

Rolette County
Rolla, North Dakota

Audit Report

For the Years Ended
December 31, 2014 and 2013



ROBERT R. PETERSON
STATE AUDITOR

Office of the State Auditor

ROLETTE COUNTY
Rolla, North Dakota

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ROLETTE COUNTY
Rolla, North Dakota

COUNTY OFFICIALS

At December 31, 2014

Eldon Moors, Sr.
Merle Boucher
Bob Leonard, Sr.
Joe Baker
Alex Albert

Commissioner - Chairman
Commissioner - Vice-Chairman
Commissioner
Commissioner
Commissioner

Valerie McCloud
Kandace Desjarlais
Gerald Medrud
Sarah Bruce
Ryan Thompson

Auditor
Treasurer
Sheriff
Recorder
State's Attorney

At December 31, 2013

Eldon Moors, Sr.
Bob Leonard, Sr.
Merle Boucher
Joe Baker.
Alex Albert

Commissioner - Chairman
Commissioner
Commissioner - Vice-Chairman
Commissioner
Commissioner

Valerie McCloud
Kandace Desjarlais
Rodney Trotter
Sarah Bruce
Vacant

Auditor
Treasurer
Sheriff
Recorder
State's Attorney

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate 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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, Rolla, North Dakota, as of December 31, 2014 and 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information* on pages 33-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rolette County's basic financial statements. The schedule of fund activity arising from cash transactions and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *schedule of fund activity arising from cash transactions and schedule of expenditures of federal awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of fund activity arising from cash transactions and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rolette County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
November 5, 2015

ROLETTE COUNTY
Rolla, North Dakota
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Health District
ASSETS:			
Cash and Investments	\$ 2,641,090	\$ 16,139	\$ 188,083
Taxes Receivable	57,663	699	2,543
Accounts Receivable	39,083	-	-
Road Receivables	6,333	-	-
Intergovernmental Receivable	868,791	-	78,191
Interest Receivable	2,714	-	-
Other Asset	-	-	20
Capital Assets (not being depreciated):			
Land	38,000	-	-
Construction in Progress	2,008,702	-	-
Capital Assets (net of accumulated depreciation):			
Buildings	567,272	-	70,200
Building Improvements	179,733	-	-
Equipment	1,856,881	-	-
Vehicles	135,479	-	-
Infrastructure	2,461,347	-	-
Total Capital Assets	<u>\$ 7,247,414</u>	<u>\$ -</u>	<u>\$ 70,200</u>
Total Assets	<u>\$ 10,863,088</u>	<u>\$ 16,838</u>	<u>\$ 339,037</u>
LIABILITIES:			
Accounts Payable	\$ 248,183	\$ -	38
Salaries Payable	20,738	-	-
Interest Payable	5,088	-	-
Retainage Payable	29,790	-	-
Long-Term Liabilities:			
Due Within One Year:			
Capital Lease Payable	294,290	-	-
Special Assessments Payable	486	-	-
Compensated Absences Payable	19,519	-	2,725
Due After One Year:			
Capital Lease Payable	386,300	-	-
Special Assessments Payable	1,944	-	-
Compensated Absences Payable	175,668	-	24,527
Total Liabilities	<u>\$ 1,182,006</u>	<u>\$ -</u>	<u>\$ 27,290</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 6,561,736	\$ -	70,200
Restricted for:			
General Government	165,799	-	-
Public Safety	20,156	-	-
Highways & Public Improvement	1,344,174	-	-
Emergencies	130,459	-	-
Health and Welfare	226,765	-	241,547
Culture and Recreation	1,439	-	-
Conservation of Natural Resources	96,120	16,838	-
Capital Projects	122,717	-	-
Unrestricted	1,011,717	-	-
Total Net Position	<u>\$ 9,681,082</u>	<u>\$ 16,838</u>	<u>\$ 311,747</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Governmental Activities	Water Resource District	Health District
<u>Primary Government:</u>							
<u>Governmental Activities:</u>							
General Government	\$ 1,425,457	\$ 44,251	\$ 79,467	\$ -	\$ (1,301,739)		
Public Safety	1,332,532	357,335	125,920	-	(849,277)		
Highways & Public Improvement	4,003,335	113,220	2,729,630	1,551,131	390,646		
Flood Repair	117,178	-	-	-	(117,178)		
Health and Welfare	1,863,353	-	1,484,699	-	(378,654)		
Culture and Recreation	15,168	-	-	-	(15,168)		
Conserv. of Natural Resources	127,753	-	3,378	-	(124,375)		
Emergency	-	-	8,814	-	8,814		
Interest on Long-Term Debt	29,824	-	-	-	(29,824)		
Total Primary Government	\$ 8,914,600	\$ 514,806	\$ 4,431,908	\$ 1,551,131	\$ (2,416,755)		
<u>Component Units:</u>							
Water Resource Board	\$ 20,618	\$ -	\$ -	\$ -		\$ (20,618)	\$ -
Health District	668,843	178,888	416,612	-		-	(73,343)
Total Component Units	\$ 689,461	\$ 178,888	\$ 416,612	\$ -		\$ (20,618)	\$ (73,343)
<u>General Revenues:</u>							
Taxes:							
Property taxes; levied for general purposes					\$ 89,950	\$ -	\$ -
Property taxes; levied for special purposes					980,413	18,156	64,261
State aid & grants not restricted to specific programs:							
State Aid Distribution and Grants					1,584,954	-	26,279
Other State Shared Revenues					264,633	-	-
Interest Revenue					16,698	-	-
Miscellaneous Revenue					191,814	-	16,941
Total General Revenues					\$ 3,128,462	\$ 18,156	\$ 107,481
Change in Net Position					\$ 711,707	\$ (2,462)	\$ 34,138
Net Position - January 1					\$ 8,969,375	\$ 19,300	\$ 277,609
Net Position - December 31					\$ 9,681,082	\$ 16,838	\$ 311,747

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

ROLETTE COUNTY
Rolla, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014

	General	Unorganized District Road	Highway Tax Distribution	Farm to Market Road	Social Services	FEMA	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 697,407	\$ 800,652	\$ -	\$ 373,854	\$ 41,958	\$ -	\$ 727,219	\$ 2,641,090
Intergovernmental Receivable	417,045	38,368	105,400	7,284	278,502	-	22,192	868,791
Accounts Receivable	-	13,620	-	-	-	-	25,463	39,083
Due From Other Funds	34,460	-	-	-	-	-	-	34,460
Taxes Receivable	8,523	3,532	-	5,237	13,945	-	26,426	57,663
Road Receivables	-	6,333	-	-	-	-	-	6,333
Interest Receivable	2,714	-	-	-	-	-	-	2,714
Total Assets	\$ 1,160,149	\$ 862,505	\$ 105,400	\$ 386,375	\$ 334,405	\$ -	\$ 801,300	\$ 3,650,134
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ -	\$ 30,862	\$ 154,447	\$ -	\$ 7,997	\$ 48,179	\$ 6,698	\$ 248,183
Salary and Benefits Payable	7,357	-	3,163	-	3,613	-	6,605	20,738
Due to Other Funds	-	-	-	-	-	34,460	-	34,460
Total Liabilities	\$ 7,357	\$ 30,862	\$ 157,610	\$ -	\$ 11,610	\$ 82,639	\$ 13,303	\$ 303,381
Deferred Inflows of Resources:								
Taxes Receivable	\$ 8,523	\$ 3,532	\$ -	\$ 5,237	\$ 13,945	\$ -	\$ 26,426	\$ 57,663
Road Receivable	-	6,333	-	-	-	-	-	6,333
Special Assmts Rec.	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	\$ 8,523	\$ 9,865	\$ -	\$ 5,237	\$ 13,945	\$ -	\$ 26,426	\$ 63,996
Total Liabilities and Deferred Inflows of Resources	\$ 15,880	\$ 40,727	\$ 157,610	\$ 5,237	\$ 25,555	\$ 82,639	\$ 39,729	\$ 367,377
Fund Balances:								
Restricted for:								
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,637	183,637
Public Safety	-	-	-	-	-	-	53,173	53,173
Highways & Public Improvement	-	821,778	-	381,138	-	-	181,915	1,384,831
Emergency	-	-	-	-	-	-	129,760	129,760
Health and Welfare	-	-	-	-	308,850	-	3,171	312,021
Culture and Recreation	-	-	-	-	-	-	967	967
Conservation of Natural Resources	-	-	-	-	-	-	92,457	92,457
Capital Projects	-	-	-	-	-	-	122,717	122,717
Unassigned								
General Fund	1,144,269	-	-	-	-	-	-	1,144,269
Negative Fund Balance	-	-	(52,210)	-	-	(82,639)	(6,226)	(141,075)
Total Fund Balances	\$ 1,144,269	\$ 821,778	\$ (52,210)	\$ 381,138	\$ 308,850	\$ (82,639)	\$ 761,571	\$ 3,282,757
Total Liabilities and Fund Balances	\$ 1,160,149	\$ 862,505	\$ 105,400	\$ 386,375	\$ 334,405	\$ -	\$ 801,300	\$ 3,650,134

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 POSITION
December 31, 2014

Total *Fund Balances* for Governmental Funds \$ 3,282,757

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

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

Cost of Capital Assets	\$ 11,368,583	
Less Accumulated Depreciation	<u>(4,121,169)</u>	7,247,414

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 inflows of resources in the funds. 57,663

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 inflows of resources in the funds. 6,333

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 position. Balances at December 31, 2014 are:

Capital Leases Payable	\$ (680,590)	
Special Assessments Payable	(2,430)	
Retainage Payable	(29,790)	
Interest Payable	(5,088)	
Compensated Absences	<u>(195,187)</u>	<u>(913,085)</u>

Total Net Position of Governmental Activities \$ 9,681,082

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, 2014

	General	Unorganized District Road	Highway Tax Distribution	Farm to Market Road	Social Services	FEMA	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 101,321	\$ 71,320	\$ -	\$ 96,864	\$ 277,176	\$ -	\$ 541,124	\$ 1,087,805
Intergovernmental	1,591,022	163,308	2,597,604	29,432	1,554,096	-	346,033	6,281,495
Licenses, Permits and Fees	3,650	-	-	-	-	-	-	3,650
Charges for Services	51,774	114,472	-	-	-	-	346,162	512,408
Interest Income	16,698	-	-	-	-	-	-	16,698
Miscellaneous	46,121	-	-	-	158	-	145,535	191,814
Total Revenues	\$ 1,810,586	\$ 349,100	\$ 2,597,604	\$ 126,296	\$ 1,831,430	\$ -	\$ 1,378,854	\$ 8,093,870
Expenditures:								
Current:								
General Government	\$ 933,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,748	\$ 1,390,947
Public Safety	319,828	-	-	-	-	-	1,071,083	1,390,911
Highways & Public Improvement	-	808,393	3,186,176	141,980	-	-	9,348	4,145,897
Flood Repair	-	-	-	-	-	117,178	-	117,178
Health and Welfare	2,438	-	-	-	1,840,991	-	7,160	1,850,589
Culture and Recreation	-	-	-	-	-	-	15,168	15,168
Conserv. of Natural Resources	-	-	-	-	-	-	126,646	126,646
Debt Service:								
Principal	486	-	345,757	-	-	-	-	346,243
Interest & Service Charges	510	-	32,607	-	-	-	-	33,117
Total Expenditures	\$ 1,256,461	\$ 808,393	\$ 3,564,540	\$ 141,980	\$ 1,840,991	\$ 117,178	\$ 1,687,153	\$ 9,416,696
Excess (Deficiency) of Revenues Over Expenditures	\$ 554,125	\$ (459,293)	\$ (966,936)	\$ (15,684)	\$ (9,561)	\$ (117,178)	\$ (308,299)	\$ (1,322,826)
Other Financing Sources (Uses):								
Transfers In	\$ -	\$ -	\$ 36,907	\$ -	\$ 126,457	\$ -	\$ 590,339	\$ 753,703
Transfers Out	(590,266)	(36,980)	-	-	-	-	(126,457)	(753,703)
Total Other Financing Sources and Uses	\$ (590,266)	\$ (36,980)	\$ 36,907	\$ -	\$ 126,457	\$ -	\$ 463,882	\$ -
Net Change in Fund Balances	\$ (36,141)	\$ (496,273)	\$ (930,029)	\$ (15,684)	\$ 116,896	\$ (117,178)	\$ 155,583	\$ (1,322,826)
Fund Balance - January 1	\$ 1,180,410	\$ 1,318,051	\$ 877,819	\$ 396,822	\$ 191,954	\$ 34,539	\$ 605,988	\$ 4,605,583
Fund Balance - December 31	\$ 1,144,269	\$ 821,778	\$ (52,210)	\$ 381,138	\$ 308,850	\$ (82,639)	\$ 761,571	\$ 3,282,757

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, 2014

Net Change in *Fund Balances* - Total Governmental Funds \$ (1,322,826)

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

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

Current Year Capital Outlay	\$ 661,738	
Capital Contribution	1,551,131	
Current Year Depreciation Expense	<u>(453,559)</u>	1,759,310

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(14,833)

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 position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt repayment exceeded debt issuance.

Repayment of Debt - Capital Lease	\$ 335,125	
Repayment of Debt - Loans	10,632	
Repayment of Debt - Special Assessments	<u>486</u>	346,243

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	\$ (10,996)	
Net Change in Retainage Payable	(29,790)	
Net Change in Interest Payable	<u>3,293</u>	(37,493)

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	\$ (17,442)	
Net Change in Road Receivables	<u>(1,252)</u>	(18,694)

Change in Net Position of Governmental Activities \$ 711,707

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF NET POSITION
December 31, 2013

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Health District
ASSETS:			
Cash and Investments	\$ 3,846,486	\$ 18,552	\$ 188,019
Taxes Receivable	75,105	748	2,282
Accounts Receivable	16,742	-	-
Road Receivables	7,585	-	-
Intergovernmental Receivable	790,175	-	46,867
Interest Receivable	2,867	-	-
Other Asset	-	-	315
Capital Assets (not being depreciated):			
Land	38,000	-	-
Capital Assets (net of accumulated depreciation):			
Buildings	600,620	-	72,000
Building Improvements	186,098	-	-
Equipment	2,012,043	-	-
Vehicles	129,716	-	-
Infrastructure	2,536,460	-	-
Total Capital Assets	<u>\$ 5,502,937</u>	<u>\$ -</u>	<u>\$ 72,000</u>
Total Assets	<u>\$ 10,241,897</u>	<u>\$ 19,300</u>	<u>\$ 309,483</u>
LIABILITIES:			
Accounts Payable	\$ 34,842	\$ -	\$ 38
Salaries Payable	15,845	-	-
Interest Payable	8,381	-	-
Long-Term Liabilities:			
Due Within One Year:			
Capital Lease Payable	335,125	-	-
Loan Payable	10,632	-	-
Special Assessments Payable	486	-	-
Compensated Absences Payable	18,419	-	3,184
Due After One Year:			
Capital Lease Payable	680,590	-	-
Special Assessments Payable	2,430	-	-
Compensated Absences Payable	165,772	-	28,652
Total Liabilities	<u>\$ 1,272,522</u>	<u>\$ -</u>	<u>\$ 31,874</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 4,468,209	\$ -	\$ 72,000
Restricted for:			
General Government	109,820	-	-
Public Safety	19,370	-	-
Highways & Public Improvement	2,709,964	-	-
Flood Repair	34,539	-	-
Emergencies	114,352	-	-
Health and Welfare	117,721	-	205,609
Culture and Recreation	2,075	-	-
Conservation of Natural Resources	89,425	19,300	-
Capital Projects	130,944	-	-
Unrestricted	1,172,956	-	-
Total Net Position	<u>\$ 8,969,375</u>	<u>\$ 19,300</u>	<u>\$ 277,609</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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Governmental Activities	Water Resource District	Health District
<u>Primary Government:</u>							
<u>Governmental Activities:</u>							
General Government	\$ 1,223,107	\$ 35,402	\$ -	\$ 5,000	\$ (1,182,705)		
Public Safety	1,322,250	246,358	123,726	-	(952,166)		
Highways & Public Improvement	2,263,826	224,828	2,563,569	-	524,571		
Flood Repair	303,566	-	338,105	-	34,539		
Health and Welfare	1,660,607	-	1,164,759	-	(495,848)		
Culture and Recreation	18,292	95,282	-	-	76,990		
Conserv. of Natural Resources	132,402	-	-	-	(132,402)		
Emergencies	-	-	13,437	-	13,437		
Interest on Long Term Debt	28,238	-	-	-	(28,238)		
Total Primary Government	\$ 6,952,288	\$ 601,870	\$ 4,203,596	\$ 5,000	\$ (2,141,822)		
<u>Component Units:</u>							
Water Resource Board	\$ 17,502	\$ -	\$ -	\$ -	\$ (17,502)	\$ -	
Health District	606,465	176,583	386,593	-	-	(43,289)	
Total Component Units	\$ 623,967	\$ 176,583	\$ 386,593	\$ -	\$ (17,502)	\$ (43,289)	
<u>General Revenues:</u>							
Taxes:							
Property taxes; levied for general purposes					\$ 250,514	\$ -	\$ -
Property taxes; levied for special purposes					1,032,676	16,671	43,529
State aid & grants not restricted to specific programs:							
State Aid Distribution and Grants					1,401,698	-	26,279
Other State Shared Revenues					89,255	-	-
Interest Revenue					15,061	-	-
Miscellaneous Revenue					193,494	-	12,081
Total General Revenues					\$ 2,982,698	\$ 16,671	\$ 81,889
Change in Net Position					\$ 840,876	\$ (831)	\$ 38,600
Net Position - January 1					\$ 8,128,499	\$ 20,131	\$ 239,009
Net Position - December 31					\$ 8,969,375	\$ 19,300	\$ 277,609

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

ROLETTE COUNTY
Rolla, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General	Unorganized District Road	Highway Tax Distribution	Farm to Market Road	Social Services	FEMA	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 645,957	\$ 1,296,046	\$ 765,920	\$ 389,538	\$ 166,846	\$ -	\$ 582,179	\$ 3,846,486
Intergovernmental Receivable	323,180	35,534	113,109	7,284	32,897	234,011	44,160	790,175
Accounts Receivable	-	-	-	-	-	-	16,742	16,742
Due From Other Funds	223,316	-	-	-	-	-	-	223,316
Taxes Receivable	19,893	5,264	-	6,722	14,664	-	28,562	75,105
Road Receivables	-	7,585	-	-	-	-	-	7,585
Interest Receivable	2,867	-	-	-	-	-	-	2,867
Total Assets	\$ 1,215,213	\$ 1,344,429	\$ 879,029	\$ 403,544	\$ 214,407	\$ 234,011	\$ 671,643	\$ 4,962,276
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
<u>Liabilities:</u>								
Accounts Payable	\$ 8,392	\$ 13,529	\$ -	\$ -	\$ 7,789	\$ -	\$ 5,132	\$ 34,842
Salary and Benefits Payable	6,518	-	1,210	-	-	-	8,117	15,845
Due to Other Funds	-	-	-	-	-	199,472	23,844	223,316
Total Liabilities	\$ 14,910	\$ 13,529	\$ 1,210	\$ -	\$ 7,789	\$ 199,472	\$ 37,093	\$ 274,003
<u>Deferred Inflows of Resources:</u>								
Taxes Receivable	\$ 19,893	\$ 5,264	\$ -	\$ 6,722	\$ 14,664	\$ -	\$ 28,562	\$ 75,105
Road Receivable	-	7,585	-	-	-	-	-	7,585
Total Deferred Inflows of Resources	\$ 19,893	\$ 12,849	\$ -	\$ 6,722	\$ 14,664	\$ -	\$ 28,562	\$ 82,690
Total Liabilities and Deferred Inflows of Resources	\$ 34,803	\$ 26,378	\$ 1,210	\$ 6,722	\$ 22,453	\$ 199,472	\$ 65,655	\$ 356,693
<u>Fund Balances:</u>								
<u>Restricted for:</u>								
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,784	123,784
Public Safety	-	-	-	-	-	-	51,493	51,493
Highways & Public Improvement	-	1,318,051	877,819	396,822	-	-	122,742	2,715,434
Flood Repair	-	-	-	-	-	34,539	-	34,539
Emergencies	-	-	-	-	-	-	113,835	113,835
Health and Welfare	-	-	-	-	191,954	-	3,598	195,552
Culture and Recreation	-	-	-	-	-	-	1,591	1,591
Conservation of Natural Resources	-	-	-	-	-	-	85,348	85,348
Capital Projects	-	-	-	-	-	-	130,944	130,944
<u>Unassigned</u>								
General Fund	1,180,410	-	-	-	-	-	-	1,180,410
Negative Fund Balance	-	-	-	-	-	-	(27,347)	(27,347)
Total Fund Balances	\$ 1,180,410	\$ 1,318,051	\$ 877,819	\$ 396,822	\$ 191,954	\$ 34,539	\$ 605,988	\$ 4,605,583
Total Liabilities and Fund Balances	\$ 1,215,213	\$ 1,344,429	\$ 879,029	\$ 403,544	\$ 214,407	\$ 234,011	\$ 671,643	\$ 4,962,276

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 POSITION
December 31, 2013

Total *Fund Balances* for Governmental Funds \$ 4,605,583

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

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

Cost of Capital Assets	\$ 9,385,314	
Less Accumulated Depreciation	<u>(3,882,377)</u>	5,502,937

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 inflows of resources in the funds. 75,105

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 inflows of resources in the funds. 7,585

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 position Balances at December 31, 2013 are:

Capital Leases Payable	\$ (1,015,715)	
Loan Payable	(10,632)	
Special Assessments Payable	(2,916)	
Interest Payable	(8,381)	
Compensated Absences	<u>(184,191)</u>	<u>(1,221,835)</u>

Total Net Position of Governmental Activities \$ 8,969,375

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, 2013

	General	Unorganized District Road	Highway Tax Distribution	Farm to Market Road	Social Services	FEMA	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 275,212	\$ 121,581	\$ -	\$ 126,669	\$ 292,338	\$ -	\$ 538,138	\$ 1,353,938
Intergovernmental	1,400,880	694,978	1,883,275	12,738	1,188,913	338,105	170,592	5,689,481
Charges for Services	43,766	236,282	-	-	-	-	329,636	609,684
Licenses, Permits and Fees	3,640	-	-	-	-	-	-	3,640
Interest Income	15,061	-	-	-	-	-	-	15,061
Miscellaneous	51,472	-	-	-	200	-	141,822	193,494
Total Revenues	\$ 1,790,031	\$ 1,052,841	\$ 1,883,275	\$ 139,407	\$ 1,481,451	\$ 338,105	\$ 1,180,188	\$ 7,865,298
Expenditures:								
Current:								
General Government	\$ 793,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,797	\$ 1,234,198
Public Safety	347,682	-	-	-	-	-	962,683	1,310,365
Highways & Public Improvement	-	549,275	2,196,058	10,721	-	-	18,406	2,774,460
Flood Repair	-	-	-	-	-	303,566	-	303,566
Health and Welfare	4,496	-	-	-	1,636,113	-	7,030	1,647,639
Culture and Recreation	-	-	-	-	-	-	18,292	18,292
Conserv. of Natural Resources	-	-	-	-	-	-	131,295	131,295
Debt Service:								
Principal	486	-	349,738	-	-	-	-	350,224
Interest & Service Charges	534	-	28,763	-	-	-	-	29,297
Total Expenditures	\$ 1,146,599	\$ 549,275	\$ 2,574,559	\$ 10,721	\$ 1,636,113	\$ 303,566	\$ 1,578,503	\$ 7,799,336
Excess (Deficiency) of Revenues Over Expenditures	\$ 643,432	\$ 503,566	\$ (691,284)	\$ 128,686	\$ (154,662)	\$ 34,539	\$ (398,315)	\$ 65,962
Other Financing Sources (Uses):								
Capital Lease	\$ -	\$ -	\$ 767,514	\$ -	\$ -	\$ -	\$ -	\$ 767,514
Transfers In	-	-	-	-	47,503	-	516,359	563,862
Transfers Out	(516,359)	-	-	-	-	-	(47,503)	(563,862)
Total Other Financing Sources and Uses	\$ (516,359)	\$ -	\$ 767,514	\$ -	\$ 47,503	\$ -	\$ 468,856	\$ 767,514
Net Change in Fund Balances	\$ 127,073	\$ 503,566	\$ 76,230	\$ 128,686	\$ (107,159)	\$ 34,539	\$ 70,541	\$ 833,476
Fund Balance - January 1	\$ 1,053,337	\$ 814,485	\$ 801,589	\$ 268,136	\$ 299,113	\$ -	\$ 535,447	\$ 3,772,107
Fund Balance - December 31	\$ 1,180,410	\$ 1,318,051	\$ 877,819	\$ 396,822	\$ 191,954	\$ 34,539	\$ 605,988	\$ 4,605,583

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, 2013

Net Change in *Fund Balances* - Total Governmental Funds \$ 833,476

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

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

Current Year Capital Outlay	\$ 1,007,612	
Capital Contribution	5,000	
Current Year Depreciation Expense	<u>(461,509)</u>	551,103

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (21,375)

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 position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt repayment exceeded debt issuance.

Issuance of Debt - Capital Lease	\$ (767,514)	
Repayment of Debt - Capital Lease	339,482	
Repayment of Debt - Loans	10,256	
Repayment of Debt - Special Assessments	<u>486</u>	(417,290)

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	\$ (28,963)	
Net Change in Interest Payable	<u>1,059</u>	(27,904)

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	\$ (53,722)	
Net Change in Special Assessments Receivable	(11,958)	
Net Change in Road Receivables	<u>(11,454)</u>	<u>(77,134)</u>

Change in Net Position of Governmental Activities \$ 840,876

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

ROLETTE COUNTY
Rolla, North Dakota

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2014 and 2013

	Agency Funds	
	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash and cash equivalents	<u>\$ 667,433</u>	<u>\$ 840,002</u>
<u>LIABILITIES</u>		
Due to other governments	<u>\$ 667,433</u>	<u>\$ 840,002</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, 2014 and 2013

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:

	2014	2013
Weed Control	\$86,551	\$90,729
County Park	15,168	18,292

B. Basis of Presentation

Government-wide statements: The statement of net position 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.

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

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

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 resources available to finance the program. It is the County's policy to first apply cost-reimbursement restricted grant resources to such programs, and then by general revenues / unrestricted resources.

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.

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.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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 12 to 24 days per year depending on years of service. Annually on an employee’s anniversary date, an employee will be allowed to carry over a maximum of the total number of vacation hours that respective employee would be able to accrue in the year prior to the anniversary date. The maximum for each employee is the total accrued for that year. On the employee’s anniversary date, if an employee has hours earned over the carry over maximum, those hours will be paid out at a rate of ½ the employee’s hourly rate of pay. Upon termination vacation benefits that have accrued through the last day of work will be paid.

Eligible employees (defined as employees who have completed six calendar months of employment) beginning the first year of employment as an eligible employee, will be awarded five (5) working days with pay. After one year of employment, the employee will be awarded sick leave at the rate of ten (10) working days per year, with pay. Unused sick leave benefits will be allowed to accumulate without limit. If an employee leaves employment with the County after ten continuous years of County employment, the employee will be paid for 10 percent of their accumulated unused sick leave up to a maximum of 1000 hours.

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 position. When applicable, bond premiums and discounts are amortized over the life of the bond, whereas issuance costs are recognized in the current period.

H. Fund Balances / Net Position

Prior to GASB Statement No. 54, in the fund financial statements, the governmental funds reported reservations of fund balances for amounts that were not available for appropriation or were legally restricted by outside parties for use for a specific purpose. Designations of fund balances represented tentative management plans that were subject to change. GASB Statement No. 54 established new fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

Fund Balance Spending Policy:

It is the policy of Rolette County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (unorganized district road, highway tax distribution, farm to market road, social services, and FEMA) are disclosed in more detail in Note 1B.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Fund Balance Reporting and Governmental Fund Type Definitions

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

CLASSIFICATION	DEFINITION	EXAMPLES
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the governing board. Formal action is required to be taken to establish, modify or rescind a fund balance commitment.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the business manager.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance; (b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.	Available for any remaining general fund expenditure.

The County only has restricted and unassigned fund balances at December 31, 2014 & 2013.

Restricted Fund Balances – consist of the following items at December 31, 2014 and 2013:

Restricted fund balances are shown by primary function on the balance sheet for general government, public safety, highways & public improvement, flood repair, emergency, health & welfare, culture & recreation, and conservation of resources (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements). Restricted fund balances total \$2,279,563 at 12-31-2014, and \$3,452,520 at 12-31-2013.

Special Revenue Funds – Restricted & Committed Fund Balances:

- (a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements:
- Restricted tax levies – includes fund balances for various tax levies other than the general fund.
 - Restricted grants/reimbursements – primarily includes FEMA funds, other grant funds, and highway tax distribution.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Unassigned Fund Balances:

Unassigned fund balances are shown at each year-end for the positive fund balance of the general fund of \$1,144,269 at 12-31-2014 and \$1,180,410 at 12-31-2013, and for negative fund balances in the other governmental funds each year consisting of various funds for the year ended December 31, 2014 totaling (\$141,075), and several nonmajor funds (\$27,347) for the year ended December 31, 2013.

Net Position:

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, and any related debt used to finance the purchase or construction of those capital assets. These assets are not available for future spending.

Restrictions of net position shown in the net position statement are due to restricted tax levies and restricted Federal & State grants/reimbursements. Net position in the statement of net position is also shown by primary function (as fund balance are shown) as fund balances are shown and is restricted for highways and bridges, public safety, flood repair, health & welfare, culture & recreation, conservation of resources, emergencies, and other purposes (health insurance, insurance reserve, veteran's service officer, and social security).

Unrestricted net position is primarily unrestricted amounts related to the general fund governmental activities, as well as amounts shown for negative funds as applicable. The unrestricted net position is available to meet the district's ongoing obligations.

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.

NOTE 2: LEGAL COMPLIANCE - BUDGETSBUDGET AMENDMENTS

The board of county commissioners amended the county budget for the year ended December 31, 2014 as follows:

	EXPENDITURES		
	Original Budget	Amendment Budget	Amended Amendment
<u>Major</u>			
FEMA	\$ -	\$ 69,000	\$ 69,000
<u>Special Revenue Funds:</u>			
Revenue Sharing	120,000	30,220	150,220
Social Security Fund	215,000	130	215,130
County Park	14,200	970	15,170
911 Fund	125,877	6,558	132,435
Jail Maintenance	405,228	76,882	482,110
Emergency Fund	129,900	(129,900)	-
Law Enforcement Grants	60,000	22,375	82,375
Weed Board	85,640	920	86,560

ROLETTE COUNTY

Notes to the Financial Statements – Continued

The board of county commissioners amended the county budget for the year ended December 31, 2013 as follows:

	EXPENDITURES		
	Original Budget	Amendment Budget	Amended Amendment
<u>Major</u>			
Highway Tax Distribution	\$1,265,150	\$ 540,850	\$1,806,000
FEMA	-	303,600	303,600
<u>Special Revenue Funds:</u>			
Revenue Sharing	100,000	62,200	162,200
Miscellaneous Fund	10,000	3,700	13,700
911 Fund	35,000	72,800	107,800
Jail Maintenance	381,715	6,485	388,200
CDBG Grant-Off book	-	48,000	48,000
Emergency Fund	113,500	(113,500)	-
Law Enforcement Grants	60,000	36,700	96,700
Weed Board	84,353	6,447	90,800

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.

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, 2014, the county's carrying amount of deposits was \$3,225,911 and the bank balances totaled \$3,373,735. Of the bank balances, \$1,021,321 was covered by Federal Depository Insurance. The remaining bank balances totaling \$2,352,414 were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2014, the Rolette County Health District and Water Resource District's deposits of \$212,556 and \$18,210, respectively, were entirely covered by Federal Depository Insurance.

At year ended December 31, 2013 the county's carrying amount of deposits was \$4,686,285 bank balances totaled \$4,763,796. Of the bank balances, \$1,210,793 was covered by Federal Depository Insurance. Of the remaining bank balances totaling \$3,553,003, all were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2013, the Rolette County Health District and Water Resource District's deposits of \$206,430 and \$21,954, respectively, were entirely covered by Federal Depository Insurance.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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, 2014 and 2013, the county had certificates of deposits totaling \$1,810,525, and \$2,210,525, respectively, all of which were considered deposits.

Concentration of Credit Risk:

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.

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

NOTE 5: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable at December 31, 2012 consists of amounts reported in the general fund and at the government wide level for amounts assessed on farmland for land survey costs.

NOTE 6: 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 7: DUE TO / FROM OTHER FUNDS

The composition of due to and due from other funds as of December 31, 2014 are as follows:

Due From Fund	Due To Fund	Amount
General Fund	FEMA Fund	\$34,460

ROLETTE COUNTY

Notes to the Financial Statements – Continued

The composition of due to and due from other funds as of December 31, 2013 are as follows:

Due From Fund	Due To Fund	Amount
General Fund	Grants Law Enforcement	\$ 23,844
General Fund	FEMA Fund	199,472
Total		\$223,316

The composition of due to and due from other funds is related to negative cash fund balances in various major funds for governmental and business type activities.

NOTE 8: ROAD ACCOUNTS RECEIVABLE

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

NOTE 9: 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 10: INTEREST RECEIVABLE

Interest receivable consists of amounts due from banks for accrued interest on bank accounts at year- end not yet received as of year-end.

NOTE 11: CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2014 and 2013:

Primary Government:	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 38,000	\$ -	\$ -	\$ 38,000
Construction in Progress	-	2,008,702	-	2,008,702
Total Capital Assets Not Being Depreciated	\$ 38,000	\$2,008,702	\$ -	\$2,046,702
<i>Capital assets being depreciated:</i>				
Buildings	\$1,863,822	\$ -	\$ -	\$1,863,822
Building Improvements	202,330	-	-	202,330
Equipment	4,016,204	140,167	219,600	3,936,771
Vehicles	340,903	64,000	10,000	394,903
Infrastructure	2,924,055	-	-	2,924,055
Total Capital Assets, Being Depreciated	\$9,347,314	\$ 204,167	\$229,600	\$9,321,881
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,263,202	\$ 33,348	\$ -	\$1,296,550
Building Improvements	16,233	6,364	-	22,597
Equipment	2,004,161	288,495	212,766	2,079,890
Vehicles	211,187	50,237	2,000	259,424
Infrastructure	387,594	75,114	-	462,708
Total Accumulated Depreciation	\$3,882,377	\$ 453,558	\$214,766	\$4,121,169
Total Capital Assets Being Depreciated, Net	\$5,464,937	\$ (249,391)	\$ 14,834	\$5,200,712
Governmental Activities- Capital Assets, Net	\$5,502,937	\$1,759,311	\$ 14,834	\$7,247,414

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Primary Government:	Balance 1-1-13	Increases	Decreases	Balance 12-31-13
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 23,300	\$ 14,700	\$ -	\$ 38,000
<i>Capital assets being depreciated:</i>				
Buildings	\$1,863,822	\$ -	\$ -	\$1,863,822
Building Improvements	154,417	47,913	-	202,330
Equipment	3,427,084	891,050	301,930	4,016,204
Vehicles	293,954	58,949	12,000	340,903
Infrastructure	2,924,055	-	-	2,924,055
Total Capital Assets, Being Depreciated	\$8,663,332	\$997,912	\$313,930	\$9,347,314
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,229,855	\$ 33,347	\$ -	\$1,263,202
Building Improvements	9,868	6,364	-	16,232
Equipment	1,996,711	288,005	280,555	2,004,161
Vehicles	164,509	58,678	12,000	211,187
Infrastructure	312,481	75,114	-	387,595
Total Accumulated Depreciation	\$3,713,424	\$461,508	\$292,555	\$3,882,377
Total Capital Assets Being Depreciated, Net	\$4,949,908	\$536,404	\$ 21,375	\$5,464,937
Governmental Activities- Capital Assets, Net	\$4,973,208	\$551,104	\$ 21,375	\$5,502,937

Depreciation expense was charged to functions/programs of the county as follows for the years ended December 31, 2014 and 2013:

Governmental Activities:	2014	2013
General government	\$ 32,926	\$ 33,690
Public safety	49,603	56,633
Highways and public improvement	365,922	366,078
Conservation of natural resources	1,107	1,107
Health and welfare	4,000	4,000
Total Depreciation Expense - Governmental Activities	\$453,558	\$461,508

The following is a summary of changes in capital assets for Rolette County Health District for the years ended December 31, 2014 and 2013:

Rolette County Health District	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings	\$90,000	\$ -	\$ -	\$90,000
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$18,000	\$ 1,800	\$ -	\$19,800
Total Capital Assets Being Depreciated, Net	\$72,000	\$(1,800)	\$ -	\$70,200
Governmental Activities- Capital Assets, Net	\$72,000	\$(1,800)	\$ -	\$70,200

Rolette County Health District	Balance 1-1-13	Increases	Decreases	Balance 12-31-13
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings	\$90,000	\$ -	\$ -	\$90,000
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$16,200	\$ 1,800	\$ -	\$18,000
Total Capital Assets Being Depreciated, Net	\$73,800	\$(1,800)	\$ -	\$72,000
Governmental Activities- Capital Assets, Net	\$73,800	\$(1,800)	\$ -	\$72,000

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Depreciation expense totaling \$1,800 for 2012 and 2011 was charged to the Health and Welfare function.

NOTE 12: 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 of each year-end.

NOTE 13: SALARIES PAYABLE

Salaries payable consists of a liability account reflecting amounts owed to employee salaries at December 31, 2014 and 2013 in the general fund, and at the government-wide level.

NOTE 14: GRANTS RECEIVED IN ADVANCE

Grants received in advance consist of funds received in the FEMA fund where the eligibility requirements have not been met at December 31, 2014 and 2013.

NOTE 15: DEFERRED INFLOWS OF RESOURCES

The offset to taxes receivable, special assessments receivable, and road receivables at the fund level are reported as a deferred inflow of resources under the provisions of GASB 65.

NOTE 16: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long-term debt (leases and loans payable) outstanding at each year-end.

NOTE 17: LONG-TERM DEBTPrimary Government:

Changes in Long-Term Liabilities - During the years ended December 31, 2014 and 2013, the following changes occurred in governmental activities long-term liabilities for the primary government:

Governmental Activities	Balance 1-1-14	Increases	Decreases	Balance 12-31-14	Due Within One Year
Leases Payable	\$1,015,715	\$ -	\$335,125	\$680,590	\$294,290
Loan Payable	10,632	-	10,632	-	-
Special Assessments Payable	2,916	-	486	2,430	486
Compensated Absences *	184,191	10,996	-	195,187	19,519
Total Governmental Activities	\$1,213,454	\$10,996	\$346,243	\$878,207	\$314,295

Governmental Activities	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Leases Payable	\$587,683	\$767,514	\$339,482	\$1,015,715	\$335,125
Loan Payable	20,888	-	10,256	10,632	10,632
Special Assessments Payable	3,402	-	486	2,916	486
Compensated Absences *	155,228	28,963	-	184,191	18,419
Total Governmental Activities	\$767,201	\$796,477	\$350,224	\$1,213,454	\$364,662

* 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

Outstanding governmental activities debt of the primary government at December 31, 2014 is comprised of the following individual issues:

Leases Payable:

\$88,500 Lease from Caterpillar for a 2008 John Deere 700J Dozer. Principal payments will range from \$17,629 to \$19,018 until 2017 with an interest rate of 3.80%.	\$ 54,958
\$78,500 Lease from Titan Machinery for a 621 Wheel Loader. Final principal payment of \$17,339 is due in 2015 with an interest rate of 5.20%.	17,339
\$143,550 Lease from Titan Machinery for a 2013 John Deere Wheel Loader. Principal payments will range from \$28,219 to \$30,445 through 2017 with an interest rate of 3.80%.	87,973
\$267,707 Lease from Caterpillar for a 140M 2AWD Motor Grader. Principal payments will range from \$52,070 to \$54,933 through 2017 with an interest rate of 2.75%.	160,546
\$267,707 Lease from Caterpillar for a 140M 2AWD Motor Grader. Principal payments will range from \$52,070 to \$54,933 through 2017 with an interest rate of 2.75%.	160,546
\$250,655 Lease from Butler CAT for a 140M 2WDT4 Motor Grader. Principal payments will range from \$47,028 to \$52,334 until 2015 with an interest rate of 3.15%.	51,682
\$122,045 Lease from John Financial for a 2011 JD544K 4WD Loader. Principal payments will be \$28,050 until 2014 with an interest rate of 4.05%.	48,650
\$241,150 Lease from John Deere Financial for a 2012 JD 772G Motor Grader. Principal payments will be \$52,107 until 2015 with an interest rate of 3.95%.	<u>98,896</u>
Total Leases Payable	<u>\$680,590</u>

Special Assessments Payable:

County Property Sewer #27	<u>\$ 2,430</u>
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The annual requirements to amortize the outstanding debt, excluding compensated absences are as follows:

Year Ending December 31	Leases Payable		Special Assessments Payable	
	Principal	Interest	Principal	Interest
2015	\$294,290	\$20,414	\$ 486	\$ 485
2016	226,888	10,334	1,944	1,698
2017	159,411	3,569	-	-
2018	1	-	-	-
Totals	\$680,590	\$34,317	\$2,430	\$2,183

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Changes in Long-Term Liabilities - During the years ended December 31, 2014 and 2013, the following changes occurred in governmental activities long-term liabilities for the Health District component unit:

Health District:

Governmental Activities	Balance 1-1-14	Increases	Decreases	Balance 12-31-14	Due Within One Year
Compensated Absences *	\$ -	\$ -	\$4,585	\$27,252	\$2,725

Governmental Activities	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Compensated Absences *	\$31,794	\$42	\$ -	\$31,836	\$3,184

* 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.

NOTE 18: 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, 2014 and 2013:

	2014		2013	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Major Funds:				
General Fund	\$ -	\$590,266	\$ -	\$516,359
Road and Bridge - Unorganized	-	36,980	-	-
Highway Tax Distribution	36,907	-	-	-
Social Services	126,457	-	47,503	-
FEMA - 2009				
Special Revenue Funds:				
County Road & Bridge	73	-	-	-
Emergency Poor	-	126,457	-	47,503
Revenue Sharing	140,000	-	170,000	-
Jail Maintenance	276,386	-	195,454	-
Dunseith Contract Policing	79,629	-	76,237	-
Rolette Contract Policing	41,216	-	42,740	-
St. John Contract Policing	53,035	-	31,928	-
Total Transfers	\$753,703	\$753,703	\$563,862	\$563,862

NOTE 19: PENSION PLAN

North Dakota Public Employees' Retirement System

The 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 the county and the county's component units. 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

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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.

Funding Policy:

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code.

During January 1, 2014 through December 31, 2014, plan members were required to contribute 7% of their annual covered salary. The county was required to contribute 8.26% of the employee's salary, which consists of 7.12% for employee retirement and 1.14% for the retiree health benefits fund. During January 1, 2013 through December 31, 2013, plan members were required to contribute 6% of their annual covered salary. The county was required to contribute 7.26% of the employee's salary, which consists of 6.12% for employee retirement and 1.14% for the retiree health benefits fund. The contribution requirements of plan members and the county are established and may be amended by the State legislature. 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, 2014, 2013, and 2012 were \$195,384, \$160,324, and \$149,611, 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, 2014, 2013, and 2012 were \$3,669, \$4,434, and \$6,300, respectively.

Rolette County Public Health District's required and actual contributions to NDPERS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$32,574, \$25,114, and \$17,229, respectively.

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 20: 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.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), 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 NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile and \$3,960,148 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 21: DEFICIT CASH FUND BALANCES

At December 31, 2014 and 2013 the following funds had deficit fund balances.

Special Revenue Funds:	2014	2013
Grants Law Enforcement	\$ -	\$ (23,844)
FEMA Fund	(34,460)	(199,472)

NOTE 22: BUDGET TO ACTUAL RECONCILIATION

Leases issued in 2013 paid by the highway tax distribution fund are not included in the budgetary comparison schedules expenditures, 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:

Fund – 2013	Combined Statement	Adjustment	Budget to Actual Stmt.
<u>Highway Tax:</u>			
Expenditures	\$2,574,559	(\$767,514)	\$1,807,045
Lease Proceeds	767,514	(767,514)	-

NOTE 23: CONSTRUCTION COMMITMENTSCommitments:

At December 31, 2014, Rolette County had commitments for remaining project costs related to a highway project. As of December 31, 2014, the remaining construction commitments are as follows:

Project	Total Contract	Total Completed	Retainage	Remaining Balance	Percent Completed
CNOA-4025 (053 & 014)	\$1,549,465	\$1,513,212	\$29,790	\$66,043	97.66%

ROLETTE COUNTYNotes to the Financial Statements – Continued

NOTE 24: OPERATING LEASES

In 2013, the County entered into operating leases for two digital imaging copiers. The lease term is for 48 months for each copier. Monthly lease payments are \$231.66 through September 2017 for the Sharp copier lease. Monthly lease payments are \$154.84 per month through September 2017 for the HP copier lease. Total operating lease payments made in 2013 for both copiers totaled \$1,160, and payments in 2014 totaled \$4,638. Future annual lease payments are as follows:

Fiscal Year	Amounts
2015	\$ 4,638
2016	4,638
2017	3,479
Total	\$12,755

NOTE 25: CONTINGENT LIABILITIES

The county is involved in one lawsuit incident to its operations. In the opinion of the County and North Dakota Insurance Reserve Fund Counsel and management, the claim against the County not covered by insurance would not significantly or materially affect the financial condition of the County.

FEMA funds received in advance of meeting all the eligibility requirements are based on estimated project costs at various damage sites prior to spending funds for flood repair. In the event of not spending all funds received in advance for flood repair, those funds would be returned to the grantor agency. In the opinion of county management, any unexpended FEMA funds at any point in time that are required to be paid back would not significant or materially affect the condition of the county. Additionally, those funds are reported as payables at each year-end until the funds are spent.

ROLETTE COUNTY
Rolla, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 112,600	\$ 112,600	\$ 101,321	\$ (11,279)
Intergovernmental	1,545,767	1,545,767	1,591,022	45,255
Licenses, Permits and Fees	45,500	45,500	3,650	(41,850)
Charges for Services	3,660	3,660	51,774	48,114
Interest Income	20,000	20,000	16,698	(3,302)
Miscellaneous	32,000	32,000	46,121	14,121
Total Revenues	\$ 1,759,527	\$ 1,759,527	\$ 1,810,586	\$ 51,059
<u>Expenditures:</u>				
Current:				
General Government	\$ 959,110	\$ 959,110	\$ 933,199	\$ 25,911
Public Safety	357,715	357,715	319,828	37,887
Health & Welfare	2,500	2,500	2,438	62
Debt Service:				
Principal	500	500	486	14
Interest	500	500	510	(10)
Total Expenditures	\$ 1,320,325	\$ 1,320,325	\$ 1,256,461	\$ 63,864
Excess (Deficiency) of Revenues Over Expenditures	\$ 439,202	\$ 439,202	\$ 554,125	\$ 114,923
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (410,708)	(410,708)	\$ (590,266)	\$ (179,558)
Net Change in Fund Balance	\$ 28,494	\$ 28,494	\$ (36,141)	\$ (64,635)
Fund Balance - January 1	\$ 1,180,410	\$ 1,180,410	\$ 1,180,410	\$ -
Fund Balance - December 31	\$ 1,208,904	\$ 1,208,904	\$ 1,144,269	\$ (64,635)

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, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 83,470	\$ 83,470	\$ 71,320	\$ (12,150)
Intergovernmental	112,655	112,655	163,308	50,653
Charges for Services	70,300	70,300	114,472	44,172
Total Revenues	\$ 266,425	\$ 266,425	\$ 349,100	\$ 82,675
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ 1,611,200	\$ 1,611,200	\$ 808,393	\$ 802,807
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,344,775)	\$ (1,344,775)	\$ (459,293)	\$ 885,482
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (36,980)	\$ (36,980)
Net Change in Fund Balance	\$ (1,344,775)	\$ (1,344,775)	\$ (496,273)	\$ 848,502
Fund Balance - January 1	\$ 1,318,051	\$ 1,318,051	\$ 1,318,051	\$ -
Fund Balance - December 31	\$ (26,724)	\$ (26,724)	\$ 821,778	\$ 848,502

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, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 2,941,137	\$ 2,941,137	\$ 2,597,604	\$ (343,533)
<u>Expenditures:</u>				
Current:				
Highways	\$ 3,398,903	\$ 3,398,903	\$ 3,186,176	\$ 212,727
Debt Service:				
Principal	345,000	345,000	345,757	(757)
Interest	35,000	35,000	32,607	2,393
Total Expenditures	\$ 3,778,903	\$ 3,778,903	\$ 3,564,540	\$ 214,363
Excess (Deficiency) of Revenues Over Expenditures	\$ (837,766)	\$ (837,766)	\$ (966,936)	\$ (129,170)
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 36,907	\$ 36,907
Net Change in Fund Balance	\$ (837,766)	\$ (837,766)	\$ (930,029)	\$ (92,263)
Fund Balance - January 1	\$ 877,819	\$ 877,819	\$ 877,819	\$ -
Fund Balance - December 31	\$ 40,053	\$ 40,053	\$ (52,210)	\$ (92,263)

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, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 134,800	\$ 134,800	\$ 96,864	\$ (37,936)
Intergovernmental	15,364	15,364	29,432	14,068
Total Revenues	\$ 150,164	\$ 150,164	\$ 126,296	\$ (23,868)
<u>Expenditures:</u>				
Current:				
Highways	\$ 600,000	\$ 600,000	\$ 141,980	\$ 458,020
Excess (Deficiency) of Revenues Over Expenditures	\$ (449,836)	\$ (449,836)	\$ (15,684)	\$ 434,152
Fund Balance - January 1	\$ 396,822	\$ 396,822	\$ 396,822	\$ -
Fund Balance - December 31	\$ (53,014)	\$ (53,014)	\$ 381,138	\$ 434,152

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, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ -	\$ 69,000	\$ 117,178	\$ (48,178)
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (69,000)	\$ (117,178)	\$ (48,178)
Fund Balance - January 1	\$ 34,539	\$ 34,539	\$ 34,539	\$ -
Fund Balance - December 31	\$ 34,539	\$ (34,461)	\$ (82,639)	\$ (48,178)

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, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 328,240	\$ 328,240	\$ 277,176	\$ (51,064)
Intergovernmental	1,345,890	1,345,890	1,554,096	208,206
Miscellaneous	-	-	158	158
Total Revenues	\$ 1,674,130	\$ 1,674,130	\$ 1,831,430	\$ 157,300
<u>Expenditures:</u>				
Current:				
Health & Welfare	\$ 2,000,858	\$ 2,000,858	\$ 1,840,991	\$ 159,867
Excess (Deficiency) of Revenues Over Expenditures	\$ (326,728)	\$ (326,728)	\$ (9,561)	\$ 317,167
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 126,275	\$ 126,275	\$ 126,457	\$ 182
Net Change in Fund Balance	\$ (200,453)	\$ (200,453)	\$ 116,896	\$ 317,349
Fund Balance - January 1	\$ 191,954	\$ 191,954	\$ 191,954	\$ -
Fund Balance - December 31	\$ (8,499)	\$ (8,499)	\$ 308,850	\$ 317,349

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, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 293,900	\$ 293,900	\$ 275,212	\$ (18,688)
Intergovernmental	1,304,340	1,304,340	1,400,880	96,540
Licenses, Permits and Fees	45,800	45,800	3,640	(42,160)
Charges for Services	3,650	3,650	43,766	40,116
Interest Income	20,000	20,000	15,061	(4,939)
Miscellaneous	34,000	34,000	51,472	17,472
Total Revenues	\$ 1,701,690	\$ 1,701,690	\$ 1,790,031	\$ 88,341
<u>Expenditures:</u>				
Current:				
General Government	\$ 888,441	\$ 888,441	\$ 793,401	\$ 95,040
Public Safety	339,209	339,209	347,682	(8,473)
Health & Welfare	2,500	2,500	4,496	(1,996)
Debt Service:				
Principal	-	-	486	(486)
Interest	-	-	534	(534)
Total Expenditures	\$ 1,230,150	\$ 1,230,150	\$ 1,146,599	\$ 83,551
Excess (Deficiency) of Revenues Over Expenditures	\$ 471,540	\$ 471,540	\$ 643,432	\$ 171,892
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (516,359)	\$ (516,359)
Net Change in Fund Balance	\$ 471,540	\$ 471,540	\$ 127,073	\$ (344,467)
Fund Balance - January 1	\$ 1,053,337	\$ 1,053,337	\$ 1,053,337	\$ -
Fund Balance - December 31	\$ 1,524,877	\$ 1,524,877	\$ 1,180,410	\$ (344,467)

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, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 127,200	\$ 127,200	\$ 121,581	\$ (5,619)
Intergovernmental	111,045	111,045	694,978	583,933
Charges for Services	60,300	60,300	236,282	175,982
Total Revenues	<u>\$ 298,545</u>	<u>\$ 298,545</u>	<u>\$ 1,052,841</u>	<u>\$ 754,296</u>
<u>Expenditures:</u>				
Current:				
Highways	\$ 811,200	\$ 811,200	\$ 549,275	\$ 261,925
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (512,655)</u>	<u>\$ (512,655)</u>	<u>\$ 503,566</u>	<u>\$ 1,016,221</u>
Fund Balance - January 1	<u>\$ 814,485</u>	<u>\$ 814,485</u>	<u>\$ 814,485</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 301,830</u></u>	<u><u>\$ 301,830</u></u>	<u><u>\$ 1,318,051</u></u>	<u><u>\$ 1,016,221</u></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, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 1,047,745	\$ 1,047,745	\$ 1,883,275	\$ 835,530
<u>Expenditures:</u>				
Current:				
Highways	\$ 1,265,150	\$ 1,806,000	\$ 1,428,544	\$ 377,456
Debt Service:				
Principal	-	-	349,738	(349,738)
Interest	-	-	28,763	(28,763)
Total Expenditures	\$ 1,265,150	\$ 1,806,000	\$ 1,807,045	\$ (1,045)
Excess (Deficiency) of Revenues Over Expenditures	\$ (217,405)	\$ (758,255)	\$ 76,230	\$ 834,485
Fund Balance - January 1	\$ 801,589	\$ 801,589	\$ 801,589	\$ -
Fund Balance - December 31	\$ 584,184	\$ 43,334	\$ 877,819	\$ 834,485

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, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 135,175	\$ 135,175	\$ 126,669	\$ (8,506)
Intergovernmental	16,564	16,564	12,738	(3,826)
Total Revenues	<u>\$ 151,739</u>	<u>\$ 151,739</u>	<u>\$ 139,407</u>	<u>\$ (12,332)</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 10,721</u>	<u>\$ 339,279</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (198,261)</u>	<u>\$ (198,261)</u>	<u>\$ 128,686</u>	<u>\$ 326,947</u>
Net Change in Fund Balance	<u>\$ (198,261)</u>	<u>\$ (198,261)</u>	<u>\$ 128,686</u>	<u>\$ 326,947</u>
Fund Balance - January 1	<u>\$ 268,136</u>	<u>\$ 268,136</u>	<u>\$ 268,136</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 69,875</u></u>	<u><u>\$ 69,875</u></u>	<u><u>\$ 396,822</u></u>	<u><u>\$ 326,947</u></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, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 309,500	\$ 309,500	\$ 292,338	\$ (17,162)
Intergovernmental	1,169,466	1,169,466	1,188,913	19,447
Miscellaneous	-	-	200	200
Total Revenues	\$ 1,478,966	\$ 1,478,966	\$ 1,481,451	\$ 2,485
<u>Expenditures:</u>				
Current:				
Health & Welfare	\$ 1,836,018	\$ 1,836,018	\$ 1,636,113	\$ 199,905
Excess (Deficiency) of Revenues Over Expenditures	\$ (357,052)	\$ (357,052)	\$ (154,662)	\$ 202,390
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 47,503	\$ 47,503
Net Change in Fund Balance	\$ (357,052)	\$ (357,052)	\$ (107,159)	\$ 249,893
Fund Balance - January 1	\$ 299,113	\$ 299,113	\$ 299,113	\$ -
Fund Balance - December 31	\$ (57,939)	\$ (57,939)	\$ 191,954	\$ 249,893

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, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 338,105	\$ 338,105
<u>Expenditures:</u>				
Current:				
Highways	\$ -	\$ 303,600	\$ 303,566	\$ 34
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (303,600)	\$ 34,539	\$ 338,139
Fund Balance - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balance - December 31	\$ -	\$ (303,600)	\$ 34,539	\$ 338,139

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, 2014 and 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The county commission adopts an “appropriated budget” on the modified accrual basis of accounting.
- The county auditor prepares an annual budget for the general fund, each special revenue fund, and each debt service 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 expenditures 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 required by section 11-11-05 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. No county expenditure may be made or liability incurred, nor may a bill be paid for any purpose, in excess of the appropriation, except as provided in section 11-23-07. NDCC 11-23-06
- 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, 2014

	Balance 1-1-14	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-14
<u>Primary Government:</u>							
General Fund	\$ 869,272.38	\$ 1,716,873.38	\$ -	\$ -	\$ 590,265.77	\$ 1,264,013.33	\$ 731,866.66
Unorganized District Road Fund	1,296,045.05	332,645.44	-	-	36,979.56	791,059.46	800,651.47
Highway Tax Distribution Fund	765,920.26	2,605,312.72	36,906.95	-	-	3,408,139.93	-
Farm to Market Fund	389,538.36	126,295.51	-	-	-	141,980.28	373,853.59
Social Services Fund	166,846.48	1,585,824.72	126,457.25	-	-	1,837,170.21	41,958.24
FEMA	(199,471.80)	234,010.45	-	-	-	68,998.61	(34,459.96)
Total Major Funds	\$3,288,150.73	\$ 6,600,962.22	\$ 163,364.20	\$ -	\$ 627,245.33	\$ 7,511,361.82	\$ 1,913,870.00
<u>Special Revenue Funds:</u>							
County Road & Bridge	\$ 271.41	\$ 3,255.98	\$ 72.61	\$ -	\$ -	\$ 3,600.00	\$ -
Farm to Market Maintenance Fund	119,327.08	65,019.02	-	-	-	5,748.02	178,598.08
Social Welfare (Capital Fund)	-	-	-	-	-	-	-
Emergency Poor	-	126,457.25	-	-	126,457.25	-	-
OASIS & Social Security	83,826.34	206,963.24	-	-	-	215,126.93	75,662.65
Veteran's Service Officer Fund	3,481.25	6,732.63	-	-	-	7,160.38	3,053.50
Insurance Reserve Fund	17,162.21	61,190.93	-	-	-	75,176.44	3,176.70
Emergency Fund	113,835.10	15,924.81	-	-	-	-	129,759.91
Revenue Sharing (Capital Fund)	114,551.85	18,381.81	140,000.00	-	-	150,216.74	122,716.92
County Agent	15,154.81	40,444.09	-	-	-	40,094.79	15,504.11
Advertising Fund	937.54	7,792.40	-	-	-	7,990.50	739.44
Jail Maintenance Fund	-	205,716.17	276,385.37	-	-	482,101.54	-
911 Emergency Service	16,313.99	121,020.08	-	-	-	132,434.31	4,899.76
Dunseith Contract Policing	-	104,528.37	79,628.97	-	-	184,157.34	-
Rolette Contract Policing Fund	-	51,551.96	41,216.05	-	-	92,768.01	-
Law Enforcement - Gaming Fund	18,773.80	459.91	-	-	-	13,828.55	5,405.16
Grants Law Enforcement	(23,844.32)	125,919.84	-	-	-	82,374.57	19,700.95
St. John Contract Policing	-	31,050.64	53,035.38	-	-	84,086.02	-
Weed Board Fund	67,187.09	94,332.42	-	-	-	86,550.96	74,968.55
County Park	1,591.41	14,543.60	-	-	-	15,168.37	966.64
Miscellaneous Fund	9,762.28	5,599.82	-	-	-	7,009.64	8,352.46
Off-Book Activity	3.00	85,218.39	-	-	-	1,506.39	83,715.00
Total Non-Major Special Revenue Funds	\$ 558,334.84	\$ 1,392,103.36	\$ 590,338.38	\$ -	\$ 126,457.25	\$ 1,687,099.50	\$ 727,219.83
Total Governmental Funds	\$3,846,485.57	\$ 7,993,065.58	\$ 753,702.58	\$ -	\$ 753,702.58	\$ 9,198,461.32	\$ 2,641,089.83
<u>Agency Funds:</u>							
Job Development Fund	\$ 259.81	\$ 221.41	\$ -	\$ -	\$ -	\$ -	\$ 481.22
Senior Citizen Fund	1,804.56	30,457.13	-	-	-	30,000.00	2,261.69
State Tax	259.19	16,854.84	-	-	-	16,816.66	297.37
State UCC	15,489.51	7,267.50	-	-	-	3,045.19	19,711.82
District Court	-	1,060.22	-	-	-	1,144.22	(84.00)
Fish & Wildlife Trust	10,525.00	-	-	-	-	-	10,525.00
Domestic Violence Prevention	(35.00)	910.00	-	-	-	875.00	-
Game & Fish	2.72	33,155.00	-	-	-	33,151.00	6.72
Protest Fund	-	1,004.31	-	-	-	1,004.31	-
Supt Special Trust	3,296.61	-	-	-	-	60.50	3,236.11
Public Administrator Special Trust	3,763.05	-	-	-	-	-	3,763.05
NSF Payments	776.91	10.00	-	-	-	263.88	523.03
Extension Service Special Trust	6,836.03	14,893.77	-	-	-	16,369.53	5,360.27
Promotion Fund	4,457.74	-	-	-	-	55.32	4,402.42
Hazardous Chemical	5,204.32	912.50	-	-	-	-	6,116.82
Sheriff's Special Trust	\$ 5,905.32	\$ 25,596.29	\$ -	\$ -	\$ -	\$ 28,805.67	\$ 2,695.94
Municipal Airport	60.12	16,892.84	-	-	-	16,000.00	952.96
Ambulance Levy	20,141.75	106,112.27	-	-	-	105,754.00	20,500.02
Water Resource Board	415.90	18,302.37	-	-	-	18,175.00	543.27
Historical Society	153.89	4,465.33	-	-	-	4,000.00	619.22
Soil Conservation	2,511.22	36,123.22	-	-	-	36,825.96	1,808.48
Health District	1,771.41	65,905.18	-	-	-	64,000.00	3,676.59
Current Tax Holding	726,783.45	543,780.40	-	-	-	726,783.45	543,780.40
Payroll Deduction	20,838.11	-	-	-	-	(302.84)	21,140.95
Total Cities	1,857.45	586,413.18	-	-	-	582,406.60	5,864.03
Total City Park Districts	157.79	51,439.75	-	-	-	51,287.30	310.24
Total School Districts	6,405.31	1,560,074.90	-	-	-	1,557,008.82	9,471.39
Total Townships	71.05	51,064.05	-	-	-	51,037.55	97.55
Total Rural Fire Protection Districts	242.07	80,860.15	-	-	-	80,619.78	482.44
Total Upsilon Rec. District	46.72	20,542.52	-	-	-	21,701.18	(1,111.94)
Total Agency Funds	\$ 840,002.01	\$ 3,274,319.13	\$ -	\$ -	\$ -	\$ 3,446,888.08	\$ 667,433.06
Total Reporting Entity	\$4,686,487.58	\$11,267,384.71	\$ 753,702.58	\$ -	\$ 753,702.58	\$12,645,349.40	\$ 3,308,522.89

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2013

	Balance 1-1-13	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-13
Primary Government:							
General Fund	\$ 721,979.51	\$ 1,801,011.97	\$ -	\$ -	\$ 516,359.16	\$ 1,137,359.94	\$ 869,272.38
Unorganized District Road Fund	780,345.02	1,051,446.26	-	-	-	535,746.23	1,296,045.05
Highway Tax Distribution Fund	585,000.16	1,986,754.78	-	-	-	1,805,834.68	765,920.26
Farm to Market Fund	257,480.94	142,778.75	-	-	-	10,721.33	389,538.36
Social Services Fund	54,232.70	1,700,499.03	47,503.24	-	-	1,635,388.49	166,846.48
FEMA	69,150.33	34,943.99	-	-	-	303,566.12	(199,471.80)
Total Major Funds	\$2,468,188.66	\$ 6,717,434.78	\$ 47,503.24	\$ -	\$ 516,359.16	\$ 5,428,616.79	\$ 3,288,150.73
Special Revenue Funds:							
County Road & Bridge	\$ 345.36	\$ (73.95)	\$ -	\$ -	\$ -	\$ -	\$ 271.41
Farm to Market Maintenance Fund	70,664.92	67,067.97	-	-	-	18,405.81	119,327.08
Emergency Poor	-	47,503.24	-	-	47,503.24	-	-
OASIS & Social Security	73,648.15	209,849.11	-	-	-	199,670.92	83,826.34
Veteran's Service Officer Fund	3,859.43	6,651.70	-	-	-	7,029.88	3,481.25
Insurance Reserve Fund	24,488.68	69,399.72	-	-	-	76,726.19	17,162.21
Emergency Fund	99,475.85	14,359.25	-	-	-	-	113,835.10
Revenue Sharing (Capital Fund)	103,209.54	3,457.00	170,000.00	-	-	162,114.69	114,551.85
County Agent	17,146.26	38,574.98	-	-	-	40,566.43	15,154.81
Advertising Fund	360.31	7,973.23	-	-	-	7,396.00	937.54
Jail Maintenance Fund	-	192,709.30	195,454.00	-	-	388,163.30	-
911 Emergency Service	29,408.50	94,682.37	-	-	-	107,776.88	16,313.99
Dunseith Contract Policing	-	102,687.11	76,236.81	-	-	178,923.92	-
Rollette Contract Policing Fund	-	48,069.96	42,740.66	-	-	90,810.62	-
Law Enforcement - Gaming Fund	3,869.61	27,717.86	-	-	-	12,813.67	18,773.80
Grants Law Enforcement	(23,201.68)	96,007.72	-	-	-	96,650.36	(23,844.32)
St. John Contract Policing	-	52,516.63	31,927.69	-	-	84,444.32	-
Weed Board Fund	64,807.37	93,108.49	-	-	-	90,728.77	67,187.09
County Park	7,118.58	12,764.79	-	-	-	18,291.96	1,591.41
Miscellaneous Fund	10,120.99	13,318.67	-	-	-	13,677.38	9,762.28
Off-Book Activity	3.00	403.00	-	-	-	403.00	3.00
Total Non-Major Special Revenue Funds	\$ 485,324.87	\$ 1,198,748.15	\$ 516,359.16	\$ -	\$ 47,503.24	\$ 1,594,594.10	\$ 558,334.84
Total Governmental Funds	\$2,953,513.53	\$ 7,916,182.93	\$ 563,862.40	\$ -	\$ 563,862.40	\$ 7,023,210.89	\$ 3,846,485.57
Agency Funds:							
Job Development Fund	\$ 46,998.37	\$ 479.38	\$ -	\$ -	\$ -	\$ 47,217.94	\$ 259.81
Senior Citizen Fund	1,401.04	25,403.52	-	-	-	25,000.00	1,804.56
State Tax	340.86	15,421.36	-	-	-	15,503.03	259.19
State UCC	13,315.33	5,767.22	-	-	-	3,593.04	15,489.51
Fish & Wildlife Trust	10,525.00	-	-	-	-	-	10,525.00
Domestic Violence Prevention	105.00	910.00	-	-	-	1,050.00	(35.00)
Game & Fish	-	40,326.72	-	-	-	40,324.00	2.72
Estimated Tax	953.75	276.00	-	-	-	1,229.75	-
Protest Fund	-	-	-	-	-	-	-
Supt Special Trust	7,135.61	4,707.25	-	-	-	8,546.25	3,296.61
Public Administrator Special Trust	3,763.05	-	-	-	-	-	3,763.05
NSF Payments	831.91	283.13	-	-	-	338.13	776.91
Extension Service Special Trust	12,140.34	1,593.00	-	-	-	6,897.31	6,836.03
Promotion Fund	4,698.18	-	-	-	-	240.44	4,457.74
Hazardous Chemical	5,274.30	925.00	-	-	-	994.98	5,204.32
Sheriff's Special Trust	\$ 10,440.20	\$ 25,678.99	\$ -	\$ -	\$ -	\$ 30,213.87	\$ 5,905.32
Municipal Airport	1,569.46	14,348.05	-	-	-	15,857.39	60.12
Ambulance Levy	39,199.65	86,696.10	-	-	-	105,754.00	20,141.75
Water Resource Board	625.60	16,790.30	-	-	-	17,000.00	415.90
Historical Society	81.02	4,072.87	-	-	-	4,000.00	153.89
Soil Conservation	2,099.15	33,634.65	-	-	-	33,222.58	2,511.22
Health District	838.98	45,932.43	-	-	-	45,000.00	1,771.41
Current Tax Holding	698,606.68	726,783.45	-	-	-	698,606.68	726,783.45
Payroll Deduction	23,287.24	-	-	-	-	2,449.13	20,838.11
Total Cities	8,963.88	609,057.43	-	-	-	616,163.86	1,857.45
Total City Park Districts	435.03	48,353.65	-	-	-	48,630.89	157.79
Total School Districts	9,884.62	1,808,919.65	-	-	-	1,812,398.96	6,405.31
Total Townships	67.39	137,559.51	-	-	-	137,555.85	71.05
Total Rural Fire Protection Districts	176.12	71,073.39	-	-	-	71,007.44	242.07
Total Upsilon Rec. District	185.38	15,511.25	-	-	-	15,649.91	46.72
Total Agency Funds	\$ 903,943.14	\$ 3,740,504.30	\$ -	\$ -	\$ -	\$ 3,804,445.43	\$ 840,002.01
Total Reporting Entity	\$3,857,456.67	\$ 11,656,687.23	\$ 563,862.40	\$ -	\$ 563,862.40	\$ 10,827,656.32	\$ 4,686,487.58

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	2013 Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Passed Through State Department of Commerce:</u>		
Community Development Block Grants/State's program and Non-Entitlement Grants	14.228	\$ 47,736
<u>U.S. DEPARTMENT OF INTERIOR:</u>		
<u>Passed Through State's Game & Fish:</u>		
Wildlife Restoration and Basic Hunter Education	15.611	\$ 546
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed Through State Department of Human Services:</u>		
Promoting Safe and Stable Families	93.556	\$ 2,611
Temporary Assistance for Needy Families	93.558	53,235
Child Support Enforcement	93.563	33
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	9,872
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1,242
Foster Care-Title IV-E	93.658	55,145
Adoption Assistance	93.659	1,553
Children's Health Insurance Program	93.767	1,432
Medical Assistance Program	93.778	31,891
Maternal and Child Health Services Block Grant to the States	93.994	1,817
Total U.S. Department of Health and Human Services		\$ 158,831
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>		
<u>Passed Through State Department of Transportation:</u>		
State and Community Highway Safety	20.600	\$ 1,235
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	11,085
Total U.S. Department of Transportation		\$ 12,320
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed Through State Department of Emergency Services:</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 267,852
Emergency Management Performance Grants	97.042	13,437
Homeland Security Grant Program	97.067	85,487
Total U.S. Department of Homeland Security		\$ 366,776
Total Expenditures of Federal Awards		\$ 586,209

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 year ended December 31, 2013. 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 position 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.

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

Independent Auditor's Report

Board of County Commissioners
Rolette County
Rolla, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Rolette County's basic financial statements, and have issued our report thereon dated November 5, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

ROLETTE COUNTY

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* - Continued

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*.

Purpose of this Report

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
November 5, 2015

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
Rolette County
Rolla, North Dakota

Report on Compliance for Each Major Federal Programs

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 each of Rolette County's major federal programs for the years ended December 31, 2014 and 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rolette County's major federal programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 programs 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Rolette County's compliance.

Opinion on Each Major Federal Program

In our opinion, Rolette County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2014 and 2013.

ROLETTE COUNTY

Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 - Continued

Report on Internal Control Over Compliance

Management of Rolette County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rolette County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Rolette County as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated November 5, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Robert R. Peterson
State Auditor

Fargo, North Dakota
November 5, 2015

ROLETTE COUNTY
Rolla, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Years Ended December 31, 2014 and 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?

Governmental Activities	Unmodified
Aggregate discretely presented component units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal Control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> None reported	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> None reported	

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> None reported	
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None reported	
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> None noted	

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between Type A and B programs:

\$300,000

Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u> No	
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Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

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Board of County Commissioners
Rolette County
Rolla, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Rolette County, Rolla, North Dakota, for the years ended December 31, 2014 and 2013 which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 5, 2015. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A-133

As stated in our engagement letter dated October 15, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Rolette County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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, and for reporting on the schedule of expenditures of federal awards required by OMB Circular A-133.

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 and other matters, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Rolette County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on Rolette County's compliance with those requirements over each major federal program. While our audit provides a reasonable basis for our opinion over compliance for each major federal program, it does not provide a legal determination on Rolette County's compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Rolette County are described in Note 1 to the financial statements. GASB Statement 63 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position) and GASB Statement 65 (Items Previously Reported as Assets and Liabilities) were adopted during the years ended December 31, 2014 and 2013. Application of existing policies was not changed during the years ended December 31, 2014 and 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated November 5, 2015.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the county's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following presents our informal recommendations:

<p>LACK OF SUPPORTING DOCUMENTATION – WATER RESOURCE DISTRICT</p>
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Per testing conducted of Rolette County Water Resource District expenditures, it was noted that 83% of the expenditures tested (5 of 6 items) in the sample did not have adequate documentation supporting the amount spent and recorded in the check register. Additionally, it was noted that board members did not review and indicate approval of invoices/expenditures. Strong and effective internal control over properly reporting and processing expenditures requires obtaining and maintaining invoices or other appropriate documentation to support expenditures recorded in the accounting records.

We recommend that the Rolette County Water Resource District maintain invoices and other proper documentation supporting the amount reported on the general ledger and in the check register. Supporting documentation should be attached to the voucher or check remittance advice. With proper documentation attached a signature from a board member is needed for the proper approval of the invoice.

**LACK OF PREPARATION OF BANK RECONCILIATION –
WATER RESOURCE DISTRICT**

Per review of bank reconciliations for the Rolette County Water Resource District, it was noted for the years ended 2014 and 2013, that the Rolette County Water Resource District did not prepare monthly bank reconciliations. A proper system of internal controls requires someone to balance their book balance to the bank balance to ensure that the book and bank balances are correct.

We recommend the Rolette County Water Resource District create a monthly bank reconciliation and balance their book balance to the bank balance to ensure that the bank balances are accurate.

DAILY CASH SHEETS & TIMELY DEPOSITS

Per scan of daily cash sheets, the County Treasurer does not prepare cash sheets on a daily basis. The Treasurer waits until a substantial amount of activity has occurred before creating a cash sheet and making a deposit. There is no set time frame when the treasurer will prepare a daily cash sheet.

We recommend that the County Treasurer prepares cash sheets on a daily basis, even on days when there is little or no cash collected. A copy of the daily cash sheet should be given to the County Auditor to compare with general ledger. Deposits should also be done on a more 'timely' basis to help mitigate the potential loss of funds through fraud or error.

This information is intended solely for the use of the Board of County Commissioners and management of Rolette County, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Rolette County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Rolette County.


Robert R. Peterson
State Auditor

Fargo, North Dakota
November 5, 2015

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