEDERAL GROSS INCOME AND IN MINNESOTA TAXABLE NET INCOME RETROACTIVE TO THE DATE OF ISSUANCE OF THE NOTES.

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

## Other Federal Tax Considerations

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

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

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

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

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

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

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

General The above is not a comprehensive list of all federal or state tax consequences which may arise from the receipt or accrual of interest on the Notes. The receipt or accrual of interest on the Notes may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Notes.

## Details of Certain Terms

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

## Original Issue Discount

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

## Original Issue Premium

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

## Term Bond Option

Bids for the Notes may contain a maturity schedule providing for a combination of serial Notes and term Notes; provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. All term Notes shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term Notes, the bid must specify as provided on the Proposal Form.

## Bank-qualified Tax-Exempt Obligations

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

## Book Entry System

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

DTC is a limited-purpose trust company organized under the New York State Banking Law, a "banking organization" within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York State Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-sale settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporations, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporations (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the



New York Stock Exchanges, Inc., the American Stock Exchanges LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

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



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

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

## Litigation

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

## Future Financing

The City of Rockford does not currently have plans for any further financing in the next six (6) months.

## Legality

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

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

## Municipal Advisor

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Notes. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information contained in the Preliminary Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken to independently verify, the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## Certification

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

## VALUATIONS – COUNTY AUDITOR

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For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full County Auditor’s Certificate from Hennepin and Wright Counties in Minnesota for taxes payable in 2024 found under Appendix A.

The City of Rockford lies within two (2) counties. Unless otherwise indicated, all figures are a combined total that represents the entirety of the City.

## TRENDS IN VALUATIONS

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### Trends in Valuations

<u>Year</u>	<u>Economic Market Value</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Adjusted Net Tax Capacity</u>
2023/24	\$ 551,565,652	\$ 537,546,800	\$ 523,981,822	\$ 5,868,044
2022/23	498,509,907	456,811,700	442,007,883	4,897,779
2021/22	416,462,401	383,845,300	367,716,115	4,115,242
2020/21	366,791,992	363,550,200	347,494,965	3,902,822
2019/20	359,998,284	327,678,000	310,098,400	3,491,896
2018/19	323,072,738	307,296,800	288,448,040	3,276,117
2017/18	309,171,136	288,530,100	269,613,610	3,088,318
2016/17	292,117,060	273,052,200	263,065,430	2,929,161
2015/16	292,117,060	261,795,200	241,096,110	2,805,050

## CASH AND INVESTMENTS

*(as of September 30, 2024)*

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<u>Fund</u>	<u>Cash/Investments</u>
General	\$ 2,549,200
Special	582,469
Debt Service	632,568
Capital	2,012,286
Enterprise	<u>4,531,234</u>
 Total	 \$ 10,307,757

## CITY INDEBTEDNESS

(as of 01/01/2025)

### Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$ 16,126,404
Less: Outstanding Debt Subject to Limit	<u>2,445,000</u>
 Legal Debt Margin as of 01/01/2025	 \$ 13,681,404

### General Obligation Debt Supported by Tax Levies

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
02/04/2025	\$ 1,820,000	Capital Notes, This Issue	02/01/2036	\$ 1,820,000
07/12/2016	665,000	Abatement Refunding Portion 2016B	02/01/2025	45,000
12/01/2014	1,285,000	CIP Refunding Portion 2014C	02/01/2031	625,000
04/01/2014	1,950,000	Taxable Tax Abatement	02/01/2035	<u>145,000</u>
 Total				 \$ 2,635,000

### General Obligation Debt Supported by Tax Increment

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
07/12/2016	\$ 1,005,000	Tax Increment	02/01/2038	\$ <u>740,000</u>
 Total				 \$ 740,000

### General Obligation Debt Supported by Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
06/10/2022	\$ 1,344,000	Utility Revenue	02/01/2033	\$ 1,229,000
12/01/2014	845,000	Utility Refunding Portion 2014C	02/01/2031	400,000
06/01/2014	4,795,000	Water/Sewer Revenue	02/01/2030	<u>2,240,000</u>
 Total				 \$ 3,869,000

### Lease Agreement & Other

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
11/15/2021	\$ 138,722	Equipment Lease	11/15/2026	\$ <u>71,840</u>
 Total				 \$ 71,840

**Summary of Direct Debt Including This Issue**

	<u>Gross Debt</u>	<u>Less: Debt Funds</u>	<u>Net Direct Debt</u>
GO Debt Supported by Tax Levies	\$ 2,635,000	\$ -	\$ 2,635,000
GO Debt Supported by Tax Increments	740,000	-	740,000
GO Debt Supported by Revenues	3,869,000	-	3,869,000
Lease Agreement Debt	<u>71,840</u>	<u>-</u>	<u>71,840</u>
<b>Total</b>	<b>\$ 7,315,840</b>	<b>\$ -</b>	<b>\$ 7,315,840</b>

**Overlapping Debt**

<u>Taxing Unit</u>	<u>2023/24 Tax Capacity</u>	<u>% in City</u>	<u>Total General Obligation Debt</u>	<u>City Share</u>
Wright County	\$ 281,065,244	1.84%	\$ 126,585,000	\$ 2,328,026
Rockford ISD # 883	21,282,286	27.57%	31,039,000	8,557,380
Hennepin County	2,859,451,218	0.024%	1,423,815,000	348,041
Metro Council	2,857,422,954	0.024%	1,193,534,000	291,957
Metro Transit	2,688,714,410	0.026%	501,295,000	130,319
Three River Parks*	2,052,772,775	0.034%	59,870,000	20,386
HCRAA*	2,859,451,218	0.024%	81,665,000	<u>19,962</u>
<b>Total</b>				<b>\$ 11,696,071</b>

\* Includes only the Hennepin county portion of these jurisdictions.

**Debt Ratios**

	<u>Net General Obligation Debt</u>	<u>Debt/Economic Market Value</u>	<u>Debt per Capita</u>
		<u>\$ 551,565,652</u>	<u>4,500</u>
Net Direct General Obligation Debt*	\$ 3,375,000	0.61%	\$ 750
Net Direct and Overlapping GO Debt	15,071,071	2.73%	3,349

\* Excludes General Obligation Debt supported by revenues, Revenue and Lease Debt

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**Annual Debt Service Payments**

Year	GO Debt Supported by Tax Levies			GO Debt Supported by Tax Increments		
	Principal	Payment	% Retired	Principal	Payment	% Retired
2025	\$ 135,000	\$ 188,795	5%	\$ 45,000	\$ 63,000	6%
2026	95,000	334,478	9%	45,000	62,100	12%
2027	255,000	333,809	18%	45,000	61,200	18%
2028	265,000	330,581	28%	50,000	65,250	25%
2029	265,000	332,184	39%	50,000	64,125	32%
2030	285,000	338,378	49%	50,000	62,875	39%
2031	295,000	339,003	61%	50,000	61,625	45%
2032	200,000	236,086	68%	55,000	65,313	53%
2033	205,000	234,613	76%	55,000	63,869	60%
2034	210,000	232,825	84%	55,000	62,356	68%
2035	220,000	235,618	92%	55,000	60,844	75%
2036	205,000	3,434	100%	60,000	64,263	83%
2037	-	-		60,000	62,613	91%
2038	-	-		65,000	65,894	100%
Totals	\$ 2,635,000	\$ 3,139,803		\$ 740,000	\$ 885,325	

Year	GO Debt Supported by Revenues			Lease Agreement		
	Principal	Payment	% Retired	Principal	Payment	% Retired
2025	\$ 520,000	\$ 638,105	13%	\$ 35,278	\$ 37,892	49%
2026	535,000	636,859	27%	36,562	37,892	100%
2027	549,000	633,892	41%	-	-	
2028	570,000	636,906	56%	-	-	
2029	585,000	632,871	71%	-	-	
2030	605,000	632,717	87%	-	-	
2031	205,000	218,693	92%	-	-	
2032	150,000	157,637	96%	-	-	
2033	150,000	152,546	100%	-	-	
Totals	\$ 3,869,000	\$ 4,340,224		\$ 71,840	\$ 75,784	

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## GENERAL INFORMATION

The City of Rockford is located in Hennepin and Wright Counties, approximately 25 west of the Twin Cities Metropolitan area. State Highway 55 runs through the City, providing easy access to the Twin Cities. U.S. Highway 12 runs within four (4) miles of the City.

### Organization

The City of Rockford was organized in 1881 and is a Minnesota Statutory City organized under Optional Plan A. They currently operate under the Mayor-Council form of government. The City Council is composed of a mayor and four Council members. The Mayor is elected at large and serves a four-year term. Four Council members are elected from two (2) precincts within the City to serve overlapping four-year terms. The present Council is comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Renee Hafften	Mayor	2024
Wyatt Gutzke	Council Member	2026
Heather Michalik	Council Member	2026
Missy Vogel	Council Member	2024
Mike Werman	Council Member	2026

The City Administrator, Anna Carlson, is appointed by the City Council and is responsible for administering the various City departments, implementing Council policies and coordinating the preparation of the annual City budget. There are 10 full-time City employees and 1 part-time employee, all in the administration/finance and public works departments.

The City is provided police services through the Wright County Sheriff's office but has its own volunteer fire department with 29 part-time fire fighters. The department has access to the following major equipment: 2001 Aerial truck, 2012 Brush Truck, 2007 Spartan Fire Truck, 2005 Sterling Rescue Truck, 2006 Sterling Tanker Truck, 2016 Tanker Pumper Truck, 2006 Utility 11, 2001 Grass Truck, 2012 Command 11, and 2022 Utility 13.

The City also has five (5) parks that provide various recreational opportunities. The parks include: Riverside Park, Kettenacker Park, Mutterer Park, Windfield Ponds Parks, and the Jim Thorne Park.

### City Services

The City's municipal water service has five (5) wells with a pumping capacity of 3,200 gallons per minute. The average demand is 300,000 gallons per day with a peak demand of 1,100,000 gallons per day. The elevated storage capacity is 975,000 gallons and there are 1,438 connections to the system.

The City has a mechanical sanitary sewer system with a treatment capacity of 650,000 gallons per day. The average demand is 300,000 gallons per day with a peak demand of 450,000 gallons per day. There are 1,291 connections to the sanitary sewer system.

### Employee Pensions

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan and are covered by Social Security. The City's contribution to the General Employees Plan for the year ending December 31, 2023 was \$56,662. All members of the Rockford Fire Department are covered by a defined benefit plan administered by the Rockford Fire Department Relief Association. The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits by fire department members. The City made no contribution to the plan.

## Census Data

### Population Trends

	<u>Population</u>
2000 U.S. Census	3,484
2010 U.S. Census	4,214
2020 U.S. Census	4,500

Source: U.S. Census Bureau

### Income and Housing Statistics

	<u>City of Rockford</u>	<u>Hennepin County</u>	<u>Wright County</u>	<u>State of Minnesota</u>
2022 per Capita Income	\$ 41,083	\$ 55,615	\$ 44,098	\$ 45,021
2022 Median Household Income	76,181	83,399	93,602	82,668
Percent Living in Poverty	9.0%	10.7%	5.1%	9.6%
Median Value of Owner-Occupied Housing	\$ 250,800	\$ 377,100	\$ 339,500	\$ 314,600

Source: U.S. Census Bureau

The City of Rockford has 1,634 single-family homes and 132 multiple family homes. During the past 12 months, twenty-seven (27) new single-family homes have been constructed.

In the past 3 years the following subdivisions have been planned or constructed: Parkwood 4<sup>th</sup> (approximately 12 lots constructed), Parkwood 5<sup>th</sup> (25 lots), Parkwood 6<sup>th</sup> (27 lots), River Run (8 lots).

Source: City Records

## Employment Data

	<u>Labor Force</u>		<u>Unemployment Rate</u>		
	<u>Wright County</u>	<u>Hennepin Cnty</u>	<u>Wright County</u>	<u>Hennepin Cnty</u>	<u>Statewide</u>
October, 2024	76,420	701,387	2.5%	2.8%	2.6%
October, 2023	76,721	706,404	2.0%	2.4%	2.2%

Source: Minnesota Department of Employment and Economic Development

## Financial Services

Bankwest (formerly the Rockford State Bank) reported total deposits of \$116,389,000 as of June 30, 2024.

Source: FDIC Summary of Deposits

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
Rockford ISD #883	Public education	234
Wright-Hennepin Electric	Electric services	180
DiversiFoam Products	Insulation/styrofoam	80
Lamperts Yards	Lumber yard	50
Auto Chlor	Soap/detergent manufacturing	30
Diversified Remediation	Construction material	20
Kwik Trip	Gas station/convenience store	15
Domino's Pizza	Full-service restaurant	15
BankWest	Bank	15

Source: City Records

## Commercial/Industrial Development

There has no commercial/industrial development in the City the past 3 years.

The City has an 80-acre industrial park that is 100% developed. The City annexed another 49 acres that is planned for industrial development on the west edge of the city.

Source: *City Records*

## Building Permits

Year	Number of Permits			Total Value
	Comm./Ind.	Residential	Other**	
2024*	0	27	320	\$ 15,328,000
2023	0	22	170	10,116,128
2022	0	35	218	11,898,705
2021	1	59	351	24,324,856
2020	1	44	215	15,950,905

Source: *City Records*

\*as of December 15, 2024

\*\*other includes: remodeling permits, decks, misc. improvements. These were not included in the total value of permits column.

## Healthcare

There are no medical offices located within the City of Rockford. The nearest hospital is Buffalo Community Hospital located 10 miles to the west. Buffalo also has 3 nursing homes, Delano (9 miles away) has two nursing homes, and Maple plain (7 miles away) has a nursing home. In addition, the City of Maple Grove, 14 miles to the east, is home to several healthcare facilities.

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

## Transportation

The City of Rockford lies 25 west of Minneapolis. Interstates 494 and 94 run within 20 miles of the City providing easy access to the Twin Cities and St. Cloud. MN Highway 55 runs through the city.

Source: [www.mapquest.com](http://www.mapquest.com)

## Education

Hennepin Technical College and North Hennepin Community College, both located in Brooklyn Park, provide post-secondary education 20 miles east of the City. The University of Minnesota, Minneapolis Campus, lies within 30 miles of the City. Walden University, Capella University, and Augsburg College are the nearest private post-secondary education facilities and are located 30 miles east of the City.

The Rockford Public School District (ISD # 883) has three (3) school buildings – an elementary, a middle school and a high school.

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

## Utilities

The City of Rockford is supplied natural gas by Centerpoint Energy. Wright-Hennepin Cooperative and Excel Energy are the City's electric utility suppliers.



## Communications

The City of Rockford is provided local telephone service by Qwest. The City also has teleconferencing and local internet access available. The City's official newspaper is the Crow River News, which is published each Thursday. The City also has an internet presence at <http://www.cityofrockford.org>.

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## **APPENDIX A**

### **COUNTY AUDITOR CERTIFICATES**

The following pages contain a copy of the Hennepin County Auditor's Certificate for taxes payable in 2024 and the Wright County Auditor's Certificate for taxes payable in 2024.

STATE OF MINNESOTA ) CERTIFICATE AS TO TAXES AND TAXABLE PROPERTY IN  
)ss THE CITY OF ROCKFORD  
COUNTY OF HENNEPIN ) (Herein called the "TAXING DISTRICT")

I hereby certify that the TAXING DISTRICT is situated partly in this County and that:

1. CURRENT VALUATION - The market value and net tax capacity of all taxable property in the TAXING DISTRICT in this County as assessed in 2023 for the purpose of computing the rates of taxes collectible in 2024, are as follows:

ESTIMATED MARKET VALUE		
Real Estate		40,959,000
Personal Property		9,189,900
Real & Personal Property		50,148,900
HOMESTEAD MARKET VALUE EXCLUSION		586,774
TAXABLE MARKET VALUE		
Real Estate		40,372,226
Personal Property		9,189,900
Real & Personal Property		49,562,126
TAX CAPACITY		
Residential		216,174
Agricultural		314
Public Utility		
Railroad Operating Property		1,444
All Other Commercial & Industrial		197,040
Non-Homestead Residential/Multiple Dwelling		98,461
Commercial & Seasonal Recreational		2,490
Other		
	Common Area	
	Golf Course	
	Non Profit Community Assn	
<b>Total Real Estate</b>		<b>515,923</b>
<b>Total Personal Property</b>		<b>183,048</b>
<b>Total Real &amp; Personal Property</b>		<b>698,971</b>
<b>Manufactured Home Property</b>		<b>14,109</b>
If applicable to TAXING DISTRICT,		
Subtract:	Captured Tax Capacity of Tax Increment District	0
	10% of 200KV Transmission Lines	0
	Fiscal Disparity Contribution Value	0
	<b>Tax Capacity Rate Determination Value</b>	<b>698,971</b>
Add:	Fiscal Disparity Distribution Value	0
	<b>Total Adjusted Net Tax Capacity</b>	<b>698,971</b>

2. Valuation History (Real & Personal Property)

ROCKFORD

<b>Levy Year</b>	<b>Payable Year</b>	<b>Estimated Market Value</b>	<b>Taxable Market Value</b>	<b>Adjusted Net Tax Capacity</b>
2022	2023	46,771,500	46,080,800	649,152
2021	2022	39,933,100	39,028,715	559,195
2020	2021	35,912,300	34,957,765	498,983
2019	2020	33,314,600	32,316,900	449,057
2018	2019	34,156,000	33,073,740	467,052

3. Top Fifteen Taxpaying Parcels

<b>Taxpayer</b>	<b>Taxable Market Value</b>	<b>Tax Capacity</b>	<b>Property Classification</b>	<b>Real/Personal Property ID</b>
NORTHERN NATURAL GAS CO	7,697,700	153,954	UTILITY	52016
KINGSPAN INSULATION LLC	2,925,000	57,750	INDUSTRIAL	2911924410016
SPEEDWELL PROPERTIES LLC	4,592,000	57,400	APARTMENT	2911924410044
KWIK TRIP INC	2,518,000	49,610	COMMERCIAL	2911924420008
KINGSPAN INSULATION LLC	845,000	16,900	INDUSTRIAL	2911924420005
ROCKFORD HOLDINGS LLC	850,000	16,250	VACANT LAND-C	2911924420003
EDGE PROPERTIES LLC	1,271,000	15,888	APARTMENT	2911924420002
CENTERPOINT ENERGY	730,200	14,604	UTILITY	50768
TWO MAN PROPERTIES LLC	750,000	14,250	COMMERCIAL	2911924410045
KINGSPAN INSULATION LLC	620,000	12,400	INDUSTRIAL	2911924430001
4.0 SCHOOL SVCS OF ROCKFO	570,000	10,650	COMMERCIAL	52138
BRUCE J A TURNER	425,000	7,750	INDUSTRIAL	2911924440012
M & G PROPERTIES OF MN LLC	405,000	7,350	COMMERCIAL	2911924440014
BRIAN DONALD MEYER	645,200	6,815	RES LAKESHOR	2911924140042
JEFFREY M CASH JR	629,800	6,623	RES LAKESHOR	2911924140044

#### 4. Taxing Authority and Tax Rate History

ROCKFORD

The TAXING DISTRICT has power to tax property situated in the following county or counties:

#### **WRIGHT and Hennepin**

(The HOME AUDITOR is listed in capital letters.)

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

#### **5 Year Market Value Rate History**

<b>Governmental Unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
ROCKFORD	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
ISD 883	0.23695%	0.21358%	0.20762%	0.17421%	0.16501%

4. Taxing Authority and Tax Rate History (continued)

ROCKFORD

**5 Year Tax Capacity Rate History**

<b>Governmental Unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
HENNEPIN	41.084%	38.210%	38.535%	34.542%	34.681%
ROCKFORD	48.674%	44.345%	43.836%	41.278%	36.599%
ISD 883	38.800%	36.514%	34.350%	29.997%	26.058%
METRO MOSQUITO					
METRO COUNCIL					
METRO TRANSIT					
THREE RIVERS PARK DISTRICT	2.859%	2.793%	2.787%	2.473%	2.399%
PARK MUSEUM	0.710%	0.707%	0.722%	0.647%	0.694%
HCRRRA	1.388%	1.323%	1.329%	1.188%	1.153%
HENNEPIN HRA	0.801%	0.722%	0.771%	0.663%	0.624%

5. Bonded Indebtedness

ROCKFORD

The TAXING DISTRICT and all the governmental units listed having bonded debt, has such debt as shown below. Values shown are Adjusted Taxable Gross Tax Capacities which have been adjusted for Fiscal Disparities Contribution and Distribution, Tax Increment Captured Tax Capacity and 200 KV Transmission Lines.

<b>Governmental Unit</b>	<b>Taxable Net Tax Capacity of Entire Governmental Unit in County</b>	<b>Taxable Net Tax Capacity of Portion in TAXING DISTRICT in County</b>	<b>Bonded Debt as of 12/31/2023*</b>	<b>2024 Debt Service Tax Capacity Rate</b>
HENNEPIN	2,859,451,218	698,971	1,423,815,000	3.499%
ROCKFORD	698,971	698,971	See Wright County	3.752%
ISD 883	14,560,086	698,971	See Wright County	23.098%
METRO COUNCIL**	2,857,422,954	698,971	1,193,534,000	
METRO TRANSIT	2,688,714,410	698,971	501,295,000	
THREE RIVERS PARK DISTRICT	2,052,772,775	698,971	59,870,000	0.393%
HCRRRA	2,859,451,218	698,971	81,665,000	0.281%

\* Most recent data available

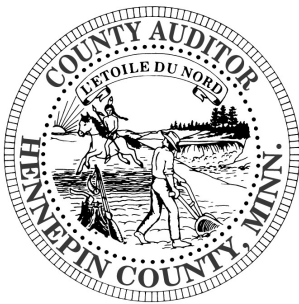
\*\* Hennepin County Value Only - Not Hanover or Rockford

6. Tax Levies and Collections

ROCKFORD

Levy Year/Collection Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Original Gross Tax Levy	\$220,810.93	\$225,637.25	\$245,659.53	\$270,775.73	\$255,816.40
Property Tax Credit	(\$12.00)	(\$11.77)	(\$11.50)	(\$11.95)	(\$11.83)
Levy Adjustments (Abatements, Additions, Cancellations)	(\$1,942.14)	\$0.82	(\$132.43)	(\$720.61)	\$0.17
Net Tax Levy	\$218,856.79	\$225,626.30	\$245,515.60	\$270,043.17	\$255,804.74
Amount collected during collection year	\$217,664.62	\$225,624.59	\$241,249.34	\$270,020.75	\$0.00
Balance due at the end of the collection period	\$1,192.17	\$1.71	\$4,266.26	\$22.42	\$255,804.74
Delinquencies Collected as of: 1/1/24	\$645.35	(\$489.71)	\$3,863.06	\$0.00	\$0.00
Delinquencies Abated or Cancelled as of: 1/1/24	(\$547.28)	(\$489.71)	(\$404.59)	\$0.00	\$0.00
Total Remaining Outstanding as of: 1/1/23	(\$0.46)	\$1.71	(\$1.39)	\$22.42	\$255,804.74

WITNESS my hand, Thursday, August 29, 2024



*Shawn Wink*

Deputy County Auditor

If you have any questions about information contained in this certificate, please contact Shawn Wink at (612) 348-5475.



STATE OF MINNESOTA )  
 )  
 COUNTY OF WRIGHT )

ss

CERTIFICATE AS TO TAXES AND TAXABLE PROPERTY  
 IN THE CITY OF ROCKFORD, MN (Herein called the "Taxing  
 District")

I hereby certify that the "Taxing District" is situated partly in the County and that:

1. Value of property taxable by the "Taxing District" as assessed in 2023 for the purpose of computing the rates of taxes collected in 2024 and additions thereto and deductions therefrom which are permitted or required for debt and tax limit purposes, are recorded as follows:

	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Tax Capacity</u>
Real Estate:			
Residential Homestead (Non-Ag) Class 1a & 1b			\$ 3,557,757
Agricultural (Class 1b, 1d 2a, 2b)			17,827
Commercial & Ind (Class 3a, 3b, 5(1)), (zoned Comm, Ind., Pub Util)			92,882
Public Utility			10,122
Railroad Operating Property			725,941
All Other Commercial & Industrial			615,390
Non-Homestead Residential (Class 4a, 4b(1-4), 4bb, 4c(2-4,6-8))			183,227
Residential Seasonal/Rec (Class 1c, 4c(1), 4c(5))			
Other (Class 5(2))			
Total Real Estate	\$ 486,638,000	\$ 473,659,796	\$ 5,203,146
Total Personal Property	\$ 759,900	\$ 759,900	\$ 14,538
Total Real and Personal Property	\$ 487,397,900	\$ 474,419,696	\$ 5,217,684
Subtract (Tax Increment)			48,611
Subtract (Power Line)			
Adjusted Tax Capacity			5,169,073
Mobile Home Valuation (2024)	\$ 18,319,500	\$ 13,224,123	\$ 132,171

2024 Homestead Exclusions

Real Estate	Personal Property	Manufactured Home
6,730,124		4,841,017

2. Historic valuations (Real and Personal property) for the "taxing district" have been as follows (Wright County values only):

Levy Year	Collection Year	Estimated Market Value	Taxable Market Value	Tax Capacity *	Net Tax Capacity **
2022	2023	\$ 410,040,200	\$ 395,927,083	\$ 4,340,923	\$ 4,248,627
2021	2022	\$ 343,912,200	\$ 329,142,000	\$ 3,556,047	\$ 3,474,457
2020	2021	\$ 327,637,900	\$ 312,537,200	\$ 3,481,300	\$ 3,403,909
2019	2020	\$ 294,363,400	\$ 277,781,500	\$ 3,119,505	\$ 3,042,839
2018	2019	\$ 273,140,800	\$ 255,374,300	\$ 2,886,979	\$ 2,809,065

\* - INCLUDES tax increment and power line values

\*\* - DOES NOT INCLUDE tax increment and power line values

3. The fifteen largest taxpayers in the "taxing district", based on the total tax capacity of both real and personal property, are as follows

Taxpayer	Type of Business	2023/2024 Estimated Market Value	2023/2024 Net Tax Capacity
MHC Rockford Riverview Est LLC	MFG Home Park	14,657,800	183,223
Kingspan Insulation LLC	Industrial	5,900,000	117,250
Wright Hennepin Cooperative Electric Assoc	Utility	4,703,600	93,212
Vertin Properties LLC	Industrial	4,300,000	85,250
Tower Ridge LLC	Apartment	4,805,800	60,072
OMG INC	Industrial	2,804,400	55,338
Sharkland LLC	Industrial	2,700,000	53,250
Bankwest	Commercial	2,597,800	51,206
Rockford Properties LLC	Commercial	2,062,000	40,490
Cummings Properties LLC	Industrial	1,750,000	34,250
Westrock Shopping Center LLC	Commercial	1,589,500	30,290
Rockford LP	Apartment	2,362,400	29,530
Monument Holdings LLC	Industrial	1,317,000	25,590
Betz Management LLC	Apartment	2,013,100	25,164
L. Paul Samson LLC	Industrial	1,150,000	22,250

4. Total ad valorem tax levies and collections in said Municipality for all purposes during the past years were as follows:

Levy Year / Collection Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Original Gross Levy (Certified Levy)	\$ 1,651,414.00	1,686,024.00	\$ 1,758,218.00	1,976,233.35	\$ 2,147,655.00
Less: Property Tax Credits	(535.95)	(518.61)	(479.94)	(535.60)	(565.08)
Total Net Property Tax (Spread Levy)	\$ 1,650,878.05	\$ 1,685,505.39	\$ 1,757,738.06	\$ 1,975,697.75	\$ 2,147,089.92
Less: Hennepin County	\$ (170,342.61)	(176,561.02)	\$ (199,388.91)	(222,473.41)	\$ (255,810.64)
Less: Abatements and Adjustments during Collection Year	\$ (178.63)	0.00	\$ (122.31)	(959.76)	\$ 0.00
Adjusted Net Levy	\$ 1,480,356.81	\$ 1,508,944.37	\$ 1,558,226.84	\$ 1,752,264.58	\$ 1,891,279.28
Less: Amount Collected During Collection Year	\$ (1,471,136.79)	(1,501,100.24)	\$ (1,545,165.60)	(1,724,111.77)	\$ (958,222.87)
Amount Delinquent at end of Collection Year	\$ 9,220.02	\$ 7,844.13	\$ 13,061.24	\$ 28,152.81	\$
Less: Abatements, Cancellations or Additions after First Collection Year	\$ 294.00	(640.35)	\$ (888.12)	(3.74)	\$
Less: Delinquencies Collected as of: June 21, 2024	\$ (9,339.52)	(6,035.18)	\$ (7,524.21)	(17,907.20)	\$
Amount Delinquent as of: June 21, 2024	\$ 174.50	\$ 1,168.60	\$ 4,648.91	\$ 10,241.87	\$

5. The "Taxing District" has power to tax property situated in the following county or counties: Wright and Hennepin. The following governmental units within the County also have the power to levy taxes in the "Taxing District":

Cities:	<u>Rockford</u>	Towns:	_____
	_____		_____
School Dist:	<u>ISD 883</u>	Special Dist:	_____
	_____		_____

6. The "Taxing District" and all the governmental units listed above in section 5 having bonded debt, has such debt as shown below as of the date of this certificate. Also, please show Tax Capacities, including fiscal disparities distribution and excluding fiscal disparities contributions and captured tax increment capacity.

Governmental Unit	Tax Capacity of Entire Governmental Unit*	Tax Capacity of Portion Within Taxing District	G.O. Bonded Debt As of 12/31/2023	2023/2024 Tax Capacity Rate Levied for Debt Service Only
Wright County	281,065,244	5,169,073	126,585,000	4.020421%
City of Rockford	5,169,073	5,169,073	6,114,000	3.751970%
ISD 883	6,722,200	5,169,073	31,036,000	23.097390%

\* If the governmental unit has valuation in more than one County, the total valuation within all Counties is included.

7. The initial tax capacity rates (prior to disparity reduction and other adjustments) for the "taxing district" and the overlapping tax districts have been:

Governmental Unit	2019/2020 Tax Capacity Rate	2020/2021 Tax Capacity Rate	2021/2022 Tax Capacity Rate	2022/2023 Tax Capacity Rate	2023/2024 Tax Capacity Rate
Wright County	44.421%	43.719%	43.751%	37.848410%	33.736853%
City of Rockford	48.674%	44.345%	43.836%	41.278125%	36.599163%
ISD 883	38.800%	36.514%	34.350%	29.998922%	26.057902%

WITNESS my hand and official seal this 20th day of September, 2024.

  
 Finance Director

PROPOSED FORM OF LEGAL OPINION

\$1,820,000  
GENERAL OBLIGATION CAPITAL NOTES, SERIES 2025A  
CITY OF ROCKFORD  
HENNEPIN AND WRIGHT COUNTIES  
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Rockford, Hennepin and Wright Counties, Minnesota (the "Issuer"), of its \$1,820,000 General Obligation Capital Notes, Series 2025A, bearing a date of original issue of February 4, 2025 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

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

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

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

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

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

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and

is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

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

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

TAFT STETTINIUS & HOLLISTER LLP

[Appendix C to Official Statement]

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Rockford, Minnesota (the "Issuer"), in connection with the issuance of its \$1,820,000 General Obligation Capital Notes, Series 2025A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on January 14, 2025 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall be the Official Statement dated \_\_\_\_\_, 202\_, prepared in connection with the Bonds.

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

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

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

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

### SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2024, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2025, and by December 31 of each year thereafter.

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

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

The following financial information and operating data shall be supplied:

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

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

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

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

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

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

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

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

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

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

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

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

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

Dated: February 4, 2025.



CITY OF ROCKFORD, MINNESOTA

By \_\_\_\_\_  
Its Mayor

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

## Appendix D Summary of Tax Levies, Payment Provisions & Valuations

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

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

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

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

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

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

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

### Property Tax Payments and Delinquencies

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

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

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

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

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

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

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

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

### **Debt Limitations**

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

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

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

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

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

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

### **Metropolitan Revenue Distribution**

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

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

## Minnesota Property Class Rate Schedule

(current through taxes payable 2022)

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

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

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

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

## **APPENDIX E**

### **FINANCIAL STATEMENT**

The City's financial statements are audited annually. The following pages contain a copy of the 2023 Audited Financial Statement.

Copies of audits are available upon request from David Drown Associates, Inc. Copies of the full Audits are also available through closing at [www.daviddrown.com](http://www.daviddrown.com)

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

# **FINANCIAL STATEMENTS**

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Rockford, Minnesota  
Annual Financial Report  
Table of Contents  
For the Year Ended December 31, 2023

	<u>Page No.</u>
<b>Introductory Section</b>	
Elected and Appointed Officials	9
<b>Financial Section</b>	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	36
Reconciliation of the Balance Sheet to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	42
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	43
Fire Department Fund Budgeted Special Revenue Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	44
Proprietary Funds	
Statement of Net Position	45
Statement of Revenues, Expenses and Changes in Net Position	46
Statement of Cash Flows	47
Notes to the Financial Statements	59
<b>Required Supplementary Information</b>	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability -	
General Employees Retirement Fund	80
Schedule of Employer's Public Employees Retirement Association Contributions -	
General Employees Retirement Fund	80
Notes to the Required Supplementary Information - General Employees Retirement Fund	81
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	83
Notes to the Required Supplementary Information - Fire Relief Association	84
Schedule of Employer's Fire Relief Association Contributions	85
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	89
Nonmajor Special Revenue Funds	
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	91
Economic Development Authority Budgeted Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	93
Nonmajor Capital Projects Funds	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	98

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City of Rockford, Minnesota  
Annual Financial Report  
Table of Contents (Continued)  
For the Year Ended December 31, 2023

	<u>Page No.</u>
<b>Combining and Individual Fund Financial Statements and Schedules (Continued)</b>	
Debt Service Funds	
Combining Balance Sheet	102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	103
TIF Funds	
Combining Balance Sheet	104
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	105
Fire Department Special Revenue Fund	
Schedule of Net Position	106
Schedule of Revenues, Expenses and Changes in Net Position	107
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	108
<b>Other Required Reports</b>	
Independent Auditor's Report on Minnesota Legal Compliance	111
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	112
Schedule of Finding and Response	115

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INTRODUCTORY SECTION

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Rockford, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2023

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Renee Hafften	Mayor	12/31/24
Wyatt Gutzke	Council Member	12/31/26
Denise Willenbring	Council Member	12/31/24
Mike Werman	Council Member	12/31/26
Heather Michalik	Council Member	12/31/26

**APPOINTED**

Anna Carlson	City Administrator
--------------	--------------------

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FINANCIAL SECTION  
CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Rockford, Minnesota

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rockford, Minnesota (the City), as of and for the year ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General fund and Fire Department fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024 , 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.



**Abdo**  
Minneapolis, Minnesota  
June 4, 2024



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## **Management's Discussion and Analysis**

As management of the City of Rockford, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

### **Financial Highlights**

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to the increase in property taxes revenue, operating grants and contributions, the issuance of capital-related special assessments, and interest earned on investments.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in the General fund, due to the receipt of Public Safety Aid and interest earnings. The decrease in the TIF fund is due to the decertification of TIF District 1-3. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- Unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of schedule debt service payments as shown on the outstanding debt table.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund statements and schedules that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

The following chart shows how the various parts of this annual report are arranged and related to one another:

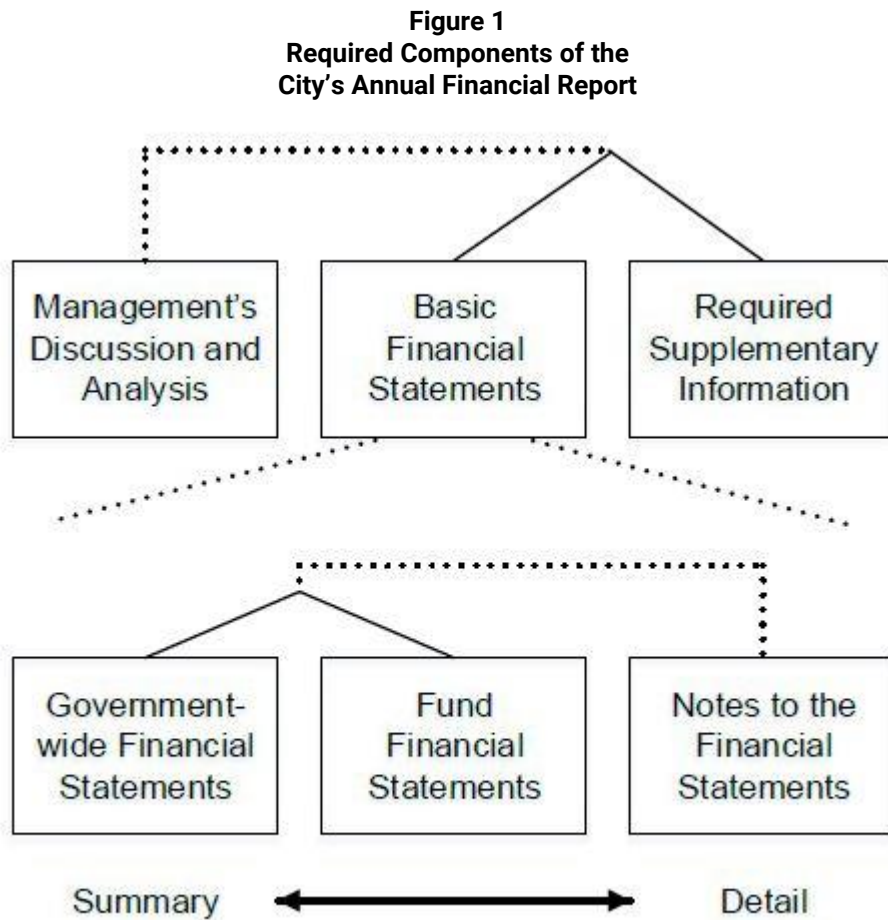




Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2  
Major Features of the Government-wide and Fund Financial Statements**

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, public works and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statements of Cash Flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, economic development and interest on long-term debt. The business-type activities of the City include water and sewer enterprise.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (the EDA) for which the City is financially accountable. Financial information for this *component unit* is reported as two separate special revenue funds. Although legally separate, it functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements start on page 31 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Fire Department fund, Rockford Mall fund, and the TIF funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund, Economic Development Authority and Fire Department fund. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements start on page 36 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 45 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 49 of this report.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on page 80 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 88 of this report.

### Government-wide Financial Analysis

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

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Rockford's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 6,729,351	\$ 6,723,470	\$ 5,881	\$ 6,470,651	\$ 5,165,436	\$ 1,305,215
Capital assets	12,254,101	12,356,779	(102,678)	10,757,120	11,060,356	(303,236)
<b>Total Assets</b>	<b>18,983,452</b>	<b>19,080,249</b>	<b>(96,797)</b>	<b>17,227,771</b>	<b>16,225,792</b>	<b>1,001,979</b>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	277,611	229,211	48,400	11,316	39,546	(28,230)
<b>Liabilities</b>						
Long-term liabilities outstanding	2,856,942	3,314,565	(457,623)	4,012,107	4,448,623	(436,516)
Other liabilities	422,149	626,273	(204,124)	218,381	160,976	57,405
<b>Total Liabilities</b>	<b>3,279,091</b>	<b>3,940,838</b>	<b>(661,747)</b>	<b>4,230,488</b>	<b>4,609,599</b>	<b>(379,111)</b>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	244,088	211,774	32,314	13,625	6,138	7,487
Deferred lease resources	-	-	-	1,362,042	1,448,371	(86,329)
<b>Total Deferred Inflows of Resources</b>	<b>244,088</b>	<b>211,774</b>	<b>32,314</b>	<b>1,375,667</b>	<b>1,454,509</b>	<b>(78,842)</b>
<b>Net Position</b>						
Net investment in capital assets	9,938,584	9,778,936	159,648	6,788,559	6,753,861	34,698
Restricted	1,737,458	2,232,068	(494,610)	-	-	-
Unrestricted	4,061,842	3,145,844	915,998	4,844,373	3,447,369	1,397,004
<b>Total Net Position</b>	<b>\$ 15,737,884</b>	<b>\$ 15,156,848</b>	<b>\$ 581,036</b>	<b>\$ 11,632,932</b>	<b>\$ 10,201,230</b>	<b>\$ 1,431,702</b>
<b>Net Position as a Percent of Total</b>						
Net investment in						
capital assets	63.2 %	64.5 %		58.4 %	66.2 %	
Restricted	11.0	14.7		-	-	
Unrestricted	25.8	20.8		41.6	33.8	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

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

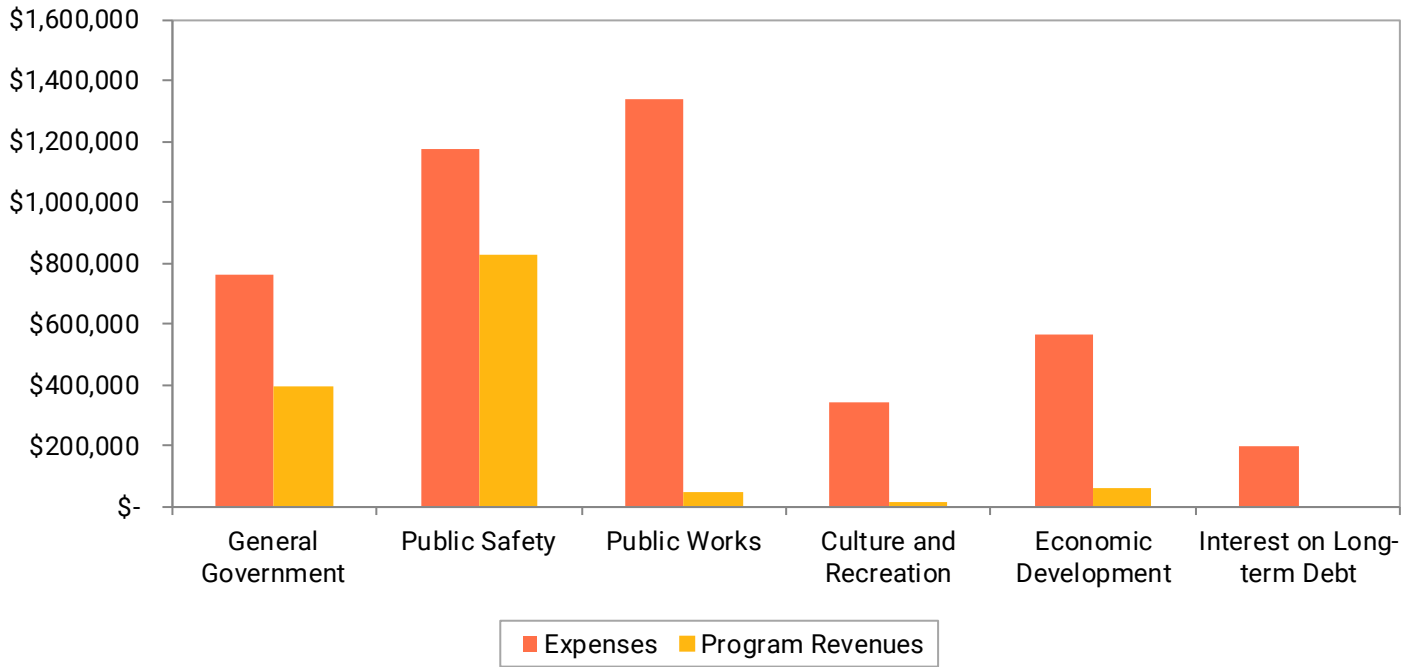
**Governmental Activities.** Governmental activities increased the City's net position, as shown below. This increase was mainly due to the increase in operating grants and contributions, property taxes and capital related special assessments. Key elements of this increase are as follows:

### City of Rockford's Changes in Net Position

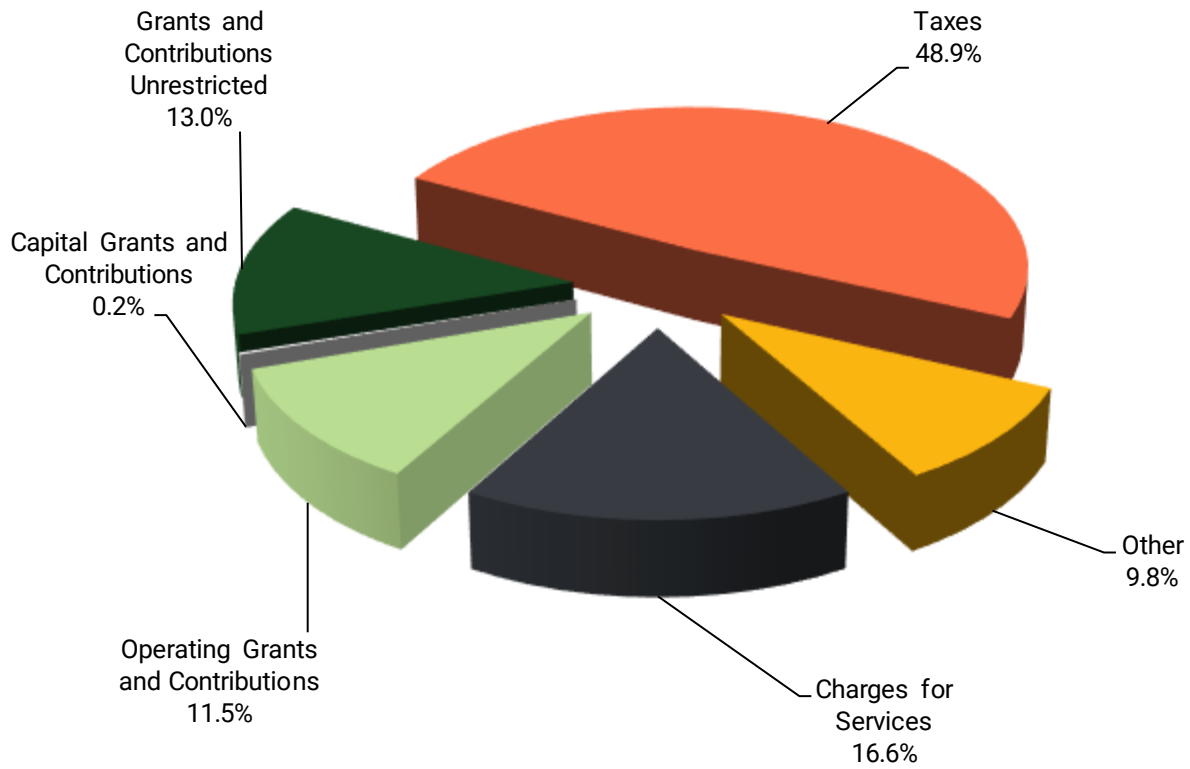
	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 788,516	\$ 827,068	\$ (38,552)	\$ 1,712,158	\$ 1,636,026	\$ 76,132
Operating grants and contributions	549,706	116,389	433,317	106,952	541	106,411
Capital grants and contributions	9,378	7,843	1,535	1,122,827	397,162	725,665
General revenues						
Taxes						
Property taxes	2,241,001	1,851,293	389,708	-	-	-
Tax increment	100,180	99,027	1,153	-	-	-
Grants and contributions not restricted to specific programs	624,009	1,113,300	(489,291)	-	-	-
Gain on sale of capital assets	92,904	23,881	69,023	-	7,500	(7,500)
Miscellaneous	60	2,830	(2,770)	-	-	-
Unrestricted investment earnings	377,958	107,548	270,410	165,121	10,020	155,101
Total Revenues	<u>4,783,712</u>	<u>4,149,179</u>	<u>634,533</u>	<u>3,107,058</u>	<u>2,051,249</u>	<u>1,055,809</u>
Expenses						
General government	762,743	692,814	69,929	-	-	-
Public safety	1,176,562	1,128,904	47,658	-	-	-
Public works	1,341,999	1,148,461	193,538	-	-	-
Culture and recreation	345,458	345,228	230	-	-	-
Economic development	565,129	64,551	500,578	-	-	-
Interest on long-term debt	198,743	201,454	(2,711)	-	-	-
Water	-	-	-	750,245	743,089	7,156
Sewer	-	-	-	737,153	815,401	(78,248)
Total Expenses	<u>4,390,634</u>	<u>3,581,412</u>	<u>809,222</u>	<u>1,487,398</u>	<u>1,558,490</u>	<u>(71,092)</u>
Increase in Net Position						
Before Transfers	393,078	567,767	(174,689)	1,619,660	492,759	1,126,901
Transfers - Capital Assets	115,140	1,094,347	(979,207)	(115,140)	(1,094,347)	979,207
Transfers - Internal Activities	72,818	74,032	(1,214)	(72,818)	(74,032)	1,214
Change in Net Position	581,036	1,736,146	(1,155,110)	1,431,702	(675,620)	2,107,322
Net Position, January 1	<u>15,156,848</u>	<u>13,420,702</u>	<u>1,736,146</u>	<u>10,201,230</u>	<u>10,876,850</u>	<u>(675,620)</u>
Net Position, December 31	<u>\$ 15,737,884</u>	<u>\$ 15,156,848</u>	<u>\$ 581,036</u>	<u>\$ 11,632,932</u>	<u>\$ 10,201,230</u>	<u>\$ 1,431,702</u>

The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities



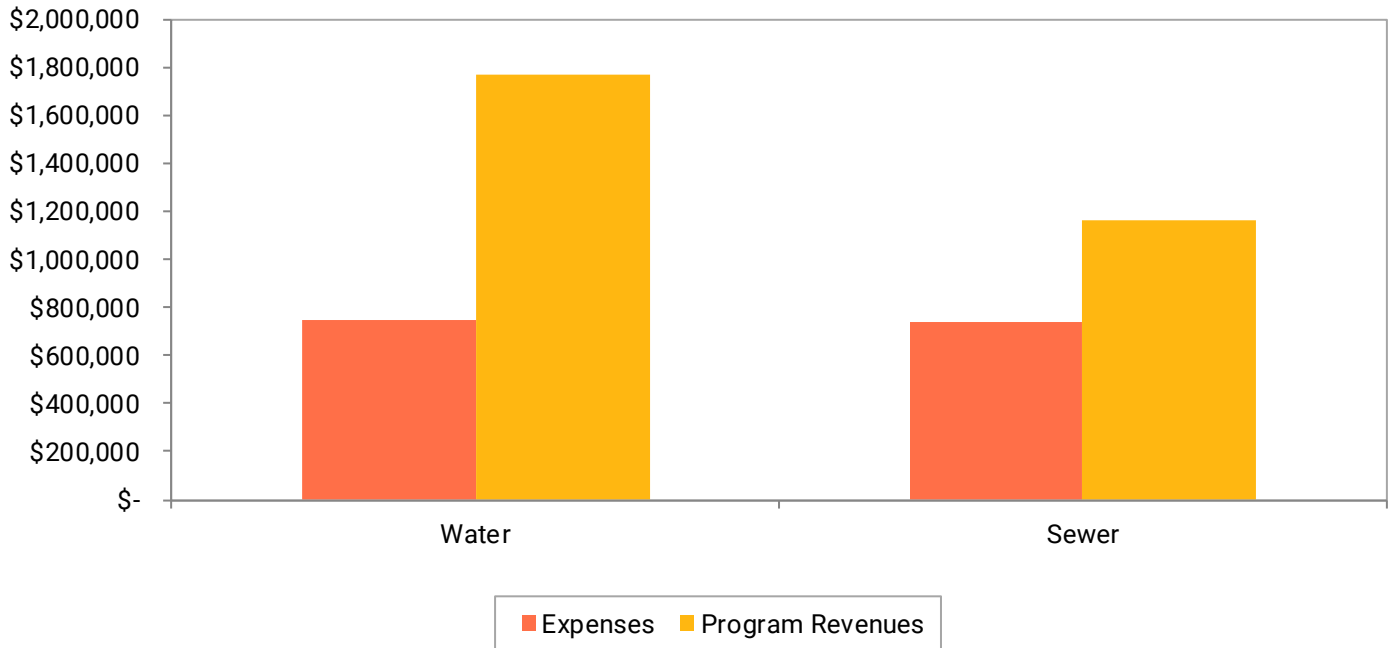
### Revenues by Source - Governmental Activities



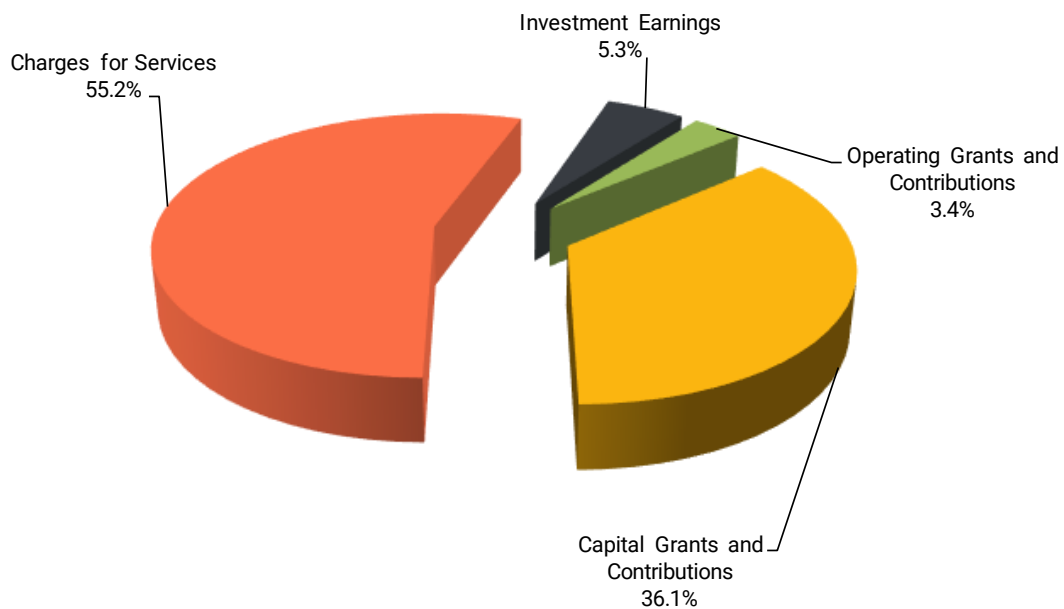
**Business-type Activities.** Business-type activities increased the City’s net position, as shown below in the changes in net position table. Key elements of this increase are as follows:

- Charges for services for business-type activities increased due to increased usage during the current year.
- Unrestricted investment earnings for business-type activities increased due to better market conditions during the current year.
- Capital contributions increased due to the issuance of capital related special assessments.

### Expenses and Program Revenues Business-type Activities



### Revenues by Source Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2023.

	General	Fire Department	Debt Service	Rockford Mall	
<b>Fund Balances</b>					
Nonspendable	\$ 831,568	\$ 290	\$ -	\$ -	
Restricted	240,971	-	811,515	-	
Committed	-	523,477	-	-	
Assigned	-	-	-	2,641,973	
Unassigned	2,048,579	-	-	-	
<b>Total</b>	<b>\$ 3,121,118</b>	<b>\$ 523,767</b>	<b>\$ 811,515</b>	<b>\$2,641,973</b>	
	TIF Funds	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
<b>Fund Balances (Continued)</b>					
Nonspendable	\$ -	\$ 5,995	\$ 837,853	\$ 806,154	\$ 31,699
Restricted	-	507,685	1,560,171	1,646,887	(86,716)
Committed	-	162,808	686,285	776,218	(89,933)
Assigned	-	1,580,493	4,222,466	3,953,844	268,622
Unassigned	(3,239,249)	(73,466)	(1,264,136)	(1,535,252)	271,116
<b>Total</b>	<b>\$ (3,239,249)</b>	<b>\$ 2,183,515</b>	<b>\$ 6,042,639</b>	<b>\$5,647,851</b>	<b>\$ 394,788</b>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 49 of this report.

The general fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
<b>General Fund Fund Balances</b>			
Nonspendable	\$ 831,568	\$ 799,039	\$ 32,529
Restricted	240,971	39,630	201,341
Unassigned	2,048,579	1,771,476	277,103
<b>Total</b>	<b>\$ 3,121,118</b>	<b>\$ 2,610,145</b>	<b>\$ 510,973</b>
General fund expenditures	\$ 2,598,090	\$ 2,348,141	
Unassigned as a percent of expenditures	78.8%	75.4%	
Total fund balance as a percent of expenditures	120.1%	111.2%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to an increase in unassigned fund from the General fund.

Other major governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Debt Service fund	\$ 811,515	\$ 761,295	\$ 50,220
<i>The Debt Service fund balance increased due to the collection of tax revenue ahead of scheduled debt service payments.</i>			
TIF Funds	\$ (3,239,249)	\$ (2,744,881)	\$ (494,368)
<i>TIF Funds decrease due to interest expenditures incurred in excess of available tax increment.</i>			
Rockford Mall	\$ 2,641,973	\$ 2,563,737	\$ 78,236
<i>The Rockford Mall fund balance increased due to interest revenue from outstanding interfund loans.</i>			
Fire Department Special Revenue	\$ 523,767	\$ 509,533	\$ 14,234
<i>The Fire Department fund balance increased due to excess of charges over operating costs.</i>			

#### General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,868,510	\$ 2,868,510	\$ 3,421,693	\$ 553,183
Expenditures	2,555,786	2,555,786	2,598,090	(42,304)
Excess of Revenues Over Expenditures	312,724	312,724	823,603	510,879
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	273	273
Transfers in	10,000	10,000	9,820	(180)
Transfers out	(322,724)	(322,724)	(322,723)	1
Total Other Financing Sources (Uses)	(312,724)	(312,724)	(312,630)	94
Net Change in Fund Balances	-	-	510,973	510,973
Fund Balances, January 1	2,610,145	2,610,145	2,610,145	-
Fund Balances, December 31	<u>\$ 2,610,145</u>	<u>\$ 2,610,145</u>	<u>\$ 3,121,118</u>	<u>\$ 510,973</u>

The City's General fund budget was amended during the year as shown above. Actual revenues and expenditures were over the final budget.



**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Water Utility	\$ 6,543,842	\$ 5,531,811	\$ 1,012,031
<i>The increase is primarily due to excess revenue from water services over expenses.</i>			
Sewer Utility	\$ 5,089,090	\$ 4,669,419	\$ 419,671
<i>The increase is primarily due to excess revenue from Sewer services over expenses.</i>			

### Capital Asset and Debt Administration

**Capital Assets.** The City's capital assets for its governmental and business type activities as of December 31, 2023, is shown below in capital asset table (net of accumulated depreciation). These capital assets include land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges, and vehicles. The total decrease in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to 2022 improvement project was completed in 2023.

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

- The 2022 Improvement project was started and were completed in current year of 2023.

Additional information on the City's capital assets can be found in Note 3B starting on page 60 of this report.

### City of Rockford's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 2,777,614	\$ 2,548,353	\$ 229,261	\$ 221,630	\$ 221,630	\$ -
Construction in Progress	1,903,926	1,955,055	(51,129)	1,717,942	1,614,049	103,893
Buildings and Improvements	2,387,237	2,519,902	(132,665)	1,144,752	1,191,531	(46,779)
Improvements Other than Buildings	334,690	142,622	192,068	-	-	-
Infrastructure	3,564,995	3,855,493	(290,498)	7,515,655	7,885,709	(370,054)
Machinery and Equipment	505,917	615,478	(109,561)	157,141	147,437	9,704
Vehicles	679,823	584,721	95,102	-	-	-
Machinery and Equipment - Right to Use	99,899	135,155	(35,256)	-	-	-
<b>Total</b>	<b>\$ 12,254,101</b>	<b>\$ 12,356,779</b>	<b>\$ (102,678)</b>	<b>\$ 10,757,120</b>	<b>\$ 11,060,356</b>	<b>\$ (303,236)</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding consisting of special assessment debt, revenue related debt and general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Rockford's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Special						
Assessment Bonds	\$ 1,160,000	\$ 1,290,000	\$ (130,000)	\$ -	\$ -	\$ -
General Obligation Bonds	245,000	295,000	(50,000)	-	-	-
General Obligation Tax						
Increment Bonds	785,000	830,000	(45,000)	-	-	-
General Obligation Revenue Bonds	-	-	-	3,924,000	4,254,000	(330,000)
Lease liability	105,879	138,722	(32,843)	-	-	-
Bond Premium	19,638	24,121	(4,483)	44,561	52,495	(7,934)
<b>Total</b>	<b>\$ 2,315,517</b>	<b>\$ 2,577,843</b>	<b>\$ (262,326)</b>	<b>\$ 3,968,561</b>	<b>\$ 4,306,495</b>	<b>\$ (337,934)</b>

The City maintains an "AA" rating from Moody's for all of its outstanding bonded debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. As of December 31, 2023, the City's debt obligation is under this limit.

Additional information on the City's long-term debt can be found in Note 3E starting on page 63 of this report.

#### Economic Factors and Next Year's Budgets and Rates

The City of Rockford continues to experience significant growth and development. The Rockford Housing Market remained strong in 2023 with the City experiencing record new home construction permits and 20% increases in property market values.

Interest in the development of commercial property along highway 55 also continued to grow in 2023. The visibility along Highway 55 combined with being a major thoroughfare for commuters is very attractive to commercial developers. A nine-acre parcel of commercial property on Highway 55 and County Road 50 saw groundwork and excavation commence in front of a mixed-use commercial and residential project, and renewed interest in a one acre parcel on Highway 55 and County Road 20 shows on-going potential for development.

The City's long-range financial planning remained strong in 2023, with an Infrastructure Improvement Project planned that will result in a net neutral tax levy impact due to the timing of other bonds being satisfied.

The City of Rockford looks forward to continuing economic growth in 2024 and providing Rockford residents with quality services and a fantastic place to live and grow.

#### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Rockford, 6031 Main Street, Rockford, Minnesota 55373-9569.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Rockford, Minnesota  
Statement of Net Position  
December 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 6,351,117	\$ 3,647,498	\$ 9,998,615
Receivables			
Interest	1,519	-	1,519
Delinquent taxes	42,529	-	42,529
Accounts	70,967	187,474	258,441
Loans	121,473	-	121,473
Special assessments	44,747	865,524	910,271
Leases	-	1,420,838	1,420,838
Due from other governments	213,511	-	213,511
Internal balances	(347,825)	347,825	-
Prepaid items	27,296	1,492	28,788
Net pension asset	204,017	-	204,017
Capital assets			
Land	2,777,614	221,630	2,999,244
Construction in process	1,903,926	1,717,942	3,621,868
Depreciable capital assets, net	7,572,561	8,817,548	16,390,109
<b>Total Assets</b>	<b>18,983,452</b>	<b>17,227,771</b>	<b>36,211,223</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	277,611	11,316	288,927
<b>Liabilities</b>			
Accounts payable	375,598	161,537	537,135
Accrued salaries payable	18,178	-	18,178
Due to other governments	1,643	3,941	5,584
Accrued interest payable	26,730	52,903	79,633
Noncurrent liabilities			
Due within one year			
Long-term liabilities	290,481	458,944	749,425
Due in more than one year			
Long-term liabilities	2,084,597	3,520,573	5,605,170
Net pension liability	481,864	32,590	514,454
<b>Total Liabilities</b>	<b>3,279,091</b>	<b>4,230,488</b>	<b>7,509,579</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	244,088	13,625	257,713
Deferred lease resources	-	1,362,042	1,362,042
<b>Total Deferred Inflows of Resources</b>	<b>244,088</b>	<b>1,375,667</b>	<b>1,619,755</b>
<b>Net Position</b>			
Net investment in capital assets	9,938,584	6,788,559	16,727,143
Restricted for			
Debt service	784,785	-	784,785
DTED loans	301,066	-	301,066
Parks	121,824	-	121,824
Public safety	201,341	-	201,341
Charitable gambling	124,425	-	124,425
Fire pension	204,017	-	204,017
Unrestricted	4,061,842	4,844,373	8,906,215
<b>Total Net Position</b>	<b>\$ 15,737,884</b>	<b>\$ 11,632,932</b>	<b>\$ 27,370,816</b>

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Statement of Activities  
For The Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 762,743	\$ 221,571	\$ 171,447	\$ -
Public safety	1,176,562	522,608	305,588	-
Public works	1,341,999	35,249	4,871	9,378
Culture and recreation	345,458	9,088	4,800	-
Housing and economic development	565,129	-	63,000	-
Interest on long-term debt	198,743	-	-	-
Total Governmental Activities	<u>4,390,634</u>	<u>788,516</u>	<u>549,706</u>	<u>9,378</u>
Business-type Activities				
Water	750,245	940,920	106,948	728,437
Sewer	737,153	771,238	4	394,390
Total Business-type Activities	<u>1,487,398</u>	<u>1,712,158</u>	<u>106,952</u>	<u>1,122,827</u>
<b>Total</b>	<u>\$ 5,878,032</u>	<u>\$ 2,500,674</u>	<u>\$ 656,658</u>	<u>\$ 1,132,205</u>

General Revenues and Transfers

Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increments
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Gain on sale of capital assets
Transfers - Capital Assets
Transfers - Internal Activities
Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net Revenues (Expenses)  
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (369,725)	\$ -	\$ (369,725)
(348,366)	-	(348,366)
(1,292,501)	-	(1,292,501)
(331,570)	-	(331,570)
(502,129)	-	(502,129)
(198,743)	-	(198,743)
<u>(3,043,034)</u>	<u>-</u>	<u>(3,043,034)</u>
-	1,026,060	1,026,060
-	428,479	428,479
<u>-</u>	<u>1,454,539</u>	<u>1,454,539</u>
<u>(3,043,034)</u>	<u>1,454,539</u>	<u>(1,588,495)</u>
2,017,550	-	2,017,550
223,451	-	223,451
100,180	-	100,180
624,009	-	624,009
377,958	165,121	543,079
60	-	60
92,904	-	92,904
115,140	(115,140)	-
72,818	(72,818)	-
<u>3,624,070</u>	<u>(22,837)</u>	<u>3,601,233</u>
581,036	1,431,702	2,012,738
<u>15,156,848</u>	<u>10,201,230</u>	<u>25,358,078</u>
<u>\$ 15,737,884</u>	<u>\$ 11,632,932</u>	<u>\$ 27,370,816</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Rockford, Minnesota

Balance Sheet  
 Governmental Funds  
 December 31, 2023

	General	Fire Department	Debt Service
<b>Assets</b>			
Cash and temporary investments	\$ 2,576,660	\$ 530,429	\$ 811,515
Receivables			
Interest	1,519	-	-
Delinquent taxes	42,529	-	-
Accounts	59,844	-	-
Loans	-	-	-
Special assessments	6,730	-	-
Due from other governments	208,374	-	-
Advances to other funds	810,557	-	-
Prepaid items	21,011	290	-
	<u>3,727,224</u>	<u>530,719</u>	<u>811,515</u>
<b>Total Assets</b>	<b>\$ 3,727,224</b>	<b>\$ 530,719</b>	<b>\$ 811,515</b>
<b>Liabilities</b>			
Accounts payable	\$ 189,201	\$ 6,952	\$ -
Accrued salaries payable	18,178	-	-
Advances from other funds	347,825	-	-
Due to other governments	1,643	-	-
	<u>556,847</u>	<u>6,952</u>	<u>-</u>
<b>Total Liabilities</b>	<b>556,847</b>	<b>6,952</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - taxes	42,529	-	-
Unavailable revenue - special assessments	6,730	-	-
	<u>49,259</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Inflows     of Resources</b>	<b>49,259</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Nonspendable	831,568	290	-
Restricted	240,971	-	811,515
Committed	-	523,477	-
Assigned	-	-	-
Unassigned	2,048,579	-	-
	<u>3,121,118</u>	<u>523,767</u>	<u>811,515</u>
<b>Total Fund Balances</b>	<b>3,121,118</b>	<b>523,767</b>	<b>811,515</b>
	<u>3,727,224</u>	<u>530,719</u>	<u>811,515</u>
<b>Total Liabilities, Deferred Inflows of     Resources and Fund Balances</b>	<b>\$ 3,727,224</b>	<b>\$ 530,719</b>	<b>\$ 811,515</b>

The notes to the financial statements are an integral part of this statement.

Rockford Mall	TIF Funds	Other Governmental Funds	Total Governmental Funds
\$ 91,466	\$ 5	\$ 2,341,042	\$ 6,351,117
-	-	-	1,519
-	-	-	42,529
-	-	11,123	70,967
121,473	-	-	121,473
-	-	38,017	44,747
-	337	4,800	213,511
2,429,034	-	-	3,239,591
-	-	5,995	27,296
<u>\$ 2,641,973</u>	<u>\$ 342</u>	<u>\$ 2,400,977</u>	<u>\$ 10,112,750</u>
\$ -	\$ -	\$ 179,445	\$ 375,598
-	-	-	18,178
-	3,239,591	-	3,587,416
-	-	-	1,643
<u>-</u>	<u>3,239,591</u>	<u>179,445</u>	<u>3,982,835</u>
-	-	-	42,529
<u>-</u>	<u>-</u>	<u>38,017</u>	<u>44,747</u>
<u>-</u>	<u>-</u>	<u>38,017</u>	<u>87,276</u>
-	-	5,995	837,853
-	-	507,685	1,560,171
-	-	162,808	686,285
2,641,973	-	1,580,493	4,222,466
-	(3,239,249)	(73,466)	(1,264,136)
<u>2,641,973</u>	<u>(3,239,249)</u>	<u>2,183,515</u>	<u>6,042,639</u>
<u>\$ 2,641,973</u>	<u>\$ 342</u>	<u>\$ 2,400,977</u>	<u>\$ 10,112,750</u>

The notes to the financial statements are an integral part of this statement.

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City of Rockford, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2023

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	\$ 6,042,639
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	204,017
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	25,603,599
Less: accumulated depreciation/amortization	(13,349,498)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Lease payable	(105,879)
Bonds payable	(2,190,000)
Premium on bonds	(19,638)
Compensated absences payable	(59,561)
Net pension liability	(481,864)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Taxes receivable	42,529
Special assessments receivable	44,747
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	277,611
Deferred inflows of pension resources	(244,088)
Governmental funds do not report a liability for accrued interest until due and payable.	(26,730)
Total Net Position - Governmental Activities	\$ 15,737,884

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For The Year Ended December 31, 2023

	<u>General</u>	<u>Fire Department</u>	<u>Debt Service</u>
Revenues			
Taxes			
Property	\$ 2,026,611	\$ -	\$ 223,451
Tax increments	-	-	-
Licenses and permits	167,866	-	-
Intergovernmental	853,523	60,545	-
Charges for services	200,154	378,699	-
Fines and forfeitures	8,993	-	-
Special assessments	4,741	-	-
Investment earnings	127,254	18,259	28,654
Miscellaneous	32,551	22,903	-
Total Revenues	<u>3,421,693</u>	<u>480,406</u>	<u>252,105</u>
Expenditures			
Current			
General government	752,612	-	-
Public safety	696,734	395,168	-
Public works	729,280	-	-
Culture and recreation	272,941	-	-
Housing and economic development	-	-	-
Capital outlay			
General government	129,261	-	-
Public safety	-	34,244	-
Public works	5,500	-	-
Culture and recreation	2,112	-	-
Housing and economic development	-	-	-
Debt service			
Principal	-	32,843	225,000
Interest and other	9,650	5,048	68,703
Total Expenditures	<u>2,598,090</u>	<u>467,303</u>	<u>293,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>823,603</u>	<u>13,103</u>	<u>(41,598)</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	273	1,131	-
Transfers in	9,820	-	91,818
Transfers out	(322,723)	-	-
Total Other Financing Sources (Uses)	<u>(312,630)</u>	<u>1,131</u>	<u>91,818</u>
Net Change in Fund Balances	510,973	14,234	50,220
Fund Balances, January 1	<u>2,610,145</u>	<u>509,533</u>	<u>761,295</u>
Fund Balances, December 31	<u>\$ 3,121,118</u>	<u>\$ 523,767</u>	<u>\$ 811,515</u>

The notes to the financial statements are an integral part of this statement.

Rockford Mall	TIF Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,250,062
-	100,180	-	100,180
-	-	-	167,866
-	-	-	914,068
-	-	-	578,853
-	-	-	8,993
-	-	9,584	14,325
97,236	12,950	93,605	377,958
-	-	236,997	292,451
<u>97,236</u>	<u>113,130</u>	<u>340,186</u>	<u>4,704,756</u>
-	-	-	752,612
-	-	-	1,091,902
-	-	-	729,280
-	-	-	272,941
-	486,016	79,113	565,129
-	-	-	129,261
-	-	-	34,244
-	-	203,470	208,970
-	-	35,012	37,124
-	-	100,000	100,000
-	-	-	257,843
-	121,483	-	204,884
-	<u>607,499</u>	<u>417,595</u>	<u>4,384,190</u>
<u>97,236</u>	<u>(494,369)</u>	<u>(77,409)</u>	<u>320,566</u>
-	-	-	1,404
-	-	322,723	424,361
(19,000)	-	(9,820)	(351,543)
<u>(19,000)</u>	<u>-</u>	<u>312,903</u>	<u>74,222</u>
78,236	(494,369)	235,494	394,788
<u>2,563,737</u>	<u>(2,744,880)</u>	<u>1,948,021</u>	<u>5,647,851</u>
<u>\$ 2,641,973</u>	<u>\$ (3,239,249)</u>	<u>\$ 2,183,515</u>	<u>\$ 6,042,639</u>

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Reconciliation of the Statement of  
Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
For The Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 394,788
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	434,392
Depreciation expense	(743,709)
<p>Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>	
	115,140
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in fund balance.</p>	
	91,500
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	257,843
Amortization of debt premium	4,485
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	1,656
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(9,061)
Special assessments	(4,947)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	33,078
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	5,871
Change in Net Position - Governmental Activities	\$ 581,036

The notes to the financial statements are an integral part of this statement.



City of Rockford, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For The Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,851,989	\$ 1,851,989	\$ 2,026,611	\$ 174,622
Licenses and permits	119,251	119,251	167,866	48,615
Intergovernmental	652,175	652,175	853,523	201,348
Charges for services	186,150	186,150	200,154	14,004
Fines and forfeitures	5,000	5,000	8,993	3,993
Special assessments	250	250	4,741	4,491
Investment earnings	28,695	28,695	127,254	98,559
Miscellaneous	25,000	25,000	32,551	7,551
Total Revenues	<u>2,868,510</u>	<u>2,868,510</u>	<u>3,421,693</u>	<u>553,183</u>
Expenditures				
Current				
General government	690,185	690,185	752,612	(62,427)
Public safety	728,111	728,111	696,734	31,377
Public works	808,916	808,916	729,280	79,636
Culture and recreation	304,574	304,574	272,941	31,633
Capital outlay	14,000	14,000	136,873	(122,873)
Debt service				
Interest and other	10,000	10,000	9,650	350
Total Expenditures	<u>2,555,786</u>	<u>2,555,786</u>	<u>2,598,090</u>	<u>(42,304)</u>
Excess of Revenues Over Expenditures	<u>312,724</u>	<u>312,724</u>	<u>823,603</u>	<u>510,879</u>
Other Financing Sources (Uses)				
Transfers in	10,000	10,000	9,820	(180)
Proceeds from sale of capital assets	-	-	273	273
Transfers out	<u>(322,724)</u>	<u>(322,724)</u>	<u>(322,723)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(312,724)</u>	<u>(312,724)</u>	<u>(312,630)</u>	<u>94</u>
Net Change in Fund Balances	-	-	510,973	510,973
Fund Balances, January 1	<u>2,610,145</u>	<u>2,610,145</u>	<u>2,610,145</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,610,145</u>	<u>\$ 2,610,145</u>	<u>\$ 3,121,118</u>	<u>\$ 510,973</u>

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
Fire Department Fund Budgeted Special Revenue Fund  
For The Year Ended December 31, 2023

	2023			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 39,000	\$ 39,000	\$ 60,545	\$ 21,545
Charges for services	438,990	438,990	378,699	(60,291)
Investment earnings	2,000	2,000	18,259	16,259
Miscellaneous				
Contributions and donations	-	-	20,400	20,400
Miscellaneous	-	-	2,503	2,503
Total Revenues	<u>479,990</u>	<u>479,990</u>	<u>480,406</u>	<u>416</u>
Expenditures				
Current				
Public safety	479,990	479,990	395,168	84,822
Capital outlay				
Public safety	-	-	34,244	(34,244)
Debt service				
Principal	-	-	32,843	(32,843)
Interest	-	-	5,048	(5,048)
Total Expenditures	<u>479,990</u>	<u>479,990</u>	<u>467,303</u>	<u>12,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	13,103	13,103
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	1,131	1,131
Net Change in Fund Balances	-	-	14,234	14,234
Fund Balances, January 1	<u>509,533</u>	<u>509,533</u>	<u>509,533</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 509,533</u>	<u>\$ 509,533</u>	<u>\$ 523,767</u>	<u>\$ 14,234</u>

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2023

	Business-type Activities - Enterprise Funds		
	601 Water	602 Sewer	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 1,637,545	\$ 2,009,953	\$ 3,647,498
Receivables			
Accounts	87,380	100,094	187,474
Special assessments	24,274	38,676	62,950
Leases	56,561	-	56,561
Prepaid items	1,149	343	1,492
Total Current Assets	<u>1,806,909</u>	<u>2,149,066</u>	<u>3,955,975</u>
<b>Noncurrent Assets</b>			
Special assessments receivable	568,379	234,195	802,574
Advances to other funds	347,825	-	347,825
Leases receivable	1,364,277	-	1,364,277
<b>Capital assets</b>			
Land	111,272	110,358	221,630
Construction in process	1,216,639	501,303	1,717,942
Buildings and improvements	439,461	1,687,587	2,127,048
Machinery and equipment	211,050	948,957	1,160,007
Infrastructure	8,333,276	8,252,642	16,585,918
Less accumulated depreciation	(4,359,644)	(6,695,781)	(11,055,425)
Net Capital Assets	<u>5,952,054</u>	<u>4,805,066</u>	<u>10,757,120</u>
Total Noncurrent Assets	<u>8,232,535</u>	<u>5,039,261</u>	<u>13,271,796</u>
Total Assets	<u>10,039,444</u>	<u>7,188,327</u>	<u>17,227,771</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	5,695	5,621	11,316
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	77,829	83,708	161,537
Due to other governments	3,941	-	3,941
Accrued interest payable	27,019	25,884	52,903
Compensated absences payable - current	1,972	1,972	3,944
Bonds payable - current	217,442	237,558	455,000
Total Current Liabilities	<u>328,203</u>	<u>349,122</u>	<u>677,325</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	16,492	16,098	32,590
Compensated absences payable	3,506	3,506	7,012
Bonds payable	1,784,196	1,729,365	3,513,561
Total Noncurrent Liabilities	<u>1,804,194</u>	<u>1,748,969</u>	<u>3,553,163</u>
Total Liabilities	<u>2,132,397</u>	<u>2,098,091</u>	<u>4,230,488</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	6,858	6,767	13,625
Deferred lease resources	1,362,042	-	1,362,042
Total Deferred Inflows of Resources	<u>1,368,900</u>	<u>6,767</u>	<u>1,375,667</u>
<b>Net Position</b>			
Net investment in capital assets	3,950,416	2,838,143	6,788,559
Unrestricted	2,593,426	2,250,947	4,844,373
Total Net Position	<u>\$ 6,543,842</u>	<u>\$ 5,089,090</u>	<u>\$ 11,632,932</u>

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For The Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	601	602	Total
	Water	Sewer	Total
	2023	2023	2023
Operating Revenues			
Charges for services	\$ 820,961	\$ 771,239	\$ 1,592,200
Operating Expenses			
Personal services	10,580	15,628	26,208
Supplies	41,932	915	42,847
Repairs and maintenance	114,234	38,806	153,040
Other services and charges	298,838	288,843	587,681
Utilities	32,502	78,692	111,194
Depreciation	189,175	255,906	445,081
Total Operating Expenses	<u>687,261</u>	<u>678,790</u>	<u>1,366,051</u>
Operating Income	<u>133,700</u>	<u>92,449</u>	<u>226,149</u>
Nonoperating Revenues (Expenses)			
Investment earnings	76,381	88,740	165,121
Miscellaneous	226,907	3	226,910
Interest expense and other	(62,984)	(58,363)	(121,347)
Total Nonoperating Revenues (Expenses)	<u>240,304</u>	<u>30,380</u>	<u>270,684</u>
Income (Loss) Before Transfers and Contributions	<u>374,004</u>	<u>122,829</u>	<u>496,833</u>
Capital Contributions	728,437	394,390	1,122,827
Capital Contributions - Other Funds	(54,001)	(61,139)	(115,140)
Transfers Out	(36,409)	(36,409)	(72,818)
Total Contributions and Transfers	<u>638,027</u>	<u>296,842</u>	<u>934,869</u>
Change in Net Position	1,012,031	419,671	1,431,702
Net Position, January 1	<u>5,531,811</u>	<u>4,669,419</u>	<u>10,201,230</u>
Net Position, December 31	<u>\$ 6,543,842</u>	<u>\$ 5,089,090</u>	<u>\$ 11,632,932</u>

The notes to the financial statements are an integral part of this statement.

City of Rockford, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	601 Water	602 Sewer	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,010,791	\$ 772,570	\$ 1,783,361
Payments to suppliers, contractors and other governments	(454,377)	(374,310)	(828,687)
Payments to employees	(42,312)	(46,761)	(89,073)
Net Cash Provided by Operating Activities	514,102	351,499	865,601
Cash Flows from Noncapital Financing Activities			
Increase in advance to other funds	12,741	-	12,741
Transfers out	(36,409)	(36,409)	(72,818)
Net Cash Used by Noncapital Financing Activities	(23,668)	(36,409)	(60,077)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(92,553)	(49,292)	(141,845)
Capital contributions to other funds	(54,001)	(61,139)	(115,140)
Connection fees and assessments received	135,784	161,579	297,363
Principal paid on long-term debt	(132,000)	(198,000)	(330,000)
Interest paid on long-term debt	(71,346)	(66,757)	(138,103)
Net Cash Used by Capital and Related Financing Activities	(214,116)	(213,609)	(427,725)
Cash Flows from Investing Activities			
Interest received on investments	66,731	88,740	155,471
Net Increase (Decrease) in Cash and Cash Equivalents	343,049	190,221	533,270
Cash and Cash Equivalents, January 1	1,294,496	1,819,732	3,114,228
Cash and Cash Equivalents, December 31	\$ 1,637,545	\$ 2,009,953	\$ 3,647,498
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 133,700	\$ 92,449	\$ 226,149
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	189,175	255,906	445,081
Other income related to operations	226,907	3	226,910
(Increase) decrease in assets/deferred outflows			
Accounts receivable	(7,309)	1,328	(5,981)
Prepays	(457)	305	(152)
Lease Receivable	56,561	-	56,561
Deferred pension resources	14,237	13,993	28,230
Increase (decrease) in liabilities/deferred inflows			
Accounts payable	29,645	32,641	62,286
Due to other governments	3,941	-	3,941
Compensated absences payable	(3,507)	(3,507)	(7,014)
Net pension liability	(46,194)	(45,374)	(91,568)
Deferred pension resources	3,732	3,755	7,487
Deferred lease resources	(86,329)	-	(86,329)
Net Cash Provided by Operating Activities	\$ 514,102	\$ 351,499	\$ 865,601
Schedule of Noncash Capital Financing Activities			
Amortization of bond premium	\$ 3,174	\$ 4,760	\$ 7,934

The notes to the financial statements are an integral part of this statement.

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City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Rockford, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) 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 primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The City has the following component unit.

#### ***Blended Component Unit***

The Economic Development Authority (the EDA) serves all the citizens of the government and is governed by a Board comprised of the City's elected City Council. Because the City Council makes up the EDA Board and can impose its will on the EDA, and the EDA provides specific benefits and burdens to the City, the EDA is reported as two special revenue funds and has a December 31 year end. Separate financial statements are not issued.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

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

The *Fire Department fund* accounts for the committed charges for services and other resources collected and the expenditures relating to providing fire protection services.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Rockford Mall fund* accounts for the assigned charges for services and other resources collected and the expenditures relating to the operation of the Rockford Mall.

The *TIF Funds fund* accounts for the resources accumulated and payments made for the tax increment financing districts.



City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the City's water distribution system.

The *Sewer fund* accounts for the activities of the City's sewage collection system.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

***Property Taxes***

The City Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, July and December each year.

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

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

***Inventories***

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

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the governmental fund financial statements.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Leases Receivable***

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities area reported in the government-wide financial statements as "internal balances."

***Capital Assets***

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

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

Assets	Useful Lives in Years
Land Improvements	4 to 25
Buildings and Improvements	5 to 50
System and Improvements	20 to 50
Office Furniture and Fixtures	3 to 15
Machinery and Equipment	4 to 20
Automotive Equipment	2 to 10

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. It is also the City's policy to pay a percentage of earned, unused sick pay benefits based on number of years of service when employees separate from service with the City. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

	Governmental activities	Business-type activities	Total
Compensated absences	\$ 59,561	\$ 10,956	\$ 70,517

***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

***Pensions***

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

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

The total pension expense for the General Employee Plan (GERP), DCP and Rockford Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	DCP		
City's proportionate share	\$ 52,560	\$ 949	(\$8,355)	\$ 45,154
Proportionate share of State's contribution	64	-	-	64
<b>Total pension expense</b>	<b>\$ 52,624</b>	<b>\$ 949</b>	<b>\$ (8,355)</b>	<b>\$ 45,218</b>

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Rockford's Fire Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

***Deferred Inflows of Resources***

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has two additional items which qualifies for reporting in this category. Deferred pension resources is reported only in the statements of net position and results from actuarial calculations. Deferred lease resources are reported in the statements of net position and results from lease receivable present value calculations.

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as interfund receivables.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund, as well as the Housing and Redevelopment Authority and Fire Department special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Administrator. The legal level of budgetary control is the department level.

There were no budget amendments in total during 2023.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2023 expenditures exceeded appropriations in the following funds:

Department	Budget	Actual	Excess of Expenditures Over Appropriations
Major Funds			
General	\$ 2,555,786	\$ 2,598,090	\$ 42,304
Nonmajor Funds			
Economic Development Authority	51,100	179,113	128,013

The excess expenditures were funded by revenues in excess of expectations and available fund balance.

**C. Deficit Fund Equity**

The following funds had deficits at December 31, 2023:

Fund	Amount
Major Funds	
TIF Funds	\$ 3,239,249
Nonmajor funds	
Veterans Memorial Fund	73,466

These deficits will be eliminated with future tax increment financing, transfers, grants or future bond issuances.

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

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

At year end, the City's carrying amount of deposits, bank balance, FDIC Coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	\$ 26,040
Bank balance	\$ 234,187
Less: Covered by FDIC	234,187
Collateralized with securities pledged in City's name	\$ -

**Investments**

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The City's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. Financial statements of the 4M Fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.



City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
<b>Non-pooled Investments at Fair Value</b>						
Brokered certificates of deposit	N/A	1-5 years	\$ 2,867,393	\$ -	\$ 2,867,393	\$ -
Brokered certificates of deposit	N/A	more than 5 years	249,936	-	249,936	-
<b>Pooled Investments at Amortized Costs</b>						
Minnesota Municipal Money Market fund	N/A	less than 1 year	6,592,611	-	-	-
Broker money market funds	N/A	less than 1 year	262,437	-	-	-
<b>Total Investments</b>			<b>\$ 9,972,377</b>	<b>\$ -</b>	<b>\$ 2,867,393</b>	<b>\$ -</b>

(1) Ratings are provided by Moody's where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

	<u>Primary Government</u>
Carrying Amount of Deposits	\$ 26,040
Investments	9,972,377
Cash on Hand	<u>198</u>
<b>Total</b>	<b><u>\$ 9,998,615</u></b>

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

- **Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 53 of the notes.
- **Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy notes that investment brokers must provide asset protection through the Securities Investor Protection Corporation and/or supplemental insurance protection.
- **Concentration of Credit Risk.** The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer.
- **Interest Rate Risk.** The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, extended maturities may be utilized to take advantage of higher yields; however, no more than 40 percent of the total investments should extend beyond five years as of the total investment figure as of January first of each year and in no circumstance should any extend beyond ten years.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 2,548,353	\$ 229,261	\$ -	\$ 2,777,614
Construction in progress	1,955,055	152,137	(203,266)	1,903,926
Total Capital Assets not Being Depreciated	<u>4,503,408</u>	<u>381,398</u>	<u>(203,266)</u>	<u>4,681,540</u>
Capital Assets Being Depreciated/Amortized				
Buildings	4,621,617	-	-	4,621,617
Improvements other than buildings	797,224	203,266	-	1,000,490
Infrastructure	10,496,489	-	-	10,496,489
Machinery and equipment	1,896,292	-	(144,292)	1,752,000
Vehicles	2,635,707	259,632	(14,290)	2,881,049
Machinery and equipment - Right to Use Assets	170,413	-	-	170,414
Total Capital Assets Being Depreciated/Amortized	<u>20,617,742</u>	<u>462,898</u>	<u>(158,582)</u>	<u>20,922,059</u>
Less Accumulated Depreciation/Amortization for				
Buildings	(2,101,715)	(132,665)	-	(2,234,380)
Improvements other than buildings	(654,602)	(11,198)	-	(665,800)
Infrastructure	(6,640,996)	(290,498)	-	(6,931,494)
Machinery and equipment	(1,280,814)	(123,851)	158,582	(1,246,083)
Vehicles	(2,050,986)	(150,240)	-	(2,201,226)
Machinery and equipment - Right to Use Assets	(35,258)	(35,257)	-	(70,515)
Total Accumulated Depreciation/Amortization	<u>(12,764,371)</u>	<u>(743,709)</u>	<u>158,582</u>	<u>(13,349,498)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>7,853,371</u>	<u>(280,811)</u>	<u>-</u>	<u>7,572,561</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,356,779</u>	<u>\$ 100,587</u>	<u>\$ (203,266)</u>	<u>\$ 12,254,101</u>

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 221,630	\$ -	\$ -	\$ 221,630
Construction in progress	1,614,049	103,893	-	1,717,942
Total Capital Assets not Being Depreciated	<u>1,835,679</u>	<u>103,893</u>	<u>-</u>	<u>1,939,572</u>
Capital Assets Being Depreciated				
Buildings and improvements	2,127,048	-	-	2,127,048
Infrastructure	16,585,918	-	-	16,585,918
Machinery and equipment	1,122,055	37,952	-	1,160,007
Total Capital Assets Being Depreciated	<u>19,835,021</u>	<u>37,952</u>	<u>-</u>	<u>19,872,973</u>
Less Accumulated Depreciation for				
Buildings and improvements	(935,517)	(46,779)	-	(982,296)
Infrastructure	(8,700,209)	(370,054)	-	(9,070,263)
Machinery and equipment	(974,618)	(28,248)	-	(1,002,866)
Total Accumulated Depreciation	<u>(10,610,344)</u>	<u>(445,081)</u>	<u>-</u>	<u>(11,055,425)</u>
Total Capital Assets Being Depreciated, Net	<u>9,224,677</u>	<u>(407,129)</u>	<u>-</u>	<u>8,817,548</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,060,356</u>	<u>\$ (303,236)</u>	<u>\$ -</u>	<u>\$ 10,757,120</u>

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

<b>Governmental Activities</b>		
General government		\$ 7,256
Public safety		35,257
Public works		630,835
Culture and recreation		<u>70,361</u>
Total Depreciation/Amortization Expense - Governmental Activities		<u>\$ 743,709</u>
<b>Business-type Activities</b>		
Water		\$ 189,175
Sewer		<u>255,906</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 445,081</u>

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

**Construction Commitments**

As of December 31, 2023, the City has a signed contract in place for the following construction project. The following summarizes the commitment:

Project	Contract Amount	Spent to date	Remaining Commitment
2022 Improvement Project	<u>\$ 3,359,767</u>	<u>\$ 3,120,705</u>	<u>\$ 239,062</u>

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund receivables and payables as of December 31, 2023 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
<b>Advances to/from other funds</b>			
Water	General	Downtown development funding	\$ 347,825
General	TIF 1-4	Downtown development funding	499,305
Rockford Mall	TIF 2-5 Rockford Mall	Mall redevelopment funding	2,429,034
General	TIF 2-5 Rockford Mall	Mall redevelopment funding	<u>311,252</u>
Total			<u>\$ 3,587,416</u>

Transfers made between funds during 2023 are summarized below:

Fund	Transfer In			Total
	General	Debt Service	Nonmajor Governmental	
Transfer Out				
General	\$ -	\$ -	\$ 322,723	\$ 322,723
Rockford Mall	-	19,000	-	19,000
Nonmajor governmental	9,820	-	-	9,820
Water	-	36,409	-	36,409
Sewer	-	36,409	-	36,409
Total	<u>\$ 9,820</u>	<u>\$ 91,818</u>	<u>\$ 322,723</u>	<u>\$ 424,361</u>

- The Nonmajor Governmental fund transferred \$9,820 to the General fund for Nonmajor payments as budgeted.
- The General fund transferred \$332,723 to the Nonmajor government funds to support future projects.
- The Rockford Mall fund transferred \$19,000 to the Debt Service funds for debt service payments.
- The Water fund and Sewer fund each transferred \$36,409 to the Debt Service fund for debt service payments as budgeted.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

**D. Leases Receivable**

The City leases various tower sites to companies. These agreements contain various renewal and extension options. The latest maturity date is projected to be 2041.

Long-term leases receivable at December 31, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Verizon Water Tower Antenna Space Lease	08/12/97	1.41 %	\$ 38,357	\$ 722,070
T-Mobile Water Tower Antenna Space Lease	11/12/96	1.55	47,973	<u>698,768</u>
Total				<u>\$ 1,420,838</u>

**E. Long-term Debt**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government.

The following bonds were issued to finance capital improvements to the City's flood levee and purchase of property. They will be retired from ad valorem tax levies and other revenues.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Tax Abatement Bonds, Series 2014A	\$ 1,950,000	2.15 - 4.50 %	04/23/14	02/01/35	\$ 155,000
GO Refunding Bonds, Series 2016B	695,000	1.50 - 2.00	08/01/16	02/01/25	<u>90,000</u>
Total G.O. Improvement Bonds					<u>\$ 245,000</u>

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 55,000	\$ 7,403	\$ 62,403
2025	55,000	6,327	61,327
2026	10,000	5,590	15,590
2027	10,000	5,190	15,190
2028	10,000	4,790	14,790
2029 - 2033	70,000	15,938	85,938
2034 - 2035	35,000	1,687	36,687
<b>Total</b>	<b>\$ 245,000</b>	<b>\$ 46,925</b>	<b>\$ 291,925</b>

General Obligation Special Assessment Bonds

The City issued special assessment debt to provide funds for the street improvements. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment debt issues are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds, Series 2014C	\$ 2,130,000	1.50 - 3.50 %	12/16/14	02/01/31	<u>\$ 1,160,000</u>

Annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 135,000	\$ 35,190	\$ 170,190
2025	135,000	32,051	167,051
2026	140,000	28,069	168,069
2027	140,000	23,344	163,344
2028	145,000	18,534	163,534
2029 - 2031	465,000	24,669	489,669
<b>Total</b>	<b>\$ 1,160,000</b>	<b>\$ 161,857</b>	<b>\$ 1,321,857</b>

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Tax Increment Bonds

The following bonds were issued for development purposes. The additional tax increment resulting from the increased tax capacity of the redeveloped properties has been pledged to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Bonds, Series 2016A	\$ 1,005,000	1.50 - 3.50 %	07/12/16	02/01/38	<u>\$ 785,000</u>

Annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 45,000	\$ 18,776	\$ 63,776
2025	45,000	18,000	63,000
2026	45,000	17,100	62,100
2027	45,000	16,200	61,200
2028	50,000	15,250	65,250
2029 - 2033	260,000	57,806	317,806
2034 - 2038	295,000	20,969	315,969
Total	<u>\$ 785,000</u>	<u>\$ 164,101</u>	<u>\$ 949,101</u>

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2014B Water and Sewer Revenue Bonds	\$ 4,795,000	2.00 - 3.50 %	06/25/14	02/01/30	\$ 2,580,000
2022A Utility Revenue Bonds	1,344,000	3.39	06/10/22	02/01/33	<u>1,344,000</u>
Total G.O. Revenue Bonds					<u>\$ 3,924,000</u>

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2024	\$ 455,000	\$ 119,914	\$ 574,914
2025	465,000	105,651	570,651
2026	480,000	90,993	570,993
2027	494,000	75,883	569,883
2028	515,000	59,753	574,753
2029 - 2033	1,515,000	90,049	1,605,049
<b>Total</b>	<b>\$ 3,924,000</b>	<b>\$ 542,243</b>	<b>\$ 2,861,194</b>

Lease Payable

The lease agreement is summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Motorola Public Safety Radio Equipment	\$ 138,722	3.58 %	11/15/21	5 Years	\$ 32,844 Annually	<u>\$ 105,879</u>

The City leased radio equipment for firefighter handheld radios. The lease has a term of 5 years, ending in 2026. The interest rate is a fixed rate of 3.58%. This lease is not renewable.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 34,039	\$ 3,853	\$ 37,892
2025	35,278	2,614	37,892
2026	36,562	1,331	37,893
<b>Total</b>	<b>\$ 105,879</b>	<b>\$ 7,798</b>	<b>\$ 113,677</b>



City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation					
improvement bonds	\$ 295,000	\$ -	\$ (50,000)	\$ 245,000	\$ 55,000
General obligation special					
assessment bonds	1,290,000	-	(130,000)	1,160,000	135,000
General obligation tax					
increment bonds	830,000	-	(45,000)	785,000	45,000
Bond premium	24,123	-	(4,485)	19,638	-
Total Bonds Payable	<u>2,439,123</u>	<u>-</u>	<u>(229,485)</u>	<u>2,209,638</u>	<u>235,000</u>
Lease Liability	138,722	-	(32,843)	105,879	34,039
Compensated Absences					
Payable	92,639	11,453	(44,531)	59,561	21,442
Governmental Activity					
Long-term Liabilities	<u>\$ 2,670,484</u>	<u>\$ 11,453</u>	<u>\$ (306,859)</u>	<u>\$ 2,375,078</u>	<u>\$ 290,481</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation					
revenue bonds	\$ 4,254,000	\$ -	\$ (330,000)	\$ 3,924,000	\$ 455,000
Bond premium	52,495	-	(7,934)	44,561	-
Total Bonds Payable	<u>4,306,495</u>	<u>-</u>	<u>(337,934)</u>	<u>3,968,561</u>	<u>455,000</u>
Compensated Absences					
Payable	17,970	5,044	(12,058)	10,956	3,944
Business-type Activity					
Long-term Liabilities	<u>\$ 4,324,465</u>	<u>\$ 5,044</u>	<u>\$ (349,992)</u>	<u>\$ 3,979,517</u>	<u>\$ 458,944</u>

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Components of Fund Balance**

At December 31, 2023, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Fire Department	Rockford Mall	TIF Funds	Other Governmental Funds	Total Governmental Funds
Nonspendable due to							
Prepaid items	\$ 21,011	\$ -	\$ 290	\$ -	\$ -	\$ 5,995	\$ 27,296
Advances to other funds	810,557	-	-	-	-	-	810,557
<b>Total Nonspendable</b>	<b>\$ 831,568</b>	<b>\$ -</b>	<b>\$ 290</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,995</b>	<b>\$ 837,853</b>
Restricted for							
Debt service	\$ -	\$ 811,515	\$ -	\$ -	\$ -	\$ -	\$ 811,515
Parks	-	-	-	-	-	121,824	121,824
DTED loans	-	-	-	-	-	301,066	301,066
Charitable gambling	39,630	-	-	-	-	84,795	124,425
Public safety	201,341	-	-	-	-	-	201,341
<b>Total Restricted</b>	<b>\$ 240,971</b>	<b>\$ 811,515</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 507,685</b>	<b>\$ 1,560,171</b>
Committed for							
Fire department	\$ -	\$ -	\$ 523,477	\$ -	\$ -	\$ -	\$ 523,477
Housing and redevelopment authority	-	-	-	-	-	162,808	162,808
<b>Total Committed</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 523,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 162,808</b>	<b>\$ 686,285</b>
Assigned to							
Rockford Mall	\$ -	\$ -	\$ -	\$ 2,641,973	\$ -	\$ -	\$ 2,641,973
Transportation signal fees	-	-	-	-	-	50,918	50,918
Capital purchases	-	-	-	-	-	1,522,593	1,522,593
Event center	-	-	-	-	-	6,982	6,982
<b>Total Assigned</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,641,973</b>	<b>\$ -</b>	<b>\$ 1,580,493</b>	<b>\$ 4,222,466</b>

City Of Rockford  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

**B. Benefits Provided**

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

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City Of Rockford  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**C. Contributions**

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$56,662, \$65,784 and \$54,454, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$514,454 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$14,251. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0092 percent at the end of the measurement period and 0.0097 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 514,454
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>14,251</u>
Total	<u>\$ 528,705</u>

For the year ended December 31, 2023, the City recognized pension expense of \$52,560 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$64 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City Of Rockford  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 17,115	\$ 3,660
Changes in Actuarial Assumptions	86,070	141,007
Net Difference Between Projected and Actual Investment Earnings	-	14,113
Changes in Proportion	2,135	19,800
Contributions Paid to PERA Subsequent to the Measurement Date	29,211	-
	<u>\$ 134,531</u>	<u>\$ 178,580</u>
Total		

The \$29,211 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 8,557
2025	(86,248)
2026	15,593
2027	(11,160)

**E. Long-term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	<u>100.0 %</u>	

City Of Rockford  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

City Of Rockford  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

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

	<u>1 Percent Decrease (6.0%)</u>	<u>Current (7.0%)</u>	<u>1 Percent Increase (8.0%)</u>
General Employees Fund	\$ 910,110	\$ 514,454	\$ 189,011

**I. Pension Plan Fiduciary Net Position**

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

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

There are 5 City Council members that are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 949	\$ 949	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2023, 2022 and 2021 were \$949, \$585 and \$780, respectively.

**Note 6: Defined Benefit Pension Plans - Fire Relief Association**

**A. Plan Description**

All members of the Rockford Fire Department (the Department) are covered by a defined benefit plan administered by the Rockford Fire Department Relief Association (the Association). As of December 31, 2023, the plan covered 24 active firefighters and 13 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

**B. Benefits Provided**

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 5 years of service, shall be equal to 40 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 5 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.



City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**C. Contributions**

*Minnesota statutes*, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$49,270 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2023, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

**D. Pension Costs**

At December 31, 2023, the City reported a net pension asset of (\$204,017) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension asset during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2023	\$ 576,223	\$ 952,674	\$ (376,451)
Changes for the Year			
Service cost	25,063	-	25,063
Interest on pension liability (asset)	36,598	-	36,598
Nonemployer contributions	-	45,247	(45,247)
Projected investment return (Gain)/loss	-	59,973	(59,973)
Benefit payments	(49,031)	(265,024)	215,993
Total Net Changes	<u>(31,447)</u>	<u>(31,447)</u>	<u>-</u>
Ending Balance December 31, 2023	<u>\$ 557,406</u>	<u>\$ 761,423</u>	<u>\$ (204,017)</u>

For the year ended December 31, 2023, the City recognized negative pension expense of (\$8,355).

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

At December 31, 2023, the City reported deferred outflows of resources and its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 73,235
Changes in actuarial assumptions	-	5,898
Net Difference Between Projected and Actual Losses on Plan Investments	109,149	-
Contributions to Plan Subsequent to the Measurement Date	45,247	-
Total	\$ 154,396	\$ 79,133

Deferred outflows of resources totaling \$45,247 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2024	\$ (23,556)
2025	(3,532)
2026	29,272
2027	41,838
2028	(7,005)
Thereafter	(7,001)

**E. Actuarial Assumptions**

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

Salary Increases	2.50% per year
Investment Rate of Return	6.25%
20 Year Municipal Bond Yield	N/A

The discount rate increased from 6.00 percent to 6.25 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	2.00 %	1.80 %
Fixed Income	15.00	3.00
Equities	75.00	7.10
Other	<u>8.00</u>	7.00
Total	<u><u>100.00 %</u></u>	6.25%

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

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

	<u>1 Percent Decrease (5.25%)</u>	<u>Current (6.25%)</u>	<u>1 Percent Increase (7.25%)</u>
Defined Benefit Plan	\$ (191,369)	\$ (204,017)	\$ (215,847)

**H. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report. The report may be obtained by writing to the Rockford Fire Department Relief Association, 6031 Main Street, Rockford, MN 55373.

City of Rockford, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 7: Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Legal Debt Margin**

The City's statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments, tax increments or the net revenues of enterprise fund operations is excluded from the debt limit computation. As of December 31, 2023, the City is under the legal debt margin.

**C. Concentrations**

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2023 was \$623,461 for LGA. This accounted for 18.2 percent of General fund revenues.

**D. Tax Increment Districts**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result, they are a commitment within the district but they have not met the criteria to be reported as a liability on the Statement of Net Position.

**Note 8: Conduit Debt Obligations**

From time to time, the City has issued Industrial Development Revenue Bonds, Senior Housing Revenue Bonds and other similar type Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The outstanding balance of Senior Housing Revenue Bonds at December 31, 2023 is \$ 3,924,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Rockford, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2023

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2023	0.0092 %	\$ 514,454	\$ 14,251	\$ 528,705	\$ 734,991	70.0 %	83.1 %
6/30/2022	0.0097	768,243	22,558	790,801	888,088	86.5	76.7
6/30/2021	0.0095	405,693	12,402	418,095	686,585	59.1	87.0
6/30/2020	0.0095	569,568	17,576	587,144	676,549	84.2	79.0
6/30/2019	0.0102	563,935	17,499	581,434	720,741	78.2	80.2
6/30/2018	0.0103	571,402	18,676	590,078	690,237	82.8	79.5
6/30/2017	0.0099	632,009	7,981	639,990	640,497	98.7	75.9
6/30/2016	0.0097	787,592	10,363	797,955	603,677	130.5	68.9
6/30/2015	0.0099	513,069	-	513,069	1,011,753	50.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

**Schedule of Employer's PERA Contributions - General Employees Retirement Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Covered Payroll (b/c)
12/31/2023	\$ 56,662	\$ 56,662	\$ -	\$ 755,489	7.50 %
12/31/2022	65,784	65,784	-	877,123	7.50
12/31/2021	54,454	54,454	-	726,050	7.50
12/31/2020	50,993	50,993	-	679,904	7.50
12/31/2019	52,914	52,914	-	705,522	7.50
12/31/2018	53,142	53,142	-	708,557	7.50
12/31/2017	49,856	49,856	-	664,750	7.50
12/31/2016	46,467	46,467	-	619,554	7.50
12/31/2015	44,021	44,021	-	586,947	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Rockford, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

2022 - The morality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Rockford, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)**

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

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

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

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.



City of Rockford, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>								
Service cost	\$ 25,063	\$ 24,452	\$ 23,080	\$ 21,166	\$ 22,961	\$ 20,874	\$ 26,848	\$ 25,331
Interest	36,598	34,055	29,788	28,783	25,729	22,185	22,982	19,973
Changes of benefit terms	-	-	-	21,440	18,923	25,727	22,975	26,069
Changes of assumptions	-	-	(5,979)	-	(8,694)	-	-	-
Plan changes	-	-	22,661	-	-	-	-	-
Gain or loss	(49,031)	-	(23,196)	-	(33,482)	-	(67,186)	-
Benefit payments, including refunds of employee contributions	(31,447)	(5,416)	(36,376)	(75,284)	-	-	(31,152)	(44,934)
<b>Net Change in Total Pension Liability</b>	<b>(18,817)</b>	<b>53,091</b>	<b>9,978</b>	<b>(3,895)</b>	<b>25,437</b>	<b>68,786</b>	<b>(25,533)</b>	<b>26,439</b>
<b>Total Pension Liability - January 1</b>	<b>576,223</b>	<b>523,132</b>	<b>513,154</b>	<b>517,049</b>	<b>491,612</b>	<b>422,826</b>	<b>448,359</b>	<b>421,920</b>
<b>Total Pension Liability - December 31 (a)</b>	<b>\$ 557,406</b>	<b>\$ 576,223</b>	<b>\$ 523,132</b>	<b>\$ 513,154</b>	<b>\$ 517,049</b>	<b>\$ 491,612</b>	<b>\$ 422,826</b>	<b>\$ 448,359</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - state	45,247	41,162	39,200	37,769	35,035	33,948	30,352	34,773
Net investment income	59,973	51,294	36,295	32,103	29,881	24,976	23,028	24,329
Gain or loss	(265,024)	62,799	133,915	58,141	(67,941)	38,620	(635)	(44,874)
Benefit payments, including refunds of employee contributions	(31,447)	(5,416)	(36,376)	(75,284)	-	-	(31,152)	(44,934)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(191,251)</b>	<b>149,839</b>	<b>173,034</b>	<b>52,729</b>	<b>(3,025)</b>	<b>97,544</b>	<b>21,593</b>	<b>(30,706)</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>952,674</b>	<b>802,835</b>	<b>629,801</b>	<b>577,072</b>	<b>580,097</b>	<b>482,553</b>	<b>460,960</b>	<b>491,666</b>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<b>\$ 761,423</b>	<b>\$ 952,674</b>	<b>\$ 802,835</b>	<b>\$ 629,801</b>	<b>\$ 577,072</b>	<b>\$ 580,097</b>	<b>\$ 482,553</b>	<b>\$ 460,960</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<b>\$ (204,017)</b>	<b>\$ (376,451)</b>	<b>\$ (279,703)</b>	<b>\$ (116,647)</b>	<b>\$ (60,023)</b>	<b>\$ (88,485)</b>	<b>\$ (59,727)</b>	<b>\$ (12,601)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	136.60%	165.33%	153.47%	122.73%	111.61%	118.00%	114.13%	102.81%
<b>Covered-employee Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

City of Rockford, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - Fire Relief Association**

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 6.25 percent. The single discount rate changed from 6.0 percent to 6.25 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The discount rate changed from 5.75% to 6.25%.

2020 - A benefit level increase to \$2,500 was reflected in the active liability.

2019 - The discount rate changed from 5.00% to 5.75%.

2018 - A benefit level increase from \$2,050 to \$2,200 was reflected in the active liability.

2017 - No changes in actuarial assumptions.

2016 - No changes in actuarial assumptions.

2015 - Amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

Changes in Plan Provisions

2023 - No changes in plan provisions.

2022 - No changes in plan provisions.

2021 - A benefit level increase from \$2,500 to \$2,650 was reflected in the active liability.

2020 - No changes in plan provisions.

2019 - No changes in plan provisions.

2018 - No changes in plan provisions.

2017 - No changes in plan provisions.

2016 - No changes in plan provisions.

2015 - The benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

City of Rockford, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2023

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/2023	\$ 45,247	\$ 49,270	\$ (4,023)
12/31/2022	41,162	43,247	(2,085)
12/31/2021	39,200	40,752	(1,552)
12/31/2020	37,065	38,200	(1,135)
12/31/2019	35,035	35,035	-
12/31/2018	33,948	33,948	-
12/31/2017	28,206	28,206	-
12/31/2016	32,733	32,733	-
12/31/2015	33,831	33,831	-

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

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COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Rockford, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2023

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and temporary investments	\$ 538,571	\$ 1,802,471	\$ 2,341,042
Receivables			
Accounts	10,098	1,025	11,123
Special assessments	-	38,017	38,017
Due from other governments	-	4,800	4,800
Prepaid items	5,995	-	5,995
	<u>\$ 554,664</u>	<u>\$ 1,846,313</u>	<u>\$ 2,400,977</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 179,445	\$ 179,445
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - special assessments	-	38,017	38,017
<b>Fund Balances</b>			
Nonspendable due to			
Prepaid items	5,995	-	5,995
Restricted for			
DTED loans	301,066	-	301,066
Charitable gambling	84,795	-	84,795
Parks	-	121,824	121,824
Committed for			
Housing and redevelopment authority	162,808	-	162,808
Assigned to			
Transportation signal fees	-	50,918	50,918
Capital purchases	-	1,522,593	1,522,593
Event center	-	6,982	6,982
Unassigned	-	(73,466)	(73,466)
Total Fund Balances	<u>554,664</u>	<u>1,628,851</u>	<u>2,183,515</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
	<u>\$ 554,664</u>	<u>\$ 1,846,313</u>	<u>\$ 2,400,977</u>

City of Rockford, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For The Year Ended December 31, 2023

	Special Revenue	Capital Projects	Total
Revenues			
Special assessments	\$ -	\$ 9,584	\$ 9,584
Investment earnings	26,927	66,678	93,605
Miscellaneous	100,278	136,719	236,997
Total Revenues	127,205	212,981	340,186
Expenditures			
Current			
Housing and economic development	79,113	-	79,113
Capital outlay			
Public works	-	203,470	203,470
Culture and recreation	-	35,012	35,012
Housing and economic development	100,000	-	100,000
Total Expenditures	179,113	238,482	417,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,908)	(25,501)	(77,409)
Other Financing Sources (Uses)			
Transfers in	-	322,723	322,723
Transfers out	(9,820)	-	(9,820)
Total Other Financing Sources (Uses)	(9,820)	322,723	312,903
Net Changes in Fund Balances	(61,728)	297,222	235,494
Fund Balances, January 1	616,392	1,331,629	1,948,021
Fund Balances, December 31	\$ 554,664	\$ 1,628,851	\$ 2,183,515

City of Rockford, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2023

	<b>201/202</b>	<b>207</b>	<b>209</b>	
	Federal	Economic	Lawful	
	DTED	Development	Gambling	
	<u>DTED</u>	<u>Authority</u>	<u>Contributions</u>	<u>Total</u>
<b>Assets</b>				
Cash and temporary investments	\$ 301,066	\$ 162,808	\$ 74,697	\$ 538,571
Receivables				
Accounts	-	-	10,098	10,098
Prepaid items	-	5,995	-	5,995
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$ 301,066</u></b>	<b><u>\$ 168,803</u></b>	<b><u>\$ 84,795</u></b>	<b><u>\$ 554,664</u></b>
<b>Fund Balances</b>				
Nonspendable due to				
Prepaid items	\$ -	\$ 5,995	\$ -	\$ 5,995
Restricted for				
DTED loans	301,066	-	-	301,066
Charitable gambling	-	-	84,795	84,795
Committed for				
Housing and redevelopment authority	-	162,808	-	162,808
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<b><u>\$ 301,066</u></b>	<b><u>\$ 168,803</u></b>	<b><u>\$ 84,795</u></b>	<b><u>\$ 554,664</u></b>



City of Rockford, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For The Year Ended December 31, 2023

	<b>201/202</b>	<b>207</b>	<b>209</b>	
	Federal DTED	Economic Development Authority	Lawful Gambling Contributions	Total
Revenues				
Investment earnings	\$ 13,054	\$ 11,116	\$ 2,757	\$ 26,927
Miscellaneous	-	63,000	37,278	100,278
Total Revenues	<u>13,054</u>	<u>74,116</u>	<u>40,035</u>	<u>127,205</u>
Expenditures				
Current				
Housing and economic development	-	79,113	-	79,113
Capital outlay				
Housing and economic development	-	100,000	-	100,000
Total Expenditures	<u>-</u>	<u>179,113</u>	<u>-</u>	<u>179,113</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,054	(104,997)	40,035	(51,908)
Other Financing Uses				
Transfers out	-	-	(9,820)	(9,820)
Net Change in Fund Balances	13,054	(104,997)	30,215	(61,728)
Fund Balances, January 1	<u>288,012</u>	<u>273,800</u>	<u>54,580</u>	<u>616,392</u>
Fund Balances, December 31	<u>\$ 301,066</u>	<u>\$ 168,803</u>	<u>\$ 84,795</u>	<u>\$ 554,664</u>

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City of Rockford, Minnesota  
 Economic Development Authority  
 Budgeted Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For The Year Ended December 31, 2023  
 (With Comparative Actual Amounts For The Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings (loss)	\$ 1,000	\$ 1,000	\$ 11,116	\$ 10,116	\$ (755)
Miscellaneous	-	-	63,000	63,000	40,623
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>74,116</u>	<u>73,116</u>	<u>39,868</u>
Expenditures					
Current					
Housing and economic development	41,100	41,100	79,113	(38,013)	62,885
Capital outlay					
Housing and economic development	10,000	10,000	100,000	(90,000)	-
Total Expenditures	<u>51,100</u>	<u>51,100</u>	<u>179,113</u>	<u>(128,013)</u>	<u>62,885</u>
Net Change in Fund Balances	(50,100)	(50,100)	(104,997)	(54,897)	(23,017)
Fund Balances, January 1	<u>273,800</u>	<u>273,800</u>	<u>273,800</u>	<u>-</u>	<u>296,817</u>
Fund Balances, December 31	<u>\$ 223,700</u>	<u>\$ 223,700</u>	<u>\$ 168,803</u>	<u>\$ (54,897)</u>	<u>\$ 273,800</u>

City of Rockford, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2023

	<b>401</b>	<b>405</b>	<b>408</b>
	Streets Capital Improvements	Transportation Signal Fees	Event Center
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets			
Cash and temporary investments	\$ 1,287,610	\$ 50,918	\$ 6,982
Receivables			
Accounts	-	-	-
Special assessments	38,017	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 1,325,627</u></u>	<u><u>\$ 50,918</u></u>	<u><u>\$ 6,982</u></u>
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	<u>38,017</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Parks	-	-	-
Assigned to			
Transportation signal fees	-	50,918	-
Capital purchases	1,287,610	-	-
Event center	-	-	6,982
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,287,610</u>	<u>50,918</u>	<u>6,982</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 1,325,627</u></u>	<u><u>\$ 50,918</u></u>	<u><u>\$ 6,982</u></u>

<b>411</b>	<b>413</b>	<b>418</b>	<b>420</b>	
General Equipment	Parks Dedication	2022 Street Improvement Fund	Veterans Memorial Fund	Total
\$ 234,983	\$ 120,799	\$ 179,445	\$ (78,266)	\$ 1,802,471
-	1,025	-	-	1,025
-	-	-	-	38,017
-	-	-	4,800	4,800
<u>\$ 234,983</u>	<u>\$ 121,824</u>	<u>\$ 179,445</u>	<u>\$ (73,466)</u>	<u>\$ 1,846,313</u>
\$ -	\$ -	\$ 179,445	\$ -	\$ 179,445
-	-	-	-	38,017
-	121,824	-	-	121,824
-	-	-	-	50,918
234,983	-	-	-	1,522,593
-	-	-	-	6,982
-	-	-	(73,466)	(73,466)
<u>234,983</u>	<u>121,824</u>	<u>-</u>	<u>(73,466)</u>	<u>1,628,851</u>
<u>\$ 234,983</u>	<u>\$ 121,824</u>	<u>\$ 179,445</u>	<u>\$ (73,466)</u>	<u>\$ 1,846,313</u>

City of Rockford, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For The Year Ended December 31, 2023

	<b>401</b>	<b>405</b>	<b>408</b>
	Streets Capital Improvements	Transportation Signal Fees	Event Center
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues			
Special assessments	\$ 9,584	\$ -	\$ -
Investment earnings	50,153	2,209	303
Miscellaneous	-	-	-
Total Revenues	<u>59,737</u>	<u>2,209</u>	<u>303</u>
Expenditures			
Capital outlay			
Public works	81,328	-	-
Culture and recreation	-	-	-
Total Expenditures	<u>81,328</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,591)	2,209	303
Other Financing Sources			
Transfers in	<u>250,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	228,409	2,209	303
Fund Balances, January 1	<u>1,059,201</u>	<u>48,709</u>	<u>6,679</u>
Fund Balances, December 31	<u>\$ 1,287,610</u>	<u>\$ 50,918</u>	<u>\$ 6,982</u>

<b>411</b>	<b>413</b>	<b>418</b>	<b>420</b>	
General Equipment	Parks Dedication	2022 Street Improvement Fund	Veterans Memorial Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 9,584
8,885	5,128	-	-	66,678
-	6,919	-	129,800	136,719
<u>8,885</u>	<u>12,047</u>	<u>-</u>	<u>129,800</u>	<u>212,981</u>
122,142	-	-	-	203,470
-	(1,985)	-	36,997	35,012
<u>122,142</u>	<u>(1,985)</u>	<u>-</u>	<u>36,997</u>	<u>238,482</u>
(113,257)	14,032	-	92,803	(25,501)
<u>72,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,723</u>
(40,534)	14,032	-	92,803	297,222
<u>275,517</u>	<u>107,792</u>	<u>-</u>	<u>(166,269)</u>	<u>1,331,629</u>
<u>\$ 234,983</u>	<u>\$ 121,824</u>	<u>\$ -</u>	<u>\$ (73,466)</u>	<u>\$ 1,628,851</u>

City of Rockford, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual (Continued on the Following Pages)  
 For The Year Ended December 31, 2023  
 (With Comparative Actual Amounts For The Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 1,851,989	\$ 1,851,989	\$ 2,026,611	\$ 174,622	\$ 1,633,020
Licenses and permits					
Business	19,500	19,500	24,587	5,087	14,920
Nonbusiness	99,751	99,751	143,279	43,528	188,831
Total licenses and permits	<u>119,251</u>	<u>119,251</u>	<u>167,866</u>	<u>48,615</u>	<u>203,751</u>
Intergovernmental					
State					
Local government aid	623,461	623,461	623,461	-	610,086
Property tax credits	550	550	548	(2)	491
Other state aid	21,764	21,764	224,643	202,879	30,189
County					
Other grants	6,400	6,400	4,871	(1,529)	3,481
Total intergovernmental	<u>652,175</u>	<u>652,175</u>	<u>853,523</u>	<u>201,348</u>	<u>644,247</u>
Charges for services					
General government	158,650	158,650	169,096	10,446	143,348
Recycling	27,500	27,500	31,058	3,558	30,235
Total charges for services	<u>186,150</u>	<u>186,150</u>	<u>200,154</u>	<u>14,004</u>	<u>173,583</u>
Fines and forfeitures	5,000	5,000	8,993	3,993	12,320
Special assessments	250	250	4,741	4,491	5,599
Investment earnings	28,695	28,695	127,254	98,559	16,587
Miscellaneous					
Contributions and donations	-	-	2,250	2,250	-
Refunds and reimbursements	5,000	5,000	2,400	(2,600)	18,813
Other	20,000	20,000	27,901	7,901	23,111
Total miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>32,551</u>	<u>7,551</u>	<u>41,924</u>
Total Revenues	<u>2,868,510</u>	<u>2,868,510</u>	<u>3,421,693</u>	<u>553,183</u>	<u>2,731,031</u>
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	28,409	28,409	28,774	(365)	21,427
Other services and charges	3,200	3,200	3,881	(681)	355
Total mayor and city council	<u>31,609</u>	<u>31,609</u>	<u>32,655</u>	<u>(1,046)</u>	<u>21,782</u>
City administration					
Other services and charges	4,200	4,200	5,540	(1,340)	3,636



City of Rockford, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For The Year Ended December 31, 2023  
(With Comparative Actual Amounts For The Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
General government (Continued)					
City hall staff					
Personal services	\$ 485,847	\$ 485,847	\$ 487,362	\$ (1,515)	\$ 376,104
Other services and charges	2,300	2,300	12,789	(10,489)	20,428
Total city hall staff	<u>488,147</u>	<u>488,147</u>	<u>500,151</u>	<u>(12,004)</u>	<u>396,532</u>
Election					
Personal services	-	-	-	-	10,049
Other services and charges	-	-	1,995	(1,995)	3,263
Total election	<u>-</u>	<u>-</u>	<u>1,995</u>	<u>(1,995)</u>	<u>13,312</u>
Assessing					
Other services and charges	<u>25,375</u>	<u>25,375</u>	<u>26,778</u>	<u>(1,403)</u>	<u>2,900</u>
City attorney					
Other services and charges	<u>500</u>	<u>500</u>	<u>12,016</u>	<u>(11,516)</u>	<u>4,036</u>
Planning and zoning					
Personal services	1,600	1,600	881	719	859
Supplies	-	-	1,835	(1,835)	-
Other services and charges	<u>11,400</u>	<u>11,400</u>	<u>35,149</u>	<u>(23,749)</u>	<u>71,166</u>
Total planning and zoning	<u>13,000</u>	<u>13,000</u>	<u>37,865</u>	<u>(24,865)</u>	<u>72,025</u>
General					
Personal services	6,875	6,875	7,604	(729)	7,110
Supplies	3,500	3,500	3,684	(184)	2,947
Other services and charges	<u>116,979</u>	<u>116,979</u>	<u>124,324</u>	<u>(7,345)</u>	<u>113,397</u>
Total general	<u>127,354</u>	<u>127,354</u>	<u>135,612</u>	<u>(8,258)</u>	<u>123,454</u>
Total general government	<u>690,185</u>	<u>690,185</u>	<u>752,612</u>	<u>(62,427)</u>	<u>637,677</u>
Public safety					
Police					
Other services and charges	<u>409,676</u>	<u>409,676</u>	<u>356,302</u>	<u>53,374</u>	<u>409,639</u>
Fire					
Other services and charges	<u>284,865</u>	<u>284,865</u>	<u>250,635</u>	<u>34,230</u>	<u>229,698</u>
Building inspection					
Other services and charges	<u>26,720</u>	<u>26,720</u>	<u>82,296</u>	<u>(55,576)</u>	<u>112,086</u>

City of Rockford, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For The Year Ended December 31, 2023  
(With Comparative Actual Amounts For The Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Public safety (Continued)					
Civil defense					
Personal services	\$ 350	\$ 350	\$ 207	\$ 143	\$ 174
Other services and charges	4,000	4,000	6,765	(2,765)	3,238
Total civil defense	<u>4,350</u>	<u>4,350</u>	<u>6,972</u>	<u>(2,622)</u>	<u>3,412</u>
Animal control					
Other services and charges	<u>2,500</u>	<u>2,500</u>	<u>529</u>	<u>1,971</u>	<u>644</u>
Total public safety	<u>728,111</u>	<u>728,111</u>	<u>696,734</u>	<u>31,377</u>	<u>755,479</u>
Public works					
Streets					
Personal services	413,240	413,240	368,882	44,358	328,927
Supplies	117,000	117,000	92,550	24,450	110,973
Other services and charges	149,545	149,545	132,088	17,457	95,816
Total streets	<u>679,785</u>	<u>679,785</u>	<u>593,520</u>	<u>86,265</u>	<u>535,716</u>
Street lighting	<u>61,500</u>	<u>61,500</u>	<u>52,924</u>	<u>8,576</u>	<u>58,858</u>
Recycling					
Personal services	1,881	1,881	-	1,881	-
Other services and charges	65,750	65,750	82,836	(17,086)	52,553
Total	<u>67,631</u>	<u>67,631</u>	<u>82,836</u>	<u>(15,205)</u>	<u>52,553</u>
Total public works	<u>808,916</u>	<u>808,916</u>	<u>729,280</u>	<u>79,636</u>	<u>647,127</u>
Culture and recreation					
Parks					
Personal services	180,649	180,649	175,623	5,026	144,104
Supplies	16,500	16,500	11,060	5,440	5,235
Other services and charges	72,675	72,675	60,253	12,422	63,642
Total parks	<u>269,824</u>	<u>269,824</u>	<u>246,936</u>	<u>22,888</u>	<u>212,981</u>
Library					
Personal services	1,100	1,100	1,129	(29)	961
Other services and charges	13,650	13,650	12,391	1,259	19,639
Total library	<u>14,750</u>	<u>14,750</u>	<u>13,520</u>	<u>1,230</u>	<u>20,600</u>
Historical property					
Personal services	1,635	1,635	2,878	(1,243)	2,443
Other services and charges	18,365	18,365	9,607	8,758	21,990
Total historical property	<u>20,000</u>	<u>20,000</u>	<u>12,485</u>	<u>7,515</u>	<u>24,433</u>
Total culture and recreation	<u>304,574</u>	<u>304,574</u>	<u>272,941</u>	<u>31,633</u>	<u>258,014</u>
Total current	<u>2,531,786</u>	<u>2,531,786</u>	<u>2,451,567</u>	<u>80,219</u>	<u>2,298,297</u>

City of Rockford, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual (Continued)  
 For The Year Ended December 31, 2023  
 (With Comparative Actual Amounts For The Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Debt service					
Interest and other	\$ 10,000	\$ 10,000	\$ 9,650	\$ 350	\$ 9,677
Capital outlay					
General government	-	-	129,261	(129,261)	31,601
Public works	7,000	7,000	5,500	1,500	8,566
Culture and recreation	7,000	7,000	2,112	4,888	-
Total capital outlay	<u>14,000</u>	<u>14,000</u>	<u>136,873</u>	<u>(122,873)</u>	<u>40,167</u>
Total Expenditures	<u>2,555,786</u>	<u>2,555,786</u>	<u>2,598,090</u>	<u>(42,304)</u>	<u>2,348,141</u>
Excess of Revenues Over Expenditures	<u>312,724</u>	<u>312,724</u>	<u>823,603</u>	<u>510,879</u>	<u>382,890</u>
Other Financing Sources (Uses)					
Transfer in	10,000	10,000	9,820	(180)	10,000
Sale of capital assets	-	-	273	273	-
Transfers out	<u>(322,724)</u>	<u>(322,724)</u>	<u>(322,723)</u>	<u>1</u>	<u>(530,000)</u>
Total Other Financing Sources (Uses)	<u>(312,724)</u>	<u>(312,724)</u>	<u>(312,630)</u>	<u>94</u>	<u>(520,000)</u>
Net Change in Fund Balances	-	-	510,973	510,973	(137,110)
Fund Balances, January 1	<u>2,610,145</u>	<u>2,610,145</u>	<u>2,610,145</u>	<u>-</u>	<u>2,747,255</u>
Fund Balances, December 31	<u>\$ 2,610,145</u>	<u>\$ 2,610,145</u>	<u>\$ 3,121,118</u>	<u>\$ 510,973</u>	<u>\$ 2,610,145</u>

City of Rockford, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2023

	<b>306</b>	<b>314</b>	<b>315</b>	<b>316</b>	
	2014C GO	2014A GO	2016A GO	2016B GO	
	Refunding	Tax Abatement	Tax Increment	Refunding	
	Bonds	Bonds	Bonds	Bonds	Total
Assets					
Cash and temporary investments	<u>\$ 500,257</u>	<u>\$ 15,919</u>	<u>\$ 85,104</u>	<u>\$ 210,235</u>	<u>\$ 811,515</u>
Fund Balances					
Restricted for debt service	<u>\$ 500,257</u>	<u>\$ 15,919</u>	<u>\$ 85,104</u>	<u>\$ 210,235</u>	<u>\$ 811,515</u>

City of Rockford, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
For The Year Ended December 31, 2023

	<b>306</b> 2014C GO Refunding Bonds	<b>314</b> 2014A GO Tax Abatement Bonds	<b>315</b> 2016A GO Tax Increment Bonds	<b>316</b> 2016B GO Refunding Bonds	Total
Revenues					
Taxes	\$ 107,475	\$ -	\$ 67,308	\$ 48,668	\$ 223,451
Investment earnings	18,051	435	2,227	7,941	28,654
Total Revenues	<u>125,526</u>	<u>435</u>	<u>69,535</u>	<u>56,609</u>	<u>252,105</u>
Expenditures					
Debt service					
Principal	130,000	10,000	45,000	40,000	225,000
Interest and other	38,733	7,340	19,929	2,701	68,703
Total Expenditures	<u>168,733</u>	<u>17,340</u>	<u>64,929</u>	<u>42,701</u>	<u>293,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,207)	(16,905)	4,606	13,908	(41,598)
Other Financing Sources					
Transfers in	<u>72,818</u>	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>91,818</u>
Net Change in Fund Balances	29,611	2,095	4,606	13,908	50,220
Fund Balances, January 1	<u>470,646</u>	<u>13,824</u>	<u>80,498</u>	<u>196,327</u>	<u>761,295</u>
Fund Balances, December 31	<u>\$ 500,257</u>	<u>\$ 15,919</u>	<u>\$ 85,104</u>	<u>\$ 210,235</u>	<u>\$ 811,515</u>

City of Rockford, Minnesota

TIF Funds

Combining Balance Sheet

December 31, 2023

	<b>382</b> TIF 2-5 Rockford Mall	<b>383</b> TIF 1-4 Downtown	Total
<b>Assets</b>			
Cash and temporary investments	\$ -	\$ 5	\$ 5
Due from other governments	-	337	337
Total Assets	<u>\$ -</u>	<u>\$ 342</u>	<u>\$ 342</u>
<b>Liabilities</b>			
Advances from other funds	\$ 2,740,286	\$ 499,305	\$ 3,239,591
<b>Fund Balances</b>			
Unassigned	<u>(2,740,286)</u>	<u>(498,963)</u>	<u>(3,239,249)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 342</u>	<u>\$ 342</u>

City of Rockford, Minnesota  
TIF Funds  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
For The Year Ended December 31, 2023

	<b>378</b>	<b>382</b>	<b>383</b>	
	TIF 1-3	TIF 2-5	TIF 1-4	Total
	Downtown	Rockford Mall	Downtown	
Revenues				
Taxes	\$ 77,237	\$ 9,458	\$ 13,485	\$ 100,180
Investment earnings	12,368	234	348	12,950
Total Revenues	<u>89,605</u>	<u>9,692</u>	<u>13,833</u>	<u>113,130</u>
Expenditures				
Current				
Housing and economic development	485,183	833	-	486,016
Debt service				
Interest and other	-	105,736	15,747	121,483
Total Expenditures	<u>485,183</u>	<u>106,569</u>	<u>15,747</u>	<u>607,499</u>
Net Change in Fund Balances	(395,578)	(96,877)	(1,914)	(494,369)
Fund Balances, January 1	<u>395,578</u>	<u>(2,643,409)</u>	<u>(497,049)</u>	<u>(2,744,880)</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ (2,740,286)</u>	<u>\$ (498,963)</u>	<u>\$ (3,239,249)</u>

City of Rockford, Minnesota  
 Fire Department Special Revenue Fund  
 Schedule of Net Position  
 December 31, 2023

	<b>651</b>
	Fire Department
<b>Assets</b>	
<b>Current Assets</b>	
Cash and temporary investments	\$ 530,429
Prepaid items	290
Total Current Assets	530,719
<b>Noncurrent Assets</b>	
<b>Capital assets</b>	
Buildings and improvements	656,943
Improvements other than buildings	255,293
Machinery and equipment	433,275
Machinery and equipment - right to use assets	170,414
Motor vehicles	2,074,741
Less accumulated depreciation/amortization	(2,701,753)
Net Capital Assets	888,913
Total Assets	1,419,632
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	6,952
Lease payable - current	34,039
Total Current Liabilities	40,991
<b>Noncurrent Liabilities</b>	
Lease payable	71,840
Total Liabilities	112,831
<b>Net Position</b>	
Net investment in capital assets	783,034
Unrestricted	523,767
Total Net Position	\$ 1,306,801



City of Rockford, Minnesota  
 Fire Department Special Revenue Fund  
 Schedule of Revenues, Expenses and Changes in Net Position  
 For The Year Ended December 31, 2023

	<b>651</b>
	Fire Department
Operating Revenues	
Charges for services	\$ 378,699
Operating Expenses	
Personal services	182,926
Supplies	51,212
Professional services	40,682
Repairs and maintenance	64,776
Utilities	23,464
Insurance	5,815
Other services and charges	14,547
Depreciation/amortization	154,031
Total Operating Expenses	537,453
Operating Loss	(158,754)
Nonoperating Revenues	
Intergovernmental	60,545
Investment earnings	18,259
Miscellaneous income	2,503
Contributions and donations	20,400
Gain on sale of capital assets	1,131
Interest expense	(5,048)
Total Nonoperating Revenues	97,790
Change in Net Position	(60,964)
Net Position, January 1	1,367,765
Net Position, December 31	\$ 1,306,801

City of Rockford, Minnesota  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For The Years Ended December 31, 2023 And 2022

	Total		Percent Increase (Decrease)
	2023	2022	
<b>Revenues</b>			
Taxes	\$ 2,350,242	\$ 1,948,279	20.63 %
Licenses and permits	167,866	203,751	(17.61)
Intergovernmental	914,068	1,186,024	(22.93)
Charges for services	578,853	530,250	9.17
Fines and forfeitures	8,993	12,320	(27.00)
Special assessments	14,325	16,409	(12.70)
Investment earnings	377,958	107,548	251.43
Miscellaneous	292,451	124,412	135.07
	<u>\$ 4,704,756</u>	<u>\$ 4,128,993</u>	
Total Revenues			13.94 %
Per Capita	\$ 980	\$ 897	9.22 %
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 752,612	\$ 637,677	18.02 %
Public safety	1,091,902	1,094,585	(0.25)
Public works	729,280	647,127	12.70
Culture and recreation	272,941	258,014	5.79
Housing and economic development	565,129	64,551	775.48
<b>Capital outlay</b>			
General government	129,261	31,601	309.04
Public safety	34,244	69,119	(50.46)
Public works	208,970	647,520	(67.73)
Culture and recreation	37,124	169,511	(78.10)
Housing and economic development	100,000	-	100.00
<b>Debt service</b>			
Principal	257,843	251,691	2.44
Interest and other	204,884	207,566	(1.29)
	<u>\$ 4,384,190</u>	<u>\$ 4,078,962</u>	
Total Expenditures			7.48 %
Per Capita	\$ 913	\$ 887	3.03 %
Total Long-term Indebtedness	\$ 2,315,517	\$ 2,577,845	(10.18) %
Per Capita	482	560	(13.90)
General Fund Balance - December 31	\$ 3,121,118	\$ 2,610,145	19.58 %
Per Capita	650	567	14.62

The purpose of this report is to provide a summary of financial information concerning the City of Rockford to interested citizens. The complete financial statements may be examined at City Hall, 6031 Main Street, Rockford, Minnesota 55373-9569. Questions about this report should be directed to the City Administrator at (763) 447-6565.

OTHER REQUIRED REPORTS

CITY OF ROCKFORD  
ROCKFORD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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**INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Rockford, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rockford, Minnesota (the City) as of and for the year ended December 31, 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 June 4, 2024.

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

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Abdo".

**Abdo**  
Minneapolis, Minnesota  
June 4, 2024

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

Honorable Mayor and City Council  
City of Rockford, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rockford, Minnesota (the City), as of and for the year ended December 31, 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 June 4, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

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

## The City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit 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 report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
June 4, 2024



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City of Rockford, Minnesota  
Schedule of Findings and Responses  
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
<b>2023-001</b>	<b>Preparation of Financial Statements</b>
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint, we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements, we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City accepts the degree of risk associated with this deficiency and thoroughly reviews a draft of the financial statements.

**APPENDIX F:  
CONTINUING DISCLOSURE FILINGS**

The following pages have been printed directly from the EMMA website information for the Continuing Disclosure filings in recent years.

[Home](#) > [Issuers By State](#) > [Minnesota](#) > [Issuer Homepage](#) > [Issue Details](#)

## Issue Details



**CITY OF ROCKFORD MINNESOTA GENERAL OBLIGATION WATER AND SEWER REVENUE BONDS, SERIES 2014B (MN)**  
ROCKFORD MINN WTR AND SWR REV BDS 2014B (MN)\*

**Dated Date:** 06/01/2014  
**Underwriting Spread Amount:** Not Disclosed - Competitive Sale  
**Closing Date:** 06/24/2014  
**Time of Formal Award:** 06/10/2014 08:35 PM  
**Time of First Execution:** 06/11/2014 12:30 PM

[Final Scale](#)   [Official Statement](#)   [Continuing Disclosure](#)   [Trade Activity](#)

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

### FINANCIAL INFORMATION & DOCUMENTS

[Collapse▲](#)

**Most Recent** [CD Report - Year end 2023 - Rockford MN for the year ended 12/31/2023 posted 11/05/2024 \(3.6 MB\)](#) [details](#)  
[2023 Audit - Rockford MN for the year ended 12/31/2023 posted 11/05/2024 \(968 KB\)](#) [details](#)

#### Annual Financial Information and Operating Data

[CD Report - Year end 2023 - Rockford MN for the year ended 12/31/2023 posted 11/05/2024 \(3.6 MB\)](#) [details](#)  
[2022 Year End CD Report - Rockford MN for the year ended 12/31/2022 posted 11/07/2023 \(3.7 MB\)](#) [details](#)  
[CD Report - Year end 2021 - Rockford MN for the year ended 12/31/2021 posted 10/19/2022 \(3.7 MB\)](#) [details](#)  
[CD Report - Year end 2020 - Rockford MN for the year ended 12/31/2020 posted 11/15/2021 \(3.3 MB\)](#) [details](#)  
[CD Report - Year end 2019 - Rockford MN for the year ended 12/31/2019 posted 08/31/2020 \(2.6 MB\)](#) [details](#)  
[CD Report - Year end 2018 - Rockford MN for the year ended 12/31/2018 posted 10/08/2019 \(2.3 MB\)](#) [details](#)  
[CD Report - Year End 2017 - Rockford MN for the year ended 12/31/2017 posted 10/02/2018 \(2.3 MB\)](#) [details](#)  
[CD Report - Year End 2016 - Rockford MN for the year ended 12/31/2016 posted 12/05/2017 \(3.6 MB\)](#) [details](#)  
[CD Report - Year End 2015 - Rockford MN for the year ended 12/31/2015 posted 10/27/2016 \(3.1 MB\)](#) [details](#)  
[CD Report - Year End 2014 - Rockford MN for the year ended 12/31/2014 Document1 posted 09/15/2015 \(1.6 MB\)](#) [details](#)  
[CD Report - Year End 2014 - Rockford MN for the year ended 12/31/2014 Document2 posted 09/15/2015 \(307 KB\)](#) [details](#)  
[Continuing Disclosure Report for the year ended 12/31/2013 Document1 posted 10/15/2014 \(219 KB\)](#) [details](#)  
[Continuing Disclosure Report for the year ended 12/31/2013 Document2 posted 10/15/2014 \(773 KB\)](#) [details](#)

#### Audited Financial Statements or ACFR

[2023 Audit - Rockford MN for the year ended 12/31/2023 posted 11/05/2024 \(968 KB\)](#) [details](#)  
[2022 Audit - Rockford MN for the year ended 12/31/2022 posted 11/07/2023 \(1.4 MB\)](#) [details](#)  
[2021 Audit - Rockford MN for the year ended 12/31/2021 posted 10/19/2022 \(1.8 MB\)](#) [details](#)  
[2020 Audit - Rockford MN for the year ended 12/31/2020 posted 11/15/2021 \(2.6 MB\)](#) [details](#)  
[2019 Audit - Rockford MN for the year ended 12/31/2019 posted 06/09/2020 \(2 MB\)](#) [details](#)  
[2018 Audit - Rockford MN for the year ended 12/31/2018 posted 10/08/2019 \(1.9 MB\)](#) [details](#)  
[2017 Audit - Rockford MN for the year ended 12/31/2017 posted 10/02/2018 \(1.9 MB\)](#) [details](#)  
[2016 Audit - Rockford MN for the year ended 12/31/2016 posted 12/05/2017 \(1.9 MB\)](#) [details](#)  
[2015 Audit - Rockford MN for the year ended 12/31/2015 posted 10/27/2016 \(1.6 MB\)](#) [details](#)  
[2014 Audit - Rockford MN for the year ended 12/31/2014 posted 09/15/2015 \(1.6 MB\)](#) [details](#)  
[2014 Audit - Rockford MN for the year ended 12/31/2014 posted 09/15/2015 \(307 KB\)](#) [details](#)  
[2013 Audit for the year ended 12/31/2013 posted 10/15/2014 \(219 KB\)](#) [details](#)  
[2013 Audit for the year ended 12/31/2013 posted 10/15/2014 \(773 KB\)](#) [details](#)

#### Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

[Bloomberg L.P.](#)  
[DPC Data](#)  
[ICE Data Services](#) (formerly Interactive Data Pricing and Reference Data)  
[Standard & Poor's](#)

**Most Recent** [Rating Outlook Downgrade - MN PFA Credit Enhancement Program dated 08/03/2020 posted 08/04/2020 \(324 KB\)](#) [details](#)

### Rating Change

[Rating Outlook Downgrade - MN PFA Credit Enhancement Program dated 08/03/2020 posted 08/04/2020 \(324 KB\)](#) [details](#)

[Rating Upgrade - MN Credit Enhanced Bonds dated 07/25/2018 posted 07/29/2018 \(342 KB\)](#) [details](#)

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