

**OFFICE OF
STATE AUDITOR**

AUDIT REPORT

**ROLETTE COUNTY
ROLLA, NORTH DAKOTA**

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**



ROLETTE COUNTY
Rolla, North Dakota

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ROLETTE COUNTY
Rolla, North Dakota

COUNTY OFFICIALS

At December 31, 2010

Joe Baker
Bob Leonard, Sr.
Elmer Boucher
Eldon Moors, Sr.
Roland Davis

Valerie McCloud
Shelby Cain
Melvin Frank
Colleen Bertsch
Lisa Gibbens
Susan Mickelson

Commissioner - Chairman
Commissioner - Vice-Chairman
Commissioner
Commissioner
Commissioner

Auditor
Treasurer
Sheriff
Recorder
Asst. State's Attorney
Clerk of Court

At December 31, 2009

Joe Baker
Bob Leonard, Sr.
Elmer Boucher
Eldon Moors, Sr.
Roland Davis

Valerie McCloud
Shelby Cain
Tony Sims
Colleen Bertsch
Mary O'Donnell
Susan Mickelson

Commissioner - Chairman
Commissioner - Vice-Chairman
Commissioner
Commissioner
Commissioner

Auditor
Treasurer
Sheriff
Recorder
State's Attorney
Clerk of Court

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
Fax (701) 328-1406



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Rolette County
Rolla, North Dakota

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, Rolla, North Dakota, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rolette County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, Rolla, North Dakota, as of December 31, 2010 and 2009, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2012, on our consideration of Rolette County'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 30 through 43 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Rolette County has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

ROLETTE COUNTY

Independent Auditor's Report - Continued

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Rolette County's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Rolette County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the schedule of fund activity arising from cash transactions which is prepared on a cash basis, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Robert R. Peterson
State Auditor

February 7, 2012

ROLETTE COUNTY
Rolla, North Dakota
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government	Component Units	
	Governmental Activities	Water Resource Board	Health District
ASSETS:			
Cash and Investments	\$ 1,621,289	\$ 27,849	\$ 152,143
Taxes Receivable	90,129	974	2,630
Accounts Receivable	21,729	-	-
Road Receivables	16,749	-	-
Intergovernmental Receivable	543,377	-	67,646
Other Assets	-	-	4,567
Capital Assets (net of accumulated depreciation):			
Land	23,300	-	-
Buildings	667,440	-	77,400
Building Improvements	72,409	-	-
Equipment	1,239,453	-	-
Vehicles	84,393	-	-
Infrastructure	2,761,803	-	-
Total Capital Assets	<u>\$ 4,848,798</u>	<u>\$ -</u>	<u>\$ 77,400</u>
Total Assets	<u>\$ 7,142,071</u>	<u>\$ 28,823</u>	<u>\$ 304,386</u>
LIABILITIES:			
Accounts Payable	\$ 61,416	\$ -	-
Interest Payable	10,908	-	-
Long-Term Liabilities:			
Due Within One Year:			
Capital Lease Payable	157,004	-	-
Loan Payable	9,349	-	-
Special Assessments Payable	486	-	-
Compensated Absences Payable	13,948	-	2,889
Due After One Year:			
Capital Lease Payable	263,844	-	-
Loan Payable	30,651	-	-
Special Assessments Payable	3,888	-	-
Compensated Absences Payable	125,528	-	25,997
Total Liabilities	<u>\$ 677,022</u>	<u>\$ -</u>	<u>\$ 28,886</u>
NET ASSETS:			
Invested in capital assets, net of related debt	\$ 4,372,668	\$ -	77,400
Restricted for:			
Public Safety	41,302	-	-
Highways	1,176,081	-	-
Health and Welfare	13,814	-	198,100
Culture and Recreation	27,834	-	-
Conservation of Natural Resources	31,020	28,823	-
Emergencies	99,483	-	-
Special Purposes	173,138	-	-
Unrestricted	529,709	-	-
Total Net Assets	<u>\$ 6,465,049</u>	<u>\$ 28,823</u>	<u>\$ 275,500</u>

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Governmental Activities	Water Resource Board	Health District
<u>Primary Government:</u>							
<u>Governmental Activities:</u>							
General Government	\$ 1,205,915	\$ 39,324	\$ 10,531	\$ -	\$ (1,156,060)		
Public Safety	947,706	206,356	75,942	-	(665,408)		
Highways	1,655,534	78,285	1,354,912	803,818	581,481		
Health and Welfare	1,411,225	-	1,047,103	-	(364,122)		
Culture and Recreation	29,000	-	8,856	-	(20,144)		
Conserv. of Natural Resources	122,815	-	6,864	-	(115,951)		
Interest Expense	20,345	-	-	-	(20,345)		
Total Primary Government	\$ 5,392,540	\$ 323,965	\$ 2,504,208	\$ 803,818	\$ (1,760,549)		
<u>Component Units:</u>							
Water Resource Board	\$ 19,422	\$ -	\$ -	\$ -	\$ (19,422)	\$ -	
Health District	638,789	153,048	433,153	-	-	(52,588)	
Total Component Units	\$ 658,211	\$ 153,048	\$ 433,153	\$ -	\$ (19,422)	\$ (52,588)	
<u>General Revenues:</u>							
Taxes:							
Property taxes; levied for general purposes					\$ 337,088	\$ -	\$ -
Property taxes; levied for special purposes					1,047,968	14,248	36,058
State aid & grants not restricted to specific programs:							
State Aid Distribution and Grants					749,213	-	26,279
Other State Shared Revenues					76,124	-	-
Gain on Sale of Capital Assets					85,000	-	-
Interest Revenue					33,213	-	-
Miscellaneous Revenue					309,850	430	30,283
Total General Revenues					\$ 2,638,456	\$ 14,678	\$ 92,620
Change in Net Assets					\$ 877,907	\$ (4,744)	\$ 40,032
Net Assets - January 1					\$ 5,587,142	\$ 33,567	\$ 235,468
Net Assets - December 31					\$ 6,465,049	\$ 28,823	\$ 275,500

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

ROLETTE COUNTY
Rolla, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010

	General	Unorganized District Road	Highway Tax Distribution	FEMA	Farm to Market Road	Farm to Market Maint.	Social Services	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash and Investments	\$ 178,833	\$ 133,448	\$ 194,458	\$ 145,419	\$ 354,970	\$ 275,982	\$ -	\$ 338,179	\$ 1,621,289
Taxes Receivable	22,138	3,207	-	-	9,428	4,057	15,412	35,887	90,129
Accounts Receivable	-	-	-	-	-	-	-	21,729	21,729
Road Receivables	-	16,749	-	-	-	-	-	-	16,749
Intergovernmental Receivable	167,245	-	102,444	-	7,284	-	233,307	33,097	543,377
Due From Other Funds	161,495	-	-	-	-	-	-	-	161,495
Total Assets	\$ 529,711	\$ 153,404	\$ 296,902	\$ 145,419	\$ 371,682	\$ 280,039	\$ 248,719	\$ 428,892	\$ 2,454,768
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	\$ -	\$ 22,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,104	\$ 61,416
Deferred Revenue	22,138	19,956	-	-	9,428	4,057	15,412	35,887	106,878
Due to Other Funds	-	-	-	-	-	-	161,495	-	161,495
Total Liabilities	\$ 22,138	\$ 42,268	\$ -	\$ -	\$ 9,428	\$ 4,057	\$ 176,907	\$ 74,991	\$ 329,789
Fund Balances:									
Unreserved, reported in:									
General Fund	\$ 507,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,573
Special Revenue Funds	-	111,136	296,902	145,419	362,254	275,982	71,812	353,901	1,617,406
Total Fund Balances	\$ 507,573	\$ 111,136	\$ 296,902	\$ 145,419	\$ 362,254	\$ 275,982	\$ 71,812	\$ 353,901	\$ 2,124,979
Total Liabilities and Fund Balances	\$ 529,711	\$ 153,404	\$ 296,902	\$ 145,419	\$ 371,682	\$ 280,039	\$ 248,719	\$ 428,892	\$ 2,454,768

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

ROLETTE COUNTY
Rolla, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2010

Total *Fund Balances* for Governmental Funds \$ 2,124,979

Total *net assets* reported for government activities in the statement of net assets is different because:

Total *net assets* reported for government activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 8,150,403	
Less Accumulated Depreciation	<u>(3,301,605)</u>	4,848,798

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 90,129

Road receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 16,749

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net assets. Balances at December 31, 2010 are:

Capital Leases Payable	\$ (420,848)	
Loan Payable	(40,000)	
Special Assessments Payable	(4,374)	
Interest Payable	(10,908)	
Compensated Absences	<u>(139,476)</u>	<u>(615,606)</u>

Total Net Assets of Governmental Activities \$ 6,465,049

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	Unorganized District Road	Highway Tax Distribution	FEMA	Farm to Market Road	Farm to Market Maint.	Social Services	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 347,029	\$ 125,941	\$ -	\$ -	\$ 131,130	\$ 56,387	\$ 216,622	\$ 544,491	\$ 1,421,600
Intergovernmental	760,496	84,965	982,598	-	15,032	6,476	1,047,191	432,787	3,329,545
Licenses, Permits and Fees	3,670	-	-	-	-	-	-	-	3,670
Charges for Services	49,317	70,419	-	-	-	-	-	192,693	312,429
Interest Income	33,213	-	-	-	-	-	-	-	33,213
Miscellaneous	40,321	-	-	-	-	-	1,049	268,480	309,850
Total Revenues	\$ 1,234,046	\$ 281,325	\$ 982,598	\$ -	\$ 146,162	\$ 62,863	\$ 1,264,862	\$ 1,438,451	\$ 5,410,307
Expenditures:									
Current:									
General Government	\$ 872,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,217	\$ 1,254,065
Public Safety	214,989	-	-	-	-	-	-	715,406	930,395
Highways	-	382,867	1,232,069	24,844	7,174	9,741	-	327,047	1,983,742
Health and Welfare	1,006	-	-	-	-	-	1,316,931	11,525	1,329,462
Culture and Recreation	-	-	-	-	-	-	-	29,000	29,000
Conserv. of Natural Resources	-	-	-	-	-	-	-	122,815	122,815
Debt Service:									
Principal	9,222	-	199,202	-	-	-	-	-	208,424
Interest & Service Charges	1,015	-	12,596	-	-	-	-	-	13,611
Total Expenditures	\$ 1,099,080	\$ 382,867	\$ 1,443,867	\$ 24,844	\$ 7,174	\$ 9,741	\$ 1,316,931	\$ 1,587,010	\$ 5,871,514
Excess (Deficiency) of Revenues Over Expenditures	\$ 134,966	\$ (101,542)	\$ (461,269)	\$ (24,844)	\$ 138,988	\$ 53,122	\$ (52,069)	\$ (148,559)	\$ (461,207)
Other Financing Sources (Uses):									
Capital Lease	\$ -	\$ -	\$ 323,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,800
Loan Proceeds	-	40,000	-	-	-	-	-	-	40,000
Sale of Capital Assets	-	85,000	-	-	-	-	-	-	85,000
Transfers In	166,000	-	254,000	420,263	-	-	171,628	316,229	1,328,120
Transfers Out	(316,229)	(152,000)	-	(670,263)	-	-	-	(189,628)	(1,328,120)
Total Other Financing Sources and Uses	\$ (150,229)	\$ (27,000)	\$ 577,800	\$ (250,000)	\$ -	\$ -	\$ 171,628	\$ 126,601	\$ 448,800
Net Change in Fund Balances	\$ (15,263)	\$ (128,542)	\$ 116,531	\$ (274,844)	\$ 138,988	\$ 53,122	\$ 119,559	\$ (21,958)	\$ (12,407)
Fund Balance - January 1	\$ 522,836	\$ 239,678	\$ 180,371	\$ 420,263	\$ 223,266	\$ 222,860	\$ (47,747)	\$ 375,859	\$ 2,137,386
Fund Balance - December 31	\$ 507,573	\$ 111,136	\$ 296,902	\$ 145,419	\$ 362,254	\$ 275,982	\$ 71,812	\$ 353,901	\$ 2,124,979

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

ROLETTE COUNTY
Rolla, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Net Change in *Fund Balances* - Total Governmental Funds \$ (12,407)

The change in net assets reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	\$ 1,456,608	
Current Year Depreciation Expense	<u>(352,817)</u>	1,103,791

In the Statement of Activities, the loss or gain on sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Net Gain on Disposals of Capital Assets	\$ 67,500	
Proceeds from Disposals of Capital Assets	<u>(85,000)</u>	(17,500)

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

Repayment of Debt - Capital Lease	\$ 207,938	
Issuance of Debt - Capital Lease	(323,800)	
Issuance of Debt - Loans	(40,000)	
Repayment of Debt - Special Assessments	<u>486</u>	(155,376)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (5,189)	
Net Change in Interest Payable	<u>(6,734)</u>	(11,923)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Change in Taxes Receivable	\$ (36,544)	
Net Change in Road Receivables	<u>7,866</u>	<u>(28,678)</u>

Change in Net Assets of Governmental Activities \$ 877,907

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF NET ASSETS
December 31, 2009

	Primary	Component Units	
	Governmental Activities	Water Resource Board	Health District
ASSETS:			
Cash and Investments	\$ 1,607,300	\$ 31,841	122,751
Taxes Receivable	126,673	1,726	3,572
Road Receivables	8,883	-	-
Intergovernmental Receivable	556,554	-	49,908
Other Assets	-	-	4,035
Capital Assets (net of accumulated depreciation):			
Land	13,300	-	-
Buildings	567,980	-	79,200
Equipment	1,056,068	-	-
Vehicles	92,060	-	-
Infrastructure	1,952,717	-	-
Construction in Progress	80,382	-	-
Total Capital Assets	<u>\$ 3,762,507</u>	<u>\$ -</u>	<u>\$ 79,200</u>
Total Assets	<u>\$ 6,061,917</u>	<u>\$ 33,567</u>	<u>\$ 259,466</u>
LIABILITIES:			
Accounts Payable	\$ 10,411	\$ -	-
Retainage Payable	16,057	-	-
Interest Payable	4,174	-	-
Long-Term Liabilities:			
Due Within One Year:			
Capital Lease Payable	153,660	-	-
Special Assessments Payable	486	-	-
Compensated Absences Payable	13,429	-	2,400
Due After One Year:			
Capital Lease Payable	151,326	-	-
Special Assessments Payable	4,374	-	-
Compensated Absences Payable	120,858	-	21,598
Total Liabilities	<u>\$ 474,775</u>	<u>\$ -</u>	<u>\$ 23,998</u>
NET ASSETS:			
Invested in capital assets, net of related debt	\$ 3,448,487	\$ -	79,200
Restricted for:			
Public Safety	39,730	-	-
Highways	1,289,213	-	-
Health and Welfare	-	-	156,268
Culture and Recreation	28,667	-	-
Conservation of Natural Resources	19,264	33,567	-
Emergencies	99,491	-	-
Special Purposes	205,275	-	-
Unrestricted	457,015	-	-
Total Net Assets	<u>\$ 5,587,142</u>	<u>\$ 33,567</u>	<u>\$ 235,468</u>

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Units Water Resource Board	Health District
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	\$ 1,234,427	\$ 45,835	\$ 113,413	\$ (1,075,179)		
Public Safety	896,930	165,592	-	(731,338)		
Highways	1,530,941	348,457	1,840,554	658,070		
Health and Welfare	1,327,961	-	940,138	(387,823)		
Culture and Recreation	25,313	-	8,102	(17,211)		
Conserv. of Natural Resources	117,515	-	-	(117,515)		
Interest Expense	18,300	-	-	(18,300)		
Total Primary Government	\$ 5,151,387	\$ 559,884	\$ 2,902,207	\$ (1,689,296)		
<u>Component Unit:</u>						
Water Resource Board	\$ 18,660	\$ -	\$ -	\$ (18,660)	\$ -	
Health District	594,686	140,470	386,543	-	(67,673)	
Total Component Units	\$ 613,346	\$ 140,470	\$ 386,543	\$ (18,660)	\$ (67,673)	
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes				\$ 319,667	\$ 17,350	\$ 35,064
Property taxes; levied for special purposes				889,204	-	-
<u>State aid & grants not restricted to specific programs:</u>						
State Aid Distribution and Grants				647,364	-	27,843
Other State Shared Revenues				94,957	-	-
Interest Revenue				39,197	449	-
Miscellaneous Revenue				250,372	-	15,200
Total General Revenues				\$ 2,240,761	\$ 17,799	\$ 78,107
Change in Net Assets				\$ 551,465	\$ (861)	\$ 10,434
Net Assets - January 1				\$ 5,010,420	\$ 34,428	\$ 222,417
Prior Period Adjustment				25,257	-	2,617
Net Assets - January 1, as restated				\$ 5,035,677	\$ 34,428	\$ 225,034
Net Assets - December 31				\$ 5,587,142	\$ 33,567	\$ 235,468

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

ROLETTE COUNTY
Rolla, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2009

	General	Unorganized District Road	Highway Tax Distribution	FEMA	Farm to Market Road	Farm to Market Maint.	Social Services	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash and Investments	\$ 116,191	\$ 255,735	\$ 59,405	\$ 420,263	\$ 226,393	\$ 222,860	\$ -	\$ 306,453	\$ 1,607,300
Taxes Receivable	32,079	10,900	-	-	13,714	5,902	21,842	42,236	126,673
Road Receivables	-	8,883	-	-	-	-	-	-	8,883
Intergovernmental Receivable	124,832	-	120,966	-	7,284	-	234,066	69,406	556,554
Due From Other Funds	281,813	-	-	-	-	-	-	-	281,813
Total Assets	\$ 554,915	\$ 275,518	\$ 180,371	\$ 420,263	\$ 247,391	\$ 228,762	\$ 255,908	\$ 418,095	\$ 2,581,223
LIABILITIES AND FUND BALANCE									
<u>Liabilities:</u>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 10,411	\$ -	\$ -	\$ -	\$ 10,411
Retainage Payable	-	16,057	-	-	-	-	-	-	16,057
Deferred Revenue	32,079	19,783	-	-	13,714	5,902	21,842	42,236	135,556
Due to Other Funds	-	-	-	-	-	-	281,813	-	281,813
Total Liabilities	\$ 32,079	\$ 35,840	\$ -	\$ -	\$ 24,125	\$ 5,902	\$ 303,655	\$ 42,236	\$ 443,837
<u>Fund Balances:</u>									
Unreserved, reported in:									
General Fund	\$ 522,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,836
Special Revenue Funds	-	239,678	180,371	420,263	223,266	222,860	(47,747)	375,859	1,614,550
Total Fund Balances	\$ 522,836	\$ 239,678	\$ 180,371	\$ 420,263	\$ 223,266	\$ 222,860	\$ (47,747)	\$ 375,859	\$ 2,137,386
Total Liabilities and Fund Balances	\$ 554,915	\$ 275,518	\$ 180,371	\$ 420,263	\$ 247,391	\$ 228,762	\$ 255,908	\$ 418,095	\$ 2,581,223

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

ROLETTE COUNTY
Rolla, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2009

Total *Fund Balances* for Governmental Funds \$ 2,137,386

Total *net assets* reported for government activities in the statement of net assets is different because:

Total *net assets* reported for government activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 7,030,996	
Less Accumulated Depreciation	<u>(3,268,489)</u>	3,762,507

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 126,673

Road receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 8,883

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net assets. Balances at December 31, 2009 are:

Capital Leases Payable	\$ (304,986)	
Special Assessments Payable	(4,860)	
Interest Payable	(4,174)	
Compensated Absences	<u>(134,287)</u>	<u>(448,307)</u>

Total Net Assets of Governmental Activities \$ 5,587,142

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	General	Unorganized District Road	Highway Tax Distribution	FEMA	Farm to Market Road	Farm to Market Maint.	Social Services	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>									
Taxes	\$ 320,119	\$ 120,435	\$ -	\$ -	\$ 126,101	\$ 54,326	\$ 201,370	\$ 388,635	\$ 1,210,986
Intergovernmental	660,632	190,034	771,185	686,869	16,312	3,890	953,284	362,322	3,644,528
Licenses, Permits and Fees	4,920	-	-	-	-	-	-	-	4,920
Charges for Services	54,261	340,512	-	-	-	-	-	152,246	547,019
Interest Income	39,197	-	-	-	-	-	-	-	39,197
Miscellaneous	68,270	-	-	-	-	-	608	181,494	250,372
Total Revenues	\$ 1,147,399	\$ 650,981	\$ 771,185	\$ 686,869	\$ 142,413	\$ 58,216	\$ 1,155,262	\$ 1,084,697	\$ 5,697,022
<u>Expenditures:</u>									
Current:									
General Government	\$ 665,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 544,673	\$ 1,210,104
Public Safety	238,168	-	-	-	-	-	-	694,424	932,592
Highways	-	434,358	753,143	34,080	148,663	24,509	-	3,200	1,397,953
Health and Welfare	1,455	-	-	-	-	-	1,313,956	8,193	1,323,604
Culture and Recreation	-	-	-	-	-	-	-	25,313	25,313
Conserv. of Natural Resources	-	-	-	-	-	-	-	117,515	117,515
Debt Service:									
Principal	8,775	-	167,615	-	-	-	-	-	176,390
Interest & Service Charges	1,486	-	13,299	-	-	-	-	-	14,785
Total Expenditures	\$ 915,315	\$ 434,358	\$ 934,057	\$ 34,080	\$ 148,663	\$ 24,509	\$ 1,313,956	\$ 1,393,318	\$ 5,198,256
Excess (Deficiency) of Revenues Over Expenditures	\$ 232,084	\$ 216,623	\$ (162,872)	\$ 652,789	\$ (6,250)	\$ 33,707	\$ (158,694)	\$ (308,621)	\$ 498,766
<u>Other Financing Sources (Uses):</u>									
Transfers In	\$ 14,000	\$ -	\$ 238,473	\$ -	\$ -	\$ -	\$ 40,000	\$ 329,946	\$ 622,419
Transfers Out	(329,946)	-	-	(234,473)	-	-	-	(58,000)	(622,419)
Total Other Financing Sources and Uses	\$ (315,946)	\$ -	\$ 238,473	\$ (234,473)	\$ -	\$ -	\$ 40,000	\$ 271,946	\$ -
Net Change in Fund Balances	\$ (83,862)	\$ 216,623	\$ 75,601	\$ 418,316	\$ (6,250)	\$ 33,707	\$ (118,694)	\$ (36,675)	\$ 498,766
Fund Balance - January 1	\$ 606,698	\$ 23,055	\$ 104,770	\$ 1,947	\$ 229,516	\$ 189,153	\$ 70,947	\$ 397,789	\$ 1,623,875
Prior Period Adjustment	-	-	-	-	-	-	-	14,745	14,745
Fund Balance - Jan. 1, as restated	\$ 606,698	\$ 23,055	\$ 104,770	\$ 1,947	\$ 229,516	\$ 189,153	\$ 70,947	\$ 412,534	\$ 1,638,620
Fund Balance - December 31	\$ 522,836	\$ 239,678	\$ 180,371	\$ 420,263	\$ 223,266	\$ 222,860	\$ (47,747)	\$ 375,859	\$ 2,137,386

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

ROLETTE COUNTY
Rolla, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

Net Change in *Fund Balances* - Total Governmental Funds \$ 498,766

The change in net assets reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	\$ 195,343	
Loss on Capital Assets	(22,233)	
Current Year Depreciation Expense	<u>(298,462)</u>	(125,352)

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

Repayment of Debt - Capital Lease	\$ 175,904	
Repayment of Debt - Special Assessments	<u>486</u>	176,390

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (654)	
Net Change in Interest Payable	<u>(3,515)</u>	(4,169)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Change in Taxes Receivable	\$ (2,115)	
Net Change in Road Receivables	<u>7,945</u>	<u>5,830</u>

Change in Net Assets of Governmental Activities \$ 551,465

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010 and 2009

	<u>Agency Funds</u>	
	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	<u>\$ 709,450</u>	<u>\$ 634,360</u>
<u>LIABILITIES</u>		
Due to other governments	<u>\$ 709,450</u>	<u>\$ 634,360</u>

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

ROLETTE COUNTY
Rolla, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Rolette County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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

Based on these criteria, there are two discretely presented component units to be included within Rolette County as a reporting entity.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Units: The component unit columns in the basic financial statements include the financial data of the county's two component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

Rolette County Health District - The County's governing board appoints a voting majority of the members of the Rolette County Health District. The county has the authority to approve or modify the Health District's operational and capital budgets. The county's governing board must approve the tax levy established by the Health District. The Health District has the authority to issue bonded debt.

Rolette County Water Resource District - The County's governing board appoints a voting majority of the members of the Rolette County Water Resource District Board. The county has the authority to approve or modify the Water Resource District operational and capital budgets. The county also must approve the tax levy established by the Water Resource District.

Component Unit Financial Statements: The financial statements of the discretely presented component units are presented in the County's basic financial statements. Complete financial statements of the component units can be obtained from the Rolette County Auditor Rolette County, 102 ne 2ND Street PO box 939, Rolla ND 58367.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Related Organizations - The County is accountable for the following legally separate entities because it appoints a voting majority to their governing boards. Although, the County is not financially accountable for these entities, as defined by GASB statement 14, the County did provide operating grants to them as follows:

	2010	2009
Weed Control	\$89,605	\$87,174
County Park	9,000	5,804
Senior Citizens	20,000	19,510

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government, Rolette County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made, when applicable, to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's and the component units governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, interest and non-restricted grants and contributions, are presented as general revenues.

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

The county reports the following major governmental funds:

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

Unorganized District Road Fund. This fund accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund.

Highway Tax Distribution Fund. This fund accounts for the Highway Tax Distribution revenue collected during the year for this specific County.

FEMA Fund. This fund accounts for repair and improvement of highways and bridges that are damaged due to natural disasters and paid for primarily by FEMA public assistance monies

Farm-to-Market Road Fund. This fund accounts for repair and improvement of highways and bridges that are legally restricted from taxes levied.

Farm-to-Market Maintenance Fund. This fund accounts for repair and improvement of highways and bridges that are legally restricted from taxes levied

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Social Services Fund. This fund accounts for the costs of providing social service benefits and programs to needy residents of the county.

The County reports the following fund type:

Agency Funds. These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency funds are used to account for property taxes collected on behalf of other governments.

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

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

All governmental and internal service funds of the County and the discretely presented component unit follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less.

E. Capital Assets

PRIMARY GOVERNMENT:

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

ROLETTE COUNTYNotes to the Financial Statements – Continued

General infrastructure assets acquired prior to January 1, 2004 consisting of various road and bridge network assets are not reported in the financial statements, as the County was required to prospectively report infrastructure assets beginning January 1, 2004 as a Phase III GASB 34 implementation entity. 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. Interest incurred during the construction phase of capital assets is not capitalized.

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

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

Assets	Years
Buildings	50
Equipment	9-20
Vehicles	5-10
Infrastructure	50
Office Equipment	5-15
Building Improvements	15-50

F. Compensated Absences

Vacation leave is earned at the rate of 10 to 15 days per year depending on years of service. Vacation leave may be carried over from one year to the next, but it must be used within that next year or forfeited. Upon termination vacation benefits that have accrued through the last day of work will be paid. Employees, who have completed six months of employment, accrue sick leave benefits at the rate of 10 days per year. Unused sick leave benefits will be allowed to accumulate to a limit of 30 days. Once an employee has reached their maximum accrued sick leave level, they are eligible to trade any additional sick leave awarded that year, at a rate of one day of vacation for three days of sick leave. This trade must occur within the calendar year in which the sick leave is earned.

G. Long-Term Obligations

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

H. Fund Balances / Net Assets Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose, primarily for debt service. Restrictions of net assets on the government-wide statement of net assets primarily include certain functions legally restricted by specified tax levies.

I. Interfund Transactions

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

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

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

ROLETTE COUNTY

Notes to the Financial Statements – Continued

NOTE 2: LEGAL COMPLIANCE - BUDGETS**BUDGET AMENDMENTS**

The board of county commissioners amended the county budget for the year ended December 31, 2010 as follows:

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<u>Major</u>			
General Fund	\$984,369	\$114,731	\$1,099,100
Unorganized District Road	222,180	154,435	376,615
Highway Tax Distribution	677,725	442,375	1,120,100
FEMA	-	24,850	24,850
<u>Special Revenue Funds:</u>			
Emergency Fund	99,000	(99,000)	-
Revenue Sharing	60,000	39,800	99,800
Advertising	6,000	300	6,300
Jail Maintenance	268,946	44,554	313,500
Law Enforcement	4,000	8,800	12,800
Law Enforcement Grants	30,000	93,300	123,300
St. John Contract Police	-	17,500	17,500
Weed Board	63,600	26,050	89,650

The board of county commissioners amended the county budget for the year ended December 31, 2009 as follows:

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<u>Major</u>			
Unorganized District Road	\$238,180	\$188,420	\$426,600
Highway Tax Distribution	681,726	252,334	934,060
FEMA	-	268,553	268,553
<u>Special Revenue Funds:</u>			
Emergency Fund	98,600	(98,600)	-
Jail Maintenance	225,463	104,067	329,530
Dunseith Contract Police	146,343	6,657	153,000
Roulette Contract Police	71,838	4,422	76,260
Law Enforcement Grants	10,000	103,520	113,520
Weed Board	63,600	23,580	87,180

NOTE 3: DEPOSITS

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

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

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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

At year ended December 31, 2010, the county's carrying amount of deposits was \$1,536,763 and the bank balances totaled \$2,692,243. Of the bank balances, \$715,777 was covered by Federal Depository Insurance. The remaining bank balances totaling \$1,976,466 were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2010, the Rolette County Health District and Water Resource District's deposits of \$179,531 and \$28,131, respectively, were entirely covered by Federal Depository Insurance.

At year ended December 31, 2009 the county's carrying amount of deposits was \$2,041,455 bank balances totaled \$2,470,756. Of the bank balances, \$713,554 was covered by Federal Depository Insurance. The remaining bank balances totaling \$1,757,202 were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2009, the Rolette County Health District and Water Resource District's deposits of \$140,108 and \$5,810, respectively, were entirely covered by Federal Depository Insurance.

Credit Risk:

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

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

As of December 31, 2010 and 2009, the county had certificates of deposit totaling \$1,410,525 and \$1,610,525, respectively, all of which were considered deposits.

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

NOTE 4: TAXES RECEIVABLE

The taxes receivable represents the past four years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable because any defaults will be covered by enforcement of the liens.

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

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

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Most property owners choose to pay property taxes on or before February 15 and receive the 5% discount on the property taxes.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due for interest from banks and charges for services provide prior to year-end, but not received until after year-end.

NOTE 6: ROAD ACCOUNTS RECEIVABLE

Road accounts receivable consist of amounts due for road work for townships, cities and private citizens.

NOTE 7: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of various social service programs, highway tax distribution, state aid and other state and federal grants.

NOTE 8: CAPITAL ASSETS

The following is a summary of changes in capital assets for Rolette County for the years ended December 31, 2010 and 2009:

Primary Government:	Balance 1-1-10	Increases	Decreases	Transfers	Balance 12-31-10
Governmental Activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 13,300	\$ 10,000	\$ -	\$ -	\$ 23,300
Construction in Progress	80,383	803,817	-	(884,200)	-
Total Capital Assets, not being depreciated	\$ 93,683	\$ 813,817	\$ -	\$(884,200)	\$ 23,300
<i>Capital assets being depreciated:</i>					
Buildings	\$1,720,600	\$ 145,000	\$ 35,000	\$ -	\$1,830,600
Building Improvements	-	74,586	-	-	74,586
Equipment	2,974,659	399,637	247,700	-	3,126,596
Vehicles	202,200	23,566	54,500	-	171,266
Infrastructure	2,039,855	-	-	884,200	2,924,055
Total Capital Assets, Being Depreciated	\$6,937,314	\$ 642,789	\$337,200	\$ 884,200	\$8,127,103
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$1,152,621	\$ 32,239	\$ 21,700	\$ -	\$1,163,160
Building Improvements	-	2,177	-	-	2,177
Equipment	1,918,591	213,852	245,300	-	1,887,143
Vehicles	110,139	29,433	52,700	-	86,872
Infrastructure	87,139	75,114	-	-	162,253
Total Accumulated Depreciation	\$3,268,490	\$ 352,815	\$319,700	\$ -	\$3,301,605
Total Capital Assets Being Depreciated, Net	\$3,668,824	\$ 289,974	\$ 17,500	\$ 884,200	\$4,825,498
<i>Governmental Activities- Capital Assets, Net</i>	\$3,762,507	\$1,103,791	\$ 17,500	\$ -	\$4,848,798

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Primary Government:	Balance 1-1-09	Adjustment	Increases	Decreases	Transfers	Balance 12-31-09
Governmental Activities:						
<i>Capital assets not being depreciated:</i>						
Land	\$ 10,550	\$2,750	\$ -	\$ -	\$ -	\$ 13,300
Construction in Progress	535,671	-	99,143	-	(554,431)	80,383
Total Capital Assets, not being depreciated	\$ 546,221	\$2,750	\$ 99,143	\$ -	\$(554,431)	\$ 93,683
<i>Capital assets being depreciated:</i>						
Buildings	\$1,720,600	\$ -	\$ -	\$ -	\$ -	\$1,720,600
Equipment	2,974,659	-	-	-	-	2,974,659
Vehicles	195,355	-	96,200	89,355	-	202,200
Infrastructure	1,485,424	-	-	-	554,431	2,039,855
Total Capital Assets, Being Depreciated	\$6,376,038	\$ -	\$ 96,200	\$89,355	\$ 554,431	\$6,937,314
<i>Less Accumulated Depreciation for:</i>						
Buildings	\$1,120,209	\$ -	\$ 32,412	\$ -	\$ -	\$1,152,621
Equipment	1,739,171	-	179,420	-	-	1,918,591
Vehicles	148,061	-	29,200	67,122	-	110,139
Infrastructure	29,709	-	57,430	-	-	87,139
Total Accumulated Depreciation	\$3,037,150	\$ -	\$ 298,462	\$67,122	\$ -	\$3,268,490
Total Capital Assets Being Depreciated, Net	\$3,338,888	\$ -	\$(202,262)	\$22,233	\$ 554,431	\$3,668,824
<i>Governmental Activities-Capital Assets, Net</i>	\$3,885,109	\$2,750	\$(103,119)	\$22,233	\$ -	\$3,762,507

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

Governmental Activities:	2010	2009
General Government	\$ 22,443	\$ 22,404
Public Safety	33,389	34,080
Highways and Bridges	292,983	237,978
Health and Welfare	4,000	4,000
Total Depreciation Expense - Governmental Activities	\$352,815	\$298,462

The following is a summary of changes in capital assets for Rolette County Health District for the years ended December 31, 2010 and 2009:

Rolette County Health District	Balance 1-1-10	Adjustment	Increases	Decreases	Balance 12-31-10
Governmental Activities:					
<i>Capital assets being depreciated:</i>					
Buildings	\$90,000	\$ -	\$ -	\$ -	\$90,000
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$10,800	\$ -	\$ 1,800	\$ -	\$12,600
Total Capital Assets Being Depreciated, Net	\$79,200	\$ -	\$(1,800)	\$ -	\$77,400
<i>Governmental Activities- Capital Assets, Net</i>	\$79,200	\$ -	\$(1,800)	\$ -	\$77,400

Rolette County Health District	Balance 1-1-09	Adjustment	Increases	Decreases	Balance 12-31-09
Governmental Activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 2,750	\$(2,750)	\$ -	\$ -	\$ -
<i>Capital assets being depreciated:</i>					
Buildings	\$90,000	\$ -	\$ -	\$ -	\$90,000
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 9,000	\$ -	\$ 1,800	\$ -	\$10,800
Total Capital Assets Being Depreciated, Net	\$81,000	\$ -	\$(1,800)	\$ -	\$79,200
<i>Governmental Activities- Capital Assets, Net</i>	\$83,750	\$(2,750)	\$(1,800)	\$ -	\$79,200

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Depreciation expense totaling \$1,800 for 2010 and 2009 was charged to the Health and Welfare function.

NOTE 9: ACCOUNTS PAYABLE

Accounts payable consists of a liability account reflecting amounts on open accounts owing to private persons or organizations for goods and services received prior to December 31.

NOTE 10: LEASES PAYABLE

Capital Leases - Rolette County has entered into two new lease agreements for the audit period. The first lease was for a 2010 Caterpillar 140M Motor Grader, the second lease was for a 2007 Case 621 Wheel Loader. These lease agreements qualify as capital leases for accounting purposes.

NOTE 11: RETAINAGES PAYABLE

Retainages payable consists of amounts due at 12-31-09 in the organized road fund for construction project St. John Overlay STM-SC-4006(060) not yet completed.

NOTE 12: LONG-TERM DEBT

Primary Government:

Changes in Long-Term Liabilities - During the years ended December 31, 2010 and 2009, the following changes occurred in governmental activities long-term liabilities for the primary government:

Governmental Activities:

Governmental Activities	Balance 1-1-10	Increases	Decreases	Balance 12-31-10	Due Within One Year
Leases Payable	\$304,986	\$323,800	\$207,938	\$420,848	\$157,004
Special Assessments Payable	4,860	-	486	4,374	486
Loans Payable	-	40,000	-	40,000	9,349
Compensated Absences *	134,287	5,189	-	139,476	13,948
Total Governmental Activities	\$444,133	\$368,989	\$208,424	\$604,698	\$180,787

Governmental Activities	Balance 1-1-09	Adjustment	Increases	Decreases	Balance 12-31-09	Due Within One Year
Leases Payable	\$480,890	\$ -	\$ -	\$175,904	\$304,986	\$153,660
Special Assessments Payable	13,108	(7,762)	-	486	4,860	486
Compensated Absences *	133,633	654	-	-	134,287	13,429
Total Governmental Activities	\$627,631	\$(7,108)	\$ -	\$176,390	\$444,133	\$167,575

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Outstanding governmental activities debt at December 31, 2010 is comprised of the following individual issues:

Leases Payable:

\$245,300 lease from Caterpillar for a 140M AWD Motor Grader. Payments will range from \$45,739 to \$52,497 until 2014 with an interest rate of 3.450%.

\$ 192,803

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Leases Payable – Continued:

\$78,500 Lease from Titan Machinery for a 621 Wheel Loader. Payments will range from \$14,904 to \$17,339 until 2015 with an interest rate of 5.200%.	\$ 78,500
\$32,884 Lease from Dakota Bank Rolla for a 2009 Chevy Silverado. Payments will \$762.03 until 2011 with an interest rate of 5.250%.	3,015
\$208,836 Lease from Butler Machinery for a 143H Motor Grader. Payments will range from \$37,908 to \$45,814 until 2011 with an interest rate of 4.850%.	43,695
\$252,651 Lease from Merchants Capital Resources for a 140M AWD Motor Grader. Payments will range from be \$46,832 to \$52,674 until 2012 with an interest rate of 3.750%.	<u>102,835</u>
Total Leases Payable	<u>\$420,848</u>

Loans Payable:

\$70,000 Loan from Security State Bank. Payments will range from be \$9,349 to \$10,632 until 2014 with an interest rate of 5.000%.	<u>\$ 40,000</u>
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Special Assessments Payable:

County Property Sewer #27	<u>\$ 4,374</u>
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Debt service requirements on government activity long-term debt at December 31, 2010 are as follows:

PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES						
Year Ending December 31	Leases Payable		Loan Payable		Special Assessments Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$157,004	\$16,962	\$ 9,349	\$1,951	\$ 486	\$ 583
2012	114,621	10,483	9,763	1,537	486	558
2013	64,678	6,056	10,256	1,044	486	534
2014	67,206	3,527	10,632	531	486	510
2015	17,339	897	-	-	486	485
2016 - 2020	-	-	-	-	1,944	1,698
Totals	\$420,848	\$37,925	\$40,000	\$5,063	\$4,374	\$4,368

Changes in Long-Term Liabilities - During the years ended December 31, 2010 and 2009, the following changes occurred in governmental activities long-term liabilities for the Health District component unit:

Health District:

	Balance 1-1-10	Increases	Decreases	Balance 12-31-10	Due Within One Year
Compensated Absences *	\$23,998	\$4,888	\$ -	\$28,886	\$2,889

	Balance 1-1-09	Increases	Decreases	Balance 12-31-09	Due Within One Year
Compensated Absences *	\$29,162	\$ -	\$5,164	\$23,998	\$2,400

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

NOTE 13: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements of the governmental activities for the years ended December 31, 2010 and 2009:

	2010		2009	
	Transfers In	Transfers Out	Transfers In	Transfers Out
<u>Major Funds:</u>				
General Fund	\$ 167,000	\$ 317,229	\$ 14,000	\$329,946
Road and Bridge - Unorganized	-	152,000	-	-
Highway Tax Distribution	254,000	-	238,473	-
FEMA	420,263	670,262	-	234,473
Social Services	171,628	-	40,000	-
<u>Special Revenue Funds:</u>				
Emergency Poor	-	131,628	-	-
OASIS & Social Security	-	58,000	-	58,000
Revenue Sharing	70,000	-	50,000	-
Jail Maintenance	175,275	1,000	196,478	-
Dunseith Contract Policing	41,856	-	56,576	-
Roulette Contract Policing	20,319	-	26,892	-
St. John Contract Policing	9,778	-	-	-
Total Transfers	\$1,330,119	\$1,330,119	\$622,419	\$622,419

NOTE 14: PENSION PLAN**North Dakota Public Employees' Retirement System**

Roulette County participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of Roulette County. The plan provides retirement, disability and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 4% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. Rolette County has implemented a salary reduction agreement and is currently contributing the employees share. Rolette County is required to contribute 4.12% of each participant's salary as the employer's share. In addition to the 4.12% employer contribution the employer is required to contribute 1% of each participating employee's gross wage to a prefunded retiree health insurance program (through June 30, 2010). As of July 1, 2010, this increased to 1.14%. The required contributions are determined using an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. Rolette County's required and actual contributions to NDPERS for the fiscal years ended December 31, 2010, 2009, and 2008 were \$112,538, \$108,418, and \$90,289, respectively. Other contributions include the Great West Retirement System 457 Deferred Compensation plan and the North Dakota Teachers Retirement Fund. Rolette County's contributions to these retirement programs for the fiscal years ended December 31, 2010, 2009, and 2008 were \$9,544, \$9,781, and \$10,776.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

NOTE 15: RISK MANAGEMENT

Rolette County is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Rolette County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and automobile and \$3,124,225 for public assets (mobile equipment and portable property).

Rolette County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Rolette County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides Rolette County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

NOTE 16: DEFICIT CASH FUND BALANCES

At December 31, 2010 and 2009 the following funds had deficit fund balances.

Special Revenue Funds:	2010	2009
Social Services	\$(161,495)	\$(281,813)
Miscellaneous Fund	(29,678)	(15,084)
Grant Law Enforcement	(16,217)	(68,730)

ROLETTE COUNTY

Notes to the Financial Statements – Continued

NOTE 17: CONDUIT DEBT OBLIGATIONS

From time to time, the county has obtained community development block grant loans 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 loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the acquired facility transfers to the private-sector entity served by the loan. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements.

As of December 31, 2010, there were two community development block grant loans outstanding, with an aggregate principal amount payable of \$134,171.

NOTE 18: PRIOR PERIOD ADJUSTMENT

The prior period adjustment shown in the statement of activities was due to an adjustment to special assessments payable, land that was not included in prior audits, and an adjustment to the statement of revenues, expenditures and changes in fund balance, as well as an adjustment for reclassifying the miscellaneous fund from agency to special revenue. The adjustment to the statement of revenues, expenditures and changes in fund balance was due to an agency fund that was included in other governmental funds and reclassifying the miscellaneous fund from agency to special revenue.

Governmental Activities:	Amounts
Beginning net assets, as previously reported	\$5,010,420
Adjustments to restate the January 1, 2009 net assets:	
Adjustment for 2008 accounts payable	10,780
Adjustment for 2008 agency funds	(3,457)
Adjustment for miscellaneous fund	7,422
Adjustment to special assessments	7,762
Adjustment to land	2,750
Net Assets January 1, as restated	\$5,035,677

Governmental Funds:	Other Governmental Funds
Beginning fund balance	\$397,789
Adjustments to restate the January 1, 2009 fund balance:	
Adjustment for 2008 accounts payable	10,780
Adjustment for miscellaneous fund	7,422
Adjustment for 2008 agency funds	(3,457)
Fund Balance, January 1, as restated	\$412,534

NOTE 19: BUDGET TO ACTUAL RECONCILIATION

Leases issued in 2010 paid by the highway tax distribution is not included in the budgetary comparison schedules but are included in the combined statement of revenues, expenditures and changes in fund balances for each year under audit. The reconciliations are provided below:

2010 Fund	Combined Statement	Adjustment	Budget to Actual Stmt.
<u>Highway Tax:</u>			
Expenditures	\$1,443,867	\$(323,800)	\$1,120,067
Lease Proceeds	323,800	(323,800)	-

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 340,400	\$ 340,400	\$ 347,029	\$ 6,629
Intergovernmental	677,959	677,959	760,496	82,537
Licenses, Permits and Fees	3,250	3,250	3,670	420
Charges for Services	48,400	48,400	49,317	917
Interest Income	30,000	30,000	33,213	3,213
Miscellaneous	25,000	25,000	40,321	15,321
Total Revenues	\$ 1,125,009	\$ 1,125,009	\$ 1,234,046	\$ 109,037
<u>Expenditures:</u>				
Current:				
General Government	\$ 750,072	\$ 864,803	\$ 872,848	\$ (8,045)
Public Safety	232,297	232,297	214,989	17,308
Health & Welfare	2,000	2,000	1,006	994
Debt Service:				
Principal	-	-	9,222	(9,222)
Interest	-	-	1,015	(1,015)
Total Expenditures	\$ 984,369	\$ 1,099,100	\$ 1,099,080	\$ 20
Excess (Deficiency) of Revenues Over Expenditures	\$ 140,640	\$ 25,909	\$ 134,966	\$ 109,057
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 14,000	\$ 14,000	\$ 166,000	\$ 152,000
Transfers Out	(230,189)	(230,189)	(316,229)	(86,040)
Total Other Financing Sources and Uses	\$ (216,189)	\$ (216,189)	\$ (150,229)	\$ 65,960
Net Change in Fund Balance	\$ (75,549)	\$ (190,280)	\$ (15,263)	\$ 175,017
Fund Balance - January 1	\$ 522,836	\$ 522,836	\$ 522,836	\$ -
Fund Balance - December 31	\$ 447,287	\$ 332,556	\$ 507,573	\$ 175,017

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE UNORGANIZED FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 125,800	\$ 125,800	\$ 125,941	\$ 141
Intergovernmental	76,675	76,675	84,965	8,290
Charges for Services	42,100	42,100	70,419	28,319
Total Revenues	\$ 244,575	\$ 244,575	\$ 281,325	\$ 36,750
<u>Expenditures:</u>				
Current:				
Highways	\$ 222,180	\$ 376,615	\$ 382,867	\$ (6,252)
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,395	\$ (132,040)	\$ (101,542)	\$ 30,498
<u>Other Financing Sources (Uses):</u>				
Loan Proceeds	\$ -	\$ -	\$ 40,000	\$ 40,000
Sale of Assets	-	-	85,000	85,000
Transfers Out	-	-	(152,000)	(152,000)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ (27,000)	\$ (27,000)
Net Change in Fund Balance	\$ 22,395	\$ (132,040)	\$ (128,542)	\$ 3,498
Fund Balance - January 1	\$ 239,678	\$ 239,678	\$ 239,678	\$ -
Fund Balance - December 31	\$ 262,073	\$ 107,638	\$ 111,136	\$ 3,498

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX DISTRIBUTION FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 705,580	\$ 705,580	\$ 982,598	\$ 277,018
<u>Expenditures:</u>				
Current:				
Highways	\$ 677,725	\$ 1,120,100	\$ 908,269	\$ 211,831
Debt Service:				
Principal	-	-	199,202	(199,202)
Interest	-	-	12,596	(12,596)
Total Expenditures	\$ 677,725	\$ 1,120,100	\$ 1,120,067	\$ 33
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,855	\$ (414,520)	\$ (137,469)	\$ 277,051
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 4,000	\$ 4,000	\$ 254,000	\$ 250,000
Net Change in Fund Balance	\$ 31,855	\$ (410,520)	\$ 116,531	\$ 527,051
Fund Balance - January 1	\$ 180,371	\$ 180,371	\$ 180,371	\$ -
Fund Balance - December 31	\$ 212,226	\$ (230,149)	\$ 296,902	\$ 527,051

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ -	\$ 24,850	\$ 24,844	\$ 6
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (24,850)	\$ (24,844)	\$ 6
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 420,263	\$ 420,263
Transfers Out	-	-	(670,263)	(670,263)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ (250,000)	\$ (250,000)
Net Change in Fund Balance	\$ -	\$ (24,850)	\$ (274,844)	\$ (249,994)
Fund Balance - January 1	\$ 420,263	\$ 420,263	\$ 420,263	\$ -
Fund Balance - December 31	\$ 420,263	\$ 395,413	\$ 145,419	\$ (249,994)

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 135,000	\$ 135,000	\$ 131,130	\$ (3,870)
Intergovernmental	15,784	15,784	15,032	(752)
Total Revenues	<u>\$ 150,784</u>	<u>\$ 150,784</u>	<u>\$ 146,162</u>	<u>\$ (4,622)</u>
<u>Expenditures:</u>				
Current:				
Highways	\$ 75,000	\$ 365,000	\$ 7,174	\$ 357,826
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,784</u>	<u>\$ (214,216)</u>	<u>\$ 138,988</u>	<u>\$ 353,204</u>
Net Change in Fund Balance	<u>\$ 75,784</u>	<u>\$ (214,216)</u>	<u>\$ 138,988</u>	<u>\$ 353,204</u>
Fund Balance - January 1	<u>\$ 223,266</u>	<u>\$ 223,266</u>	<u>\$ 223,266</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 299,050</u></u>	<u><u>\$ 9,050</u></u>	<u><u>\$ 362,254</u></u>	<u><u>\$ 353,204</u></u>

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET MAINTENANCE FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 58,275	\$ 58,275	\$ 56,387	\$ (1,888)
Intergovernmental	6,744	6,744	6,476	(268)
Total Revenues	<u>\$ 65,019</u>	<u>\$ 65,019</u>	<u>\$ 62,863</u>	<u>\$ (2,156)</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 245,000</u>	<u>\$ 245,000</u>	<u>\$ 9,741</u>	<u>\$ 235,259</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (179,981)</u>	<u>\$ (179,981)</u>	<u>\$ 53,122</u>	<u>\$ 233,103</u>
Fund Balance - January 1	<u>\$ 222,860</u>	<u>\$ 222,860</u>	<u>\$ 222,860</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 42,879</u>	<u>\$ 42,879</u>	<u>\$ 275,982</u>	<u>\$ 233,103</u>

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 223,400	\$ 223,400	\$ 216,622	\$ (6,778)
Intergovernmental	961,178	961,178	1,047,191	86,013
Miscellaneous	79,150	79,150	1,049	(78,101)
Total Revenues	\$ 1,263,728	\$ 1,263,728	\$ 1,264,862	\$ 1,134
<u>Expenditures:</u>				
Current:				
Health & Welfare	\$ 1,493,948	\$ 1,493,948	\$ 1,316,931	\$ 177,017
Excess (Deficiency) of Revenues Over Expenditures	\$ (230,220)	\$ (230,220)	\$ (52,069)	\$ 178,151
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 40,000	\$ 40,000	\$ 171,628	\$ 131,628
Net Change in Fund Balance	\$ (190,220)	\$ (190,220)	\$ 119,559	\$ 309,779
Fund Balance - January 1	\$ (47,747)	\$ (47,747)	\$ (47,747)	\$ -
Fund Balance - December 31	\$ (237,967)	\$ (237,967)	\$ 71,812	\$ 309,779

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 339,900	\$ 339,900	\$ 320,119	\$ (19,781)
Intergovernmental	656,824	656,824	660,632	3,808
Licenses, Permits and Fees	3,250	3,250	4,920	1,670
Charges for Services	44,200	44,200	54,261	10,061
Interest Income	50,000	50,000	39,197	(10,803)
Miscellaneous	22,300	22,300	68,270	45,970
Total Revenues	\$ 1,116,474	\$ 1,116,474	\$ 1,147,399	\$ 30,925
<u>Expenditures:</u>				
Current:				
General Government	\$ 701,910	\$ 701,910	\$ 665,431	\$ 36,479
Public Safety	239,717	239,717	238,168	1,549
Health & Welfare	2,000	2,000	1,455	545
Debt Service:				
Principal	-	-	8,775	(8,775)
Interest	-	-	1,486	(1,486)
Total Expenditures	\$ 943,627	\$ 943,627	\$ 915,315	\$ 28,312
Excess (Deficiency) of Revenues Over Expenditures	\$ 172,847	\$ 172,847	\$ 232,084	\$ 59,237
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 14,000	\$ 14,000	\$ 14,000	\$ -
Transfers Out	(151,349)	(151,349)	(329,946)	(178,597)
Total Other Financing Sources and Uses	\$ (137,349)	\$ (137,349)	\$ (315,946)	\$ (178,597)
Net Change in Fund Balance	\$ 35,498	\$ 35,498	\$ (83,862)	\$ (119,360)
Fund Balance - January 1	\$ 606,698	\$ 606,698	\$ 606,698	\$ -
Fund Balance - December 31	\$ 642,196	\$ 642,196	\$ 522,836	\$ (119,360)

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE UNORGANIZED FUND
For the Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 126,200	\$ 126,200	\$ 120,435	\$ (5,765)
Intergovernmental	76,325	76,325	190,034	113,709
Charges for Services	42,100	42,100	340,512	298,412
Total Revenues	<u>\$ 244,625</u>	<u>\$ 244,625</u>	<u>\$ 650,981</u>	<u>\$ 406,356</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 238,180</u>	<u>\$ 426,600</u>	<u>\$ 434,358</u>	<u>\$ (7,758)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,445</u>	<u>\$ (181,975)</u>	<u>\$ 216,623</u>	<u>\$ 398,598</u>
Fund Balance - January 1	<u>\$ 23,055</u>	<u>\$ 23,055</u>	<u>\$ 23,055</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 29,500</u>	<u>\$ (158,920)</u>	<u>\$ 239,678</u>	<u>\$ 398,598</u>

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX DISTRIBUTION FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 694,686	\$ 694,686	\$ 771,185	\$ 76,499
<u>Expenditures:</u>				
Current:				
Highways	\$ 681,726	\$ 934,060	\$ 753,143	\$ 180,917
Debt Service:				
Principal	-	-	167,615	(167,615)
Interest	-	-	13,299	(13,299)
Total Expenditures	\$ 681,726	\$ 934,060	\$ 934,057	\$ 3
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,960	\$ (239,374)	\$ (162,872)	\$ 76,502
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 4,000	\$ 4,000	\$ 238,473	\$ 234,473
Net Change in Fund Balance	\$ 16,960	\$ (235,374)	\$ 75,601	\$ 310,975
Fund Balance - January 1	\$ 104,770	\$ 104,770	\$ 104,770	\$ -
Fund Balance - December 31	\$ 121,730	\$ (130,604)	\$ 180,371	\$ 310,975

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 686,869	\$ 686,869
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ -	\$ 34,080	\$ 34,080	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (34,080)	\$ 652,789	\$ 686,869
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ (234,473)	\$ (234,473)	\$ -
Net Change in Fund Balance	\$ -	\$ (268,553)	\$ 418,316	\$ 686,869
Fund Balance - January 1	\$ 1,947	\$ 1,947	\$ 1,947	\$ -
Fund Balance - December 31	\$ 1,947	\$ (266,606)	\$ 420,263	\$ 686,869

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 135,700	\$ 135,700	\$ 126,101	\$ (9,599)
Intergovernmental	15,234	15,234	16,312	1,078
Total Revenues	<u>\$ 150,934</u>	<u>\$ 150,934</u>	<u>\$ 142,413</u>	<u>\$ (8,521)</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 365,000</u>	<u>\$ 365,000</u>	<u>\$ 148,663</u>	<u>\$ 216,337</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (214,066)</u>	<u>\$ (214,066)</u>	<u>\$ (6,250)</u>	<u>\$ 207,816</u>
Fund Balance - January 1	<u>\$ 229,516</u>	<u>\$ 229,516</u>	<u>\$ 229,516</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 15,450</u>	<u>\$ 15,450</u>	<u>\$ 223,266</u>	<u>\$ 207,816</u>

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET MAINTENANCE FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 58,275	\$ 58,275	\$ 54,326	\$ (3,949)
Intergovernmental	6,644	6,644	3,890	(2,754)
Total Revenues	<u>\$ 64,919</u>	<u>\$ 64,919</u>	<u>\$ 58,216</u>	<u>\$ (6,703)</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 24,509</u>	<u>\$ 210,491</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (170,081)</u>	<u>\$ (170,081)</u>	<u>\$ 33,707</u>	<u>\$ 203,788</u>
Fund Balance - January 1	<u>\$ 189,153</u>	<u>\$ 189,153</u>	<u>\$ 189,153</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 19,072</u>	<u>\$ 19,072</u>	<u>\$ 222,860</u>	<u>\$ 203,788</u>

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 216,100	\$ 216,100	\$ 201,370	\$ (14,730)
Intergovernmental	860,009	860,009	953,284	93,275
Miscellaneous	73,100	73,100	608	(72,492)
Total Revenues	<u>\$ 1,149,209</u>	<u>\$ 1,149,209</u>	<u>\$ 1,155,262</u>	<u>\$ 6,053</u>
<u>Expenditures:</u>				
Current:				
Health & Welfare	<u>\$ 1,456,721</u>	<u>\$ 1,456,721</u>	<u>\$ 1,313,956</u>	<u>\$ 142,765</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (307,512)</u>	<u>\$ (307,512)</u>	<u>\$ (158,694)</u>	<u>\$ 148,818</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (267,512)</u>	<u>\$ (267,512)</u>	<u>\$ (118,694)</u>	<u>\$ 148,818</u>
Fund Balance - January 1	<u>\$ 70,947</u>	<u>\$ 70,947</u>	<u>\$ 70,947</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ (196,565)</u>	<u>\$ (196,565)</u>	<u>\$ (47,747)</u>	<u>\$ 148,818</u>

The accompanying required supplementary information notes are an integral part of this schedule.

ROLETTE COUNTY
Rolla, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010 and 2009

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The county commission adopts an “appropriated budget” on a basis consistent with accounting principles generally accepted in the United States (GAAP).
- The county auditor prepares an annual budget for the general fund and each special revenue fund of the county (NDCC 11-23-02). The budget includes proposed expenditures and means of financing them.
- The county commission holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed disbursements or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The board of county commissioners, on or before the October meeting shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the county auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2010

	Balance 1-1-10	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-10
Primary Government:							
General Fund	\$ 398,003.63	\$ 1,191,634.02	\$ 167,000.00	\$ -	\$ 317,228.74	\$ 1,099,080.71	\$ 340,328.20
Unorganized District Road Fund	255,734.36	406,325.25	-	-	152,000.00	376,611.20	133,448.41
Highway Tax Distribution Fund	59,405.18	1,001,120.33	254,000.00	-	-	1,120,066.83	194,458.68
FEMA - 2009	420,262.52	-	420,262.52	-	670,262.52	24,843.41	145,419.11
Farm to Market Fund	226,392.43	146,162.48	-	-	-	17,585.29	354,969.62
Farm to Market Maintenance Fund	222,860.00	62,862.74	-	-	-	9,740.82	275,981.92
Social Services Fund	(281,813.41)	1,265,621.19	171,628.19	-	-	1,316,931.05	(161,495.08)
Total Major Funds	\$ 1,300,844.71	\$ 4,073,726.01	\$ 1,012,890.71	\$ -	\$ 1,139,491.26	\$ 3,964,859.31	\$ 1,283,110.86
Special Revenue Funds:							
County Road & Bridge	\$ 728.66	\$ 3,425.15	\$ -	\$ -	\$ -	\$ 3,200.00	\$ 953.81
Social Welfare (Capital Fund)	14,823.30	-	-	-	-	5,102.39	9,720.91
Emergency Poor	34.63	131,593.56	-	-	131,628.19	-	-
OASIS & Social Security	48,440.59	217,912.62	-	-	58,000.00	158,203.54	50,149.67
Veteran's Service Officer Fund	754.77	5,839.25	-	-	-	6,422.62	171.40
Insurance Reserve Fund	22,384.71	74,296.89	-	-	-	73,741.25	22,940.35
Emergency Fund	98,978.62	492.01	-	-	-	-	99,470.63
Revenue Sharing (Capital Fund)	118,409.93	8,428.75	70,000.00	-	-	99,715.64	97,123.04
County Agent	12,985.18	35,817.65	-	-	-	33,210.24	15,592.59
Senior Citizen Fund	75.88	20,057.91	-	-	-	20,000.00	133.79
Advertising Fund	873.84	5,727.12	-	-	-	6,277.79	323.17
Jail Maintenance Fund	-	139,140.98	175,275.37	-	1,000.00	313,416.35	-
911 Emergency Service	41,835.58	1,324.82	-	-	-	61.30	43,099.10
Dunseith Contract Policing	-	101,525.57	41,856.44	-	-	143,382.01	-
Rolette Contract Policing Fund	-	53,000.88	20,319.42	-	-	73,320.30	-
Radio Communications Fund	4,920.43	56.88	-	-	-	2,728.65	2,248.66
Law Enforcement - Gaming Fund	3,696.93	13,568.10	-	-	-	12,735.51	4,529.52
Grants Law Enforcement	(68,729.80)	175,802.79	-	-	-	123,289.61	(16,216.62)
St. John Contract Policing	-	7,706.66	9,777.51	-	-	17,484.17	-
Weed Board Fund	(4,731.25)	100,998.97	-	-	-	89,605.23	6,662.49
County Park	26,053.10	8,651.75	-	-	-	8,999.75	25,705.10
Miscellaneous Fund	(15,083.99)	309,252.75	-	-	-	323,846.89	(29,678.13)
Off-Book Activity	2.00	38,411.69	-	-	-	33,164.00	5,249.69
Total Non-Major Special Revenue Funds	\$ 306,453.11	\$ 1,453,032.75	\$ 317,228.74	\$ -	\$ 190,628.19	\$ 1,547,907.24	\$ 338,179.17
Total Governmental Funds	\$ 1,607,297.82	\$ 5,526,758.76	\$ 1,330,119.45	\$ -	\$ 1,330,119.45	\$ 5,512,766.55	\$ 1,621,290.03
Agency Funds:							
Job Development Fund	\$ 29,559.47	\$ 10,818.95	\$ -	\$ -	\$ -	\$ 19,833.84	\$ 20,544.58
State Tax	68.05	11,446.13	-	-	-	11,388.47	125.71
State UCC	1,436.19	2,803.17	-	-	-	-	4,239.36
Fish & Wildlife Trust	10,525.00	-	-	-	-	-	10,525.00
Domestic Violence Prevention	-	875.00	-	-	-	805.00	70.00
Game & Fish	-	45,027.00	-	-	-	45,027.00	-
Estimated Tax	108.00	-	-	-	-	-	108.00
Protest Fund	-	867.59	-	-	-	287.32	580.27
Public Administrator Special Trust	3,763.05	-	-	-	-	-	3,763.05
NSF Payments	1,232.18	695.00	-	-	-	665.00	1,262.18
Extension Service Special Trust	9,271.92	2,730.40	-	-	-	1,690.20	10,312.12
Promotion Fund	599.31	-	-	-	-	620.69	(21.38)
Hazardous Chemical	2,912.73	850.00	-	-	-	150.93	3,611.80

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ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2010

	Balance 1-1-10	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-10
<u>Agency Funds (Continued):</u>							
Sheriff's Special Trust	\$ 514.55	\$ 34,491.47	\$ -	\$ -	\$ -	\$ 34,219.66	\$ 786.36
Municipal Airport	2,728.74	14,952.46	-	-	-	15,000.00	2,681.20
Ambulance Levy	2,131.25	89,616.11	-	-	-	70,440.00	21,307.36
Water Resource Board	2,080.37	14,609.35	-	-	-	15,000.00	1,689.72
Historical Society	259.87	3,380.24	-	-	-	3,500.00	140.11
Soil Conservation	1,584.17	27,237.55	-	-	-	26,246.27	2,575.45
Health District	225.61	37,792.20	-	-	-	37,000.00	1,017.81
Current Tax Holding	528,521.96	588,527.23	-	-	-	528,521.96	588,527.23
Payroll Deduction	18,046.73	-	-	-	-	1,936.83	16,109.90
Total Cities	5,210.82	632,192.92	-	-	-	630,581.56	6,822.18
Total City Park Districts	366.14	45,866.38	-	-	-	45,823.68	408.84
Total School Districts	13,088.14	1,675,453.66	-	-	-	1,676,495.80	12,046.00
Total Townships	154.83	46,954.43	-	-	-	47,052.44	56.82
Total Rural Fire Protection Districts	187.22	38,936.91	-	-	-	39,011.07	113.06
Total Upsilon Rec. District	(216.67)	14,676.56	-	-	-	14,412.87	47.02
Total Agency Funds	\$ 634,359.63	\$ 3,340,800.71	\$ -	\$ -	\$ -	\$ 3,265,710.59	\$ 709,449.75
Total Reporting Entity	\$ 2,241,657.45	\$ 8,867,559.47	\$ 1,330,119.45	\$ -	\$ 1,330,119.45	\$ 8,778,477.14	\$ 2,330,739.78

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2009

	Balance 1-1-09	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-09
Primary Government:						
General Fund	\$ 472,572.05	\$ 1,160,748.06	\$ 14,000.00	\$ 329,945.57	\$ 919,370.91	\$ 398,003.63
Unorganized District Road Fund	24,509.23	657,804.94	-	-	426,579.81	255,734.36
Highway Tax Distribution Fund	19,652.57	735,336.99	238,472.95	-	934,057.33	59,405.18
FEMA Fund	1,946.60	686,868.49	-	234,472.95	34,079.62	420,262.52
Farm to Market Fund	222,231.89	142,412.38	-	-	138,251.84	226,392.43
Farm to Market Maintenance Fund	186,008.84	61,359.68	-	-	24,508.52	222,860.00
Social Services Fund	(135,674.85)	1,127,818.00	40,000.00	-	1,313,956.56	(281,813.41)
Total Major Funds	\$ 791,246.33	\$ 4,572,348.54	\$ 292,472.95	\$ 564,418.52	\$ 3,790,804.59	\$ 1,300,844.71
Special Revenue Funds:						
County Road & Bridge	\$ 646.13	\$ 3,282.53	\$ -	\$ -	\$ 3,200.00	\$ 728.66
Social Welfare (Capital Fund)	17,189.48	-	-	-	2,366.18	14,823.30
Emergency Poor	-	34.63	-	-	-	34.63
OASIS & Social Security	48,990.63	213,355.63	-	58,000.00	155,905.67	48,440.59
Veteran's Service Officer Fund	1,039.34	5,541.89	-	-	5,826.46	754.77
Insurance Reserve Fund	28,285.93	72,601.77	-	-	78,502.99	22,384.71
Emergency Fund	98,496.08	482.54	-	-	-	98,978.62
Revenue Sharing (Capital Fund)	97,309.79	-	50,000.00	-	28,899.86	118,409.93
County Agent	7,667.81	35,657.91	-	-	30,340.54	12,985.18
Senior Citizen Fund	60.48	19,524.97	-	-	19,509.57	75.88
Advertising Fund	1,327.60	5,346.24	-	-	5,800.00	873.84
Jail Maintenance Fund	-	133,042.63	196,477.91	-	329,520.54	-
911 Emergency Service	61,456.94	3.00	-	-	19,624.36	41,835.58
Dunseith Contract Policing	-	96,420.00	56,576.11	-	152,996.11	-
Rolette Contract Policing Fund	-	49,360.00	26,891.55	-	76,251.55	-
Radio Communications Fund	1,484.94	5,988.00	-	-	2,552.51	4,920.43
Law Enforcement - Gaming Fund	2,602.41	3,094.52	-	-	2,000.00	3,696.93
Grants Law Enforcement	(10,606.88)	55,393.02	-	-	113,515.94	(68,729.80)
Weed Board Fund	(2,591.02)	85,033.80	-	-	87,174.03	(4,731.25)
County Park	23,814.14	8,042.70	-	-	5,803.74	26,053.10
Miscellaneous Fund	7,422.00	253,058.30	-	-	275,564.29	(15,083.99)
Off-Book Activity	-	2.00	-	-	-	2.00
Total Non-Major Special Revenue Funds	\$ 384,595.80	\$ 1,045,266.08	\$ 329,945.57	\$ 58,000.00	\$ 1,395,354.34	\$ 306,453.11
Total Government Funds	\$ 1,175,842.13	\$ 5,617,614.62	\$ 622,418.52	\$ 622,418.52	\$ 5,186,158.93	\$ 1,607,297.82
Agency Funds:						
Job Development Fund	\$ 19,554.43	\$ 10,005.04	\$ -	\$ -	\$ -	\$ 29,559.47
State Tax	123.48	12,057.09	-	-	12,112.52	68.05
State UCC	(684.31)	2,120.50	-	-	-	1,436.19
Fish & Wildlife Trust	10,525.00	-	-	-	-	10,525.00
Game & Fish	-	48,543.00	-	-	48,543.00	-
Estimated Tax	-	108.00	-	-	-	108.00
Protest Fund	1,763.39	427.20	-	-	2,190.59	-
Public Administrator Special Trust	3,763.05	-	-	-	-	3,763.05
NSF Payments	1,169.18	691.00	-	-	628.00	1,232.18
Extension Service Special Trust	9,328.91	5,021.42	-	-	5,078.41	9,271.92
Promotion Fund	1,183.05	-	-	-	583.74	599.31
Hazardous Chemical	2,287.73	625.00	-	-	-	2,912.73

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ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2009

	Balance 1-1-09	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-09
<u>Agency Funds (Continued):</u>						
Sheriff's Special Trust	\$ 139,162.32	\$ 23,578.56	\$ -	\$ -	\$ 162,226.33	\$ 514.55
Municipal Airport	2,427.35	15,301.39	-	-	15,000.00	2,728.74
Ambulance Levy	3,689.70	86,441.55	-	-	88,000.00	2,131.25
Water Resource Board	2,488.37	17,092.00	-	-	17,500.00	2,080.37
Historical Society	186.21	3,323.66	-	-	3,250.00	259.87
Soil Conservation	1,504.80	14,214.68	-	-	14,135.31	1,584.17
Health District	1,364.49	33,790.57	-	-	34,929.45	225.61
Current Tax Holding	628,803.77	528,521.96	-	-	628,803.77	528,521.96
Payroll Deduction	21,828.70	-	-	-	3,781.97	18,046.73
Total Cities	5,124.56	588,540.76	-	-	588,454.50	5,210.82
Total City Park Districts	312.74	43,476.90	-	-	43,423.50	366.14
Total School Districts	11,421.52	2,162,311.45	-	-	2,160,644.83	13,088.14
Total Townships	44.36	65,035.69	-	-	64,925.22	154.83
Total Rural Fire Protection Districts	124.50	35,992.83	-	-	35,930.11	187.22
Total Upsilon Rec. District	0.29	14,176.73	-	-	14,393.69	(216.67)
Total Agency Funds	<u>\$ 867,497.59</u>	<u>\$ 3,711,396.98</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,944,534.94</u>	<u>\$ 634,359.63</u>
Total Reporting Entity	<u>\$ 2,043,339.72</u>	<u>\$ 9,329,011.60</u>	<u>\$ 622,418.52</u>	<u>\$ 622,418.52</u>	<u>\$ 9,130,693.87</u>	<u>\$ 2,241,657.45</u>

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended December 31, 2010 and 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	2010 Federal Expenditures	2009 Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION PASS-THROUGH PROGRAM:</u>			
<u>Passed through the North Dakota Department of Transportation:</u>			
Highway Planning and Construction, Recovery	20.205	** \$ 256,975	9,871
State and Community Highway Safety	20.600	87,691	850
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	-	50,610
Total U.S. Department of Transportation		<u>\$ 344,666</u>	<u>\$ 61,331</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASS-THROUGH PROGRAM:</u>			
<u>Passed through North Dakota Department of Human Services:</u>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Recovery	10.561	\$ 1,531	\$ 494
Rehabilitation Services-Vocational Rehabilitation Grants to the States	84.126	270	242
Promoting Safe and Stable Families	93.556	272	-
Temporary Assistance for Needy Families	93.558	43,230	38,210
Child Support Enforcement	93.563	1,894	2,831
Low-Income Home Energy Assistance	93.568	104	41
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	5,860	5,574
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1,497	2,448
Foster Care-Title IV-E, Recovery	93.658	42,387	39,511
Adoption Assistance, Recovery	93.659	163	830
Child Abuse and Neglect State Grants	93.669	848	-
Children's Health Insurance Program	93.767	1,765	1,280
Medical Assistance Program	93.778	24,980	23,135
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	37,917
Maternal & Child Health Services Block Grant to the States	93.994	1,182	1,185
Total Department of Health and Human Services		<u>\$ 125,983</u>	<u>\$ 153,698</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY PASS-THROUGH PROGRAM:</u>			
<u>Passed through the North Dakota Department Emergency Management:</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	** \$ 274,791	236,958
Emergency Management Performance Grants	97.042	283	443
Homeland Security Grant Program	97.067	112,251	26,642
State Homeland Security Grant Program (SHSP)	97.073	-	3,028
Law Enforcement Terrorism Prevention	97.074	-	14,383
Total U.S. Department of Homeland Security		<u>\$ 387,325</u>	<u>\$ 281,454</u>
<u>U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT PASS-THROUGH PROGRAM:</u>			
<u>Passed through the North Dakota Department of Commerce:</u>			
Community Development Block Grants/Entitlement Grants	14.218	\$ 33,164	\$ -

Continued on next page...

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended December 31, 2010 and 2009

CONTINUED...

U.S. DEPARTMENT OF THE INTERIOR:

Passed through the North Dakota Game and Fish Department:

Sport Fish Restoration	15.605	\$	-	\$	5,602
Total Expenditure of Federal Awards		\$	891,138	\$	502,085

** - Major federal program

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rolette County under programs of the federal government for the years ended December 31, 2010 and 2009. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Rolette County, it is not intended to and does not present the financial position or changes in net assets of Rolette County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribe Governments*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

STATE AUDITOR

ROBERT R. PETERSON
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Local Government Division:
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MANAGER – DAVID MIX
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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

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*

Board of County Commissioners
Rolette County
Rolla, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, Rolla, North Dakota, as of and for the years ended December 31, 2010 and 2009, which collectively comprise Rolette County's basic financial statements and have issued our report thereon dated February 7, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rolette County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rolette County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rolette County's internal control over financial reporting.

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 or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying *schedule of findings and questioned costs* identified as items 2010-01, 2010-02, 2010-03, 2010-04, and 2010-05 that we consider to be a significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rolette County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We noted certain matters that we reported to the management of Rolette County in a separate letter dated February 7, 2012.

Rolette County's response to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. We did not audit Rolette County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the county, and federal awarding agencies and pass-thru entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Bob Peterson".

Robert R. Peterson
State Auditor

February 7, 2012

STATE AUDITOR

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
Rolette County
Rolla, North Dakota

Compliance

We have audited Rolette County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Rolette County's major federal program for the years ended December 31, 2010 and 2009. Rolette County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Rolette County's management. Our responsibility is to express an opinion on Rolette County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rolette County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Rolette County's compliance with those requirements.

In our opinion, Rolette County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the years ended December 31, 2010 and 2009.

Internal Control Over Compliance

Management of Rolette County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Rolette County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rolette County's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the county, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Bob Peterson".

Robert R. Peterson
State Auditor

February 7, 2012

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Years Ended December 31, 2010 and 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Reports Issued?	
Governmental Activities	Unqualified
Major Funds	Unqualified
Aggregate Remaining Fund Information	Unqualified
Discretely Presented Component Units	Unqualified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ No
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Reportable conditions identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters) - 2009
20.205	Highway Planning and Construction - 2010
93.558	Temporary Assistance for Needy Families - 2009

Dollar threshold used to distinguish between Type A and B programs:	<u>\$ 300,000</u>
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Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u> No
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ROLETTE COUNTY

Schedule of Findings and Questioned Costs - Continued

Section II - Financial Statement Findings

2010-01 – FRAUD RISK MANAGEMENT PROGRAM/CONTROLS

Condition:

Rolette County lacks formal internal control documentation related to segregation of duties and other procedures performed for material account balances and classes of transactions. The County also lacks a written fraud risk management program in place to specifically identify fraud risks. This includes a lack of policies or procedures relating to a formal systematic risk assessment process, which should include a thorough fraud risk assessment, including channels for reporting suspected instances of impropriety.

Effect:

Without adequate fraud risk programs and controls the Rolette County exposes itself to risk of loss of assets, potential liabilities, and damage to the County's reputation, whether due to error or fraud.

Cause:

The client was unaware of requirements surrounding fraud risk management programs and controls.

Criteria:

The most important guidance relating to internal control is contained in *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework includes discussions about the importance of adequate risk assessment, code of conduct, and background investigations.

Recommendation:

We recommend Rolette County's governing board and management develop and implement internal control policies at an overall entity level, and at the account balance and class of transaction level. We also recommend a formal systematic risk assessment process be established for reporting suspected instances of impropriety.

Views of Responsible Officials / Planned Corrective Actions:

We agree with the recommendation. Rolette County Auditor will review the recommendation with the Board of County Commissioners for possible development and implementation.

2010-02 – SEGREGATION OF DUTIES -COUNTY

Condition:

Rolette County has one or two employees in the auditor and treasurer offices responsible for all duties performed by each office. It appears that the county lacks adequate segregation of duties for keeping the assets separate from the posting to the General Ledger.

Effect:

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the County's financial condition, whether due to error or fraud.

Cause:

Due to the client's size, complexity, organizational structure and the economic realities the County faces, it is presently not economically feasible to have additional staff for the offices at Rolette County.

ROLETTE COUNTY

Schedule of Findings and Questioned Costs - Continued

Criteria:

Proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that sufficient accounting personnel exist to properly segregate duties. Proper segregation of duties provides enhanced control over the assets of the County.

Recommendation:

Due to the size, complexity and the economic realities of Rolette County, it is presently not feasible to obtain proper separation of duties. We recommend if it becomes feasible to segregate duties in the future, that duties are segregated to the extent possible to reduce the potential risk of loss.

Views of Responsible Officials / Planned Corrective Actions:

Rolette County recognizes and agrees with the weakness in the area of Segregation of Duties, but it is presently not feasible to hire additional staff. Rolette County segregates duties to the extent possible with the present staff.

2010-03 – SEGREGATION OF DUTIES –HEALTH DISTRICT

Condition:

The Rolette County Health District has two employees responsible for the primary accounting functions. A lack of segregation of duties exists as limited employees are responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger, and perform bank reconciliations.

Effect:

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the entity's financial condition, whether due to error or fraud.

Cause:

Due to the client's size, complexity, organizational structure and the economic realities that the entity faces, it is presently not economically feasible to have more than one person responsible for the accounting functions.

Criteria:

Proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so that duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the entity.

Recommendation:

We recommend if it becomes feasible to segregate duties in the future, that duties are segregated to the extent possible to reduce the potential risk of loss.

Views of Responsible Officials / Planned Corrective Actions:

We agree that it would be better to segregate some of the financial duties, however in the past the board has not approved of hiring any more staff in the financial department. It will be brought to the attention of the Board of Health as to your recommendation.

ROLETTE COUNTY

Schedule of Findings and Questioned Costs - Continued

2010-04 – SEGREGATION OF DUTIES –WRD

Condition:

The Rolette County Water Resource District has one person responsible for the primary accounting functions. A lack of segregation of duties exists as limited employees are responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger, and perform bank reconciliations.

Effect:

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the entity's financial condition, whether due to error or fraud.

Cause:

Due to the client's size, complexity, organizational structure and the economic realities that the entity faces, it is presently not economically feasible to have more than one person responsible for the accounting functions.

Criteria:

Proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so that duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the entity.

Recommendation:

We recommend if it becomes feasible to segregate duties in the future, that duties are segregated to the extent possible to reduce the potential risk of loss.

Views of Responsible Officials / Planned Corrective Actions:

The Water Resource Board agrees that there is a lack of segregation of duties. Two Water Resource Board members are out of the area until spring. Upon their return, the Water Resource Board review recommendations and see if there is any way to segregate duties to the extent possible.

2010-05 – PRE-SIGNED BLANK CHECKS - WRD

Condition:

A review of the Rolette County Water Resource District, checkbook revealed pre-signed blank checks by the board chairman.

Effect:

Effectiveness of the dual signatures internal control on checks is lost/significantly compromised if one of the signatures is already on the check, especially without the amount and the recipient name on the check.

Cause:

The board chairman pre-signs checks for convenience purposes due to the commuting distance to the county courthouse.

Criteria:

Proper/strong internal control over expenditures and cash, and prevention of material misstatements due to errors/fraud dictate not pre-signing checks.

ROLETTE COUNTY

Schedule of Findings and Questioned Costs - Continued

Recommendation:

We recommend that the Board President co-sign checks only after they have been written by the Secretary/Treasurer. Checks should be accompanied by supporting documentation at the time of signing if they need to be signed ahead of time.

Views of Responsible Officials / Planned Corrective Actions:

I agree with the recommendation. I will try to have the chairman come in more often to sign checks so that bills can be out on time without having them be pre-signed.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.