



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## City of Rolla

Rolla, North Dakota

Audit Report for the Years Ended December 31, 2024 and 2023

*Client Code: PS40100*



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Office of the  
State Auditor

# CITY OF ROLLA

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For the Years Ended December 31, 2024 and 2023

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## CITY OF ROLLA

City Officials

December 31, 2024 and 2023

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### As of December 31, 2024

Kevin Juntunen	Mayor
Deanna Counts	Councilwoman - President
Clarence Booth	Councilman - Vice President
Rebecca Hodgers	Councilwoman
Willie Fritz	Councilman
Alex Albert	Councilman
Paul Frydenlund	Councilman
Val McCloud	City Auditor
Cliff Rush	Public Works Director
Sarah Fenner	Police Chief

### As of December 31, 2023

Kevin Juntunen	Mayor
Blake Gottbreht	Councilman - President
Clarence Booth	Councilman - Vice President
Rebecca Hodgers	Councilwoman
Dennis Berg	Councilman
Deanna Counts	Councilwoman
Hovi Mitchell	Councilwoman
Val McCloud	City Auditor
Cliff Rush	Public Works Director
Sarah Fenner	Police Chief



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## INDEPENDENT AUDITOR'S REPORT

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City Council  
City of Rolla  
Rolla, North Dakota

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Rolla, North Dakota, as of and for the years ended December 31, 2024 and December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Rolla's basic financial statements as listed in the table of contents.

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

##### *Basis of Accounting*

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

##### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the City of Rolla adopted new accounting guidance GASB Statement No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

##### *Error Correction*

As discussed in Note 2 to the financial statements, the 2023 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rolla's basic financial statements. The *budgetary comparison schedules and notes to the supplementary information* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedule and notes to the supplementary information* 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 July 31, 2025 on our consideration of the City of Rolla's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rolla's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rolla's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
July 31, 2025

# CITY OF ROLLA

## Statement of Net Position – Modified Cash Basis

December 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Job Development Authority	Airport Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 578,531	\$ 135,367	\$ 713,897	\$ 136,978	\$ 128,260
Restricted Cash and Cash Equivalents					
Debt Service	-	124,125	124,125	-	-
Emergencies	-	40,000	40,000	-	-
Investments	1,076,150	825,070	1,901,220	181,520	278,695
Restricted Investments					
Debt Service	-	110,689	110,689	-	-
Short Lived Asset	-	95,578	95,578	-	-
Loans Receivable	-	-	-	102,855	-
Capital Assets					
Nondepreciable	75,000	94,000	169,000	57,001	14,540
Depreciable Net	1,494,991	9,624,686	11,119,677	118,504	2,185,635
<b>Total Assets</b>	<b>\$ 3,224,672</b>	<b>\$ 11,049,515</b>	<b>\$ 14,274,187</b>	<b>\$ 596,858</b>	<b>\$ 2,607,130</b>
<b>LIABILITIES</b>					
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	\$ 87,023	\$ 205,024	\$ 292,047	\$ -	\$ -
Flex Pace Loan Payable	-	-	-	19,782	-
Due After One Year					
Long-Term Debt	357,123	4,666,544	5,023,666	-	-
Flex Pace Loan Payable	-	-	-	59,181	-
<b>Total Liabilities</b>	<b>\$ 444,146</b>	<b>\$ 4,871,568</b>	<b>\$ 5,315,713</b>	<b>\$ 78,963</b>	<b>\$ -</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 1,125,845	\$ 5,672,119	\$ 6,797,964	\$ 175,505	\$ 2,200,175
Restricted					
Debt Service	70,482	234,814	305,297	-	-
Short Lived Asset	120,181	95,578	215,759	-	-
General Government	86,372	-	86,372	-	-
Public Works	1,305,232	-	1,305,232	-	-
Emergencies	1,141	40,000	41,141	-	-
Economic/Job Development	13,721	-	13,721	342,390	-
Culture and Recreation	36,265	-	36,265	-	-
Conservation of Natural Resources	1,000	-	1,000	-	-
Unrestricted	20,288	135,436	155,724	-	406,955
<b>Total Net Position</b>	<b>\$ 2,780,527</b>	<b>\$ 6,177,947</b>	<b>\$ 8,958,474</b>	<b>\$ 517,894</b>	<b>\$ 2,607,130</b>

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

# CITY OF ROLLA

## Statement of Activities – Modified Cash Basis

For the Year Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-Type Activities	Job Development Authority	Airport Authority
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities								
General Government	\$ 558,212	\$ 87,582	\$ 36,463	\$ -	\$ (434,168)		\$ (434,168)	
Public Safety	370,320	-	-	92,570	(277,751)		(277,751)	
Public Works	446,339	-	238,741	220,548	12,950		12,950	
Economic Development	20,652	-	-	-	(20,652)		(20,652)	
Culture and Recreation	69,512	-	12,036	-	(57,476)		(57,476)	
Capital Outlay	11,151	-	-	-	(11,151)		(11,151)	
Interest & Fees on Long-Term Debt	16,071	-	-	-	(16,071)		(16,071)	
Total Governmental Activities	\$ 1,492,257	\$ 87,582	\$ 287,240	\$ 313,117	\$ (804,317)		\$ (804,317)	
Business-Type Activities								
Water	\$ 595,583	\$ 444,231	\$ -	\$ -		\$ (151,351)	\$ (151,351)	
Sewer	186,272	118,281	-	-		(67,991)	(67,991)	
Garbage	315,255	323,034	-	-		7,779	7,779	
Infrastructure	23,000	198,435	-	-		175,435	175,435	
Total Business-Type Activities	\$ 1,120,110	\$ 1,083,982	\$ -	\$ -	\$ -	\$ (36,128)	\$ (36,128)	
Total Primary Government	\$ 2,612,366	\$ 1,171,563	\$ 287,240	\$ 313,117	\$ (804,317)	\$ (36,128)	\$ (840,445)	
<b>COMPONENT UNITS</b>								
Job Development Authority	\$ 82,591	\$ -	\$ -	\$ -			\$ (82,591)	\$ -
Airport Authority	162,384	38,215	-	37,767			-	(86,403)
Total Component Units	\$ 244,976	\$ 38,215	\$ -	\$ 37,767			\$ (82,591)	\$ (86,403)
<b>GENERAL REVENUES</b>								
Taxes								
Property Taxes					\$ 278,501	\$ -	\$ 278,501	\$ -
Sales Taxes					491,896	122,753	614,649	57,709
Non-Restricted Grants and Contributions					124,866	-	124,866	-
Unrestricted Investment Earnings					108,020	37,305	145,325	5,936
Loss on Sale of Capital Assets					(7,001)	-	(7,001)	-
Miscellaneous					58,813	26,373	85,186	53,103
Transfers of Capital Assets					(111,190)	111,190	-	-
Net Cash Transfers					(153,293)	153,293	-	-
Total General Revenues, Transfers, and Special Items	\$ 790,611	\$ 450,914	\$ 1,241,526		\$ 790,611	\$ 450,914	\$ 1,241,526	\$ 116,748
Changes in Net Position	\$ (13,706)	\$ 414,787	\$ 401,081		\$ (13,706)	\$ 414,787	\$ 401,081	\$ 34,156
Net Position - January 1	\$ 2,794,232	\$ 5,763,161	\$ 8,557,393		\$ 2,794,232	\$ 5,763,161	\$ 8,557,393	\$ 483,738
Net Position - December 31	\$ 2,780,527	\$ 6,177,947	\$ 8,958,474		\$ 2,780,527	\$ 6,177,947	\$ 8,958,474	\$ 517,895

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



**CITY OF ROLLA**

## Balance Sheet – Governmental Funds – Modified Cash Basis

December 31, 2024

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 20,288	\$ 367,580	\$ 120,181	\$ 70,482	\$ 578,531
Investments	-	1,076,150	-	-	1,076,150
Total Assets	\$ 20,288	\$ 1,443,730	\$ 120,181	\$ 70,482	\$ 1,654,681
<b>FUND BALANCES</b>					
Restricted					
Debt Service	\$ -	\$ -	\$ -	\$ 76,271	\$ 76,271
Capital Projects Funds	-	-	120,181	-	120,181
General Government	-	11,317	-	-	11,317
Public Works/Streets	-	61,085	-	-	61,085
Emergency	-	1,141	-	-	1,141
Culture & Recreation	-	36,265	-	-	36,265
Conservation of Natural Resources	-	1,000	-	-	1,000
Committed					
General Government	-	75,054	-	-	75,054
Public Works/Streets	-	1,244,147	-	-	1,244,147
Economic Development	-	13,721	-	-	13,721
Unassigned					
General Fund	20,288	-	-	-	20,288
Negative Fund Balances	-	-	-	(5,789)	(5,789)
Total Fund Balances	\$ 20,288	\$ 1,443,730	\$ 120,181	\$ 70,482	\$ 1,654,681
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,288	\$ 1,443,730	\$ 120,181	\$ 70,482	\$ 1,654,681

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

## CITY OF ROLLA

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

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<b>Total <i>Fund Balances</i> for Governmental Funds</b>	<b>\$ 1,654,681</b>
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Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,569,991
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Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Long-Term Debt	<u>(444,146)</u>
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<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 2,780,527</u></b>
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The notes to the financial statements are an integral part of this statement.

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 255,509	\$ 19,734	\$ -	\$ 3,258	\$ 278,501
Special Assessment Taxes	-	-	-	82,445	82,445
Sales Taxes	8,244	483,652	-	-	491,896
Licenses, Permits and Fees	6,008	-	-	-	6,008
Charges for Services	25,178	56,395	-	-	81,574
Intergovernmental	253,899	263,880	125,000	-	642,779
Interest	54,229	50,791	-	3,000	108,020
Miscellaneous	19,444	39,369	-	-	58,813
Total Revenues	\$ 622,511	\$ 913,821	\$ 125,000	\$ 88,703	\$ 1,750,035
<b>EXPENDITURES</b>					
Current					
General Government	\$ 445,782	\$ 170,725	\$ -	\$ 4,555	\$ 621,062
Public Safety	483,686	-	-	-	483,686
Public Works	-	332,174	191,502	-	523,676
Economic Development	-	20,652	-	-	20,652
Culture and Recreation	-	57,759	-	-	57,759
Capital Outlay	-	11,151	-	-	11,151
Debt Service					
Principal	-	7,744	-	85,000	92,744
Interest	-	516	-	13,265	13,781
Fees	-	-	-	2,290	2,290
Total Expenditures	\$ 929,468	\$ 600,720	\$ 191,502	\$ 105,110	\$ 1,826,801
Excess (Deficiency) of Revenues Over Expenditures	\$ (306,957)	\$ 313,101	\$ (66,502)	\$ (16,407)	\$ (76,765)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	\$ 8,500	\$ -	\$ -	\$ -	\$ 8,500
Transfers In	328,000	113,568	-	2,600	444,167
Transfers Out	(15,037)	(582,423)	-	-	(597,461)
Total Other Financing Sources and Uses	\$ 321,463	\$ (468,855)	\$ -	\$ 2,600	\$ (144,793)
Net Change in Fund Balances	\$ 14,506	\$ (155,755)	\$ (66,502)	\$ (13,808)	\$ (221,559)
Fund Balance - January 1	\$ 5,782	\$ 1,599,485	\$ 186,683	\$ 84,290	\$ 1,876,240
Fund Balance - December 31	\$ 20,288	\$ 1,443,730	\$ 120,181	\$ 70,482	\$ 1,654,681

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

## CITY OF ROLLA

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

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<b>Net Change in <i>Fund Balances</i> - Total Governmental Funds</b>	<b>\$ (221,559)</b>
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	\$ 345,265	
Transfer to Enterprise	(111,190)	
Current Year Depreciation Expense	<u>(103,465)</u>	130,610

In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Sale of Capital Assets	\$ (8,500)	
Loss on Sale of Capital Assets	<u>(7,001)</u>	(15,501)

The proceeds of debt issuances are reported as other financing sources in governmental funds and contribute to 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.

Repayment of Long-Term Debt		<u>92,744</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (13,706)</u></u></b>
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The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLA**

## Statement of Net Position – Proprietary Funds – Modified Cash Basis

December 31, 2024

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 4,073	\$ 104,116	\$ 4,750	\$ 22,427	\$ 135,367
Restricted Cash and Cash Equivalents					
Debt Service	7,055	-	-	117,070	124,125
Emergencies	40,000	-	-	-	40,000
Investments	309,401	206,267	-	309,401	825,070
Restricted Investments					
Debt Service	110,689	-	-	-	110,689
Short Lived Asset	95,578	-	-	-	95,578
Total Current Assets	<u>\$ 566,797</u>	<u>\$ 310,383</u>	<u>\$ 4,750</u>	<u>\$ 448,899</u>	<u>\$ 1,330,829</u>
Noncurrent Assets					
Capital Assets					
Nondepreciable	\$ -	\$ 94,000	\$ -	\$ -	\$ 94,000
Depreciable Net	7,758,952	1,846,233	19,501	-	9,624,686
Total Noncurrent Assets	<u>\$ 7,758,952</u>	<u>\$ 1,940,233</u>	<u>\$ 19,501</u>	<u>\$ -</u>	<u>\$ 9,718,686</u>
Total Assets	<u>\$ 8,325,749</u>	<u>\$ 2,250,616</u>	<u>\$ 24,251</u>	<u>\$ 448,899</u>	<u>\$ 11,049,515</u>
<b>LIABILITIES</b>					
Current Liabilities					
Long-Term Debt	\$ 110,024	\$ -	\$ -	\$ 95,000	\$ 205,024
Noncurrent Liabilities					
Long-Term Debt	\$ 3,936,544	\$ -	\$ -	\$ 730,000	\$ 4,666,544
Total Liabilities	<u>\$ 4,046,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ 4,871,568</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 3,712,384	\$ 1,940,233	\$ 19,501	\$ -	\$ 5,672,119
Restricted					
Debt Service	117,744	-	-	117,070	234,814
Emergencies	40,000	-	-	-	40,000
Short Lived Asset	95,578	-	-	-	95,578
Unrestricted	313,474	310,383	4,750	(493,171)	135,436
Total Net Position	<u>\$ 4,279,181</u>	<u>\$ 2,250,616</u>	<u>\$ 24,251</u>	<u>\$ (376,101)</u>	<u>\$ 6,177,947</u>

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

# CITY OF ROLLA

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

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 430,730	\$ 114,564	\$ 320,171	\$ 141,769	\$ 1,007,233
Miscellaneous	13,502	3,718	2,863	56,666	76,749
Total Operating Revenues	\$ 444,231	\$ 118,281	\$ 323,034	\$ 198,435	\$ 1,083,982
<b>OPERATING EXPENSES</b>					
Salaries and wages	\$ 93,719	\$ 40,281	\$ 37,799	\$ -	\$ 171,799
Health Insurance	30,556	10,572	8,829	-	49,957
Sewer Jet	6,732	351	-	-	7,083
Utilities	1,385	1,222	802	-	3,408
Garbage	-	-	257,011	-	257,011
Supplies	9,150	1,416	1,296	-	11,862
Repair/Maintenance	15,699	22,265	908	-	38,873
Office Supplies/Postage	4,119	4,592	1,511	-	10,221
Gas, Oil, Diesel Fuel	33,849	7,503	2,358	-	43,710
Dues and Memberships	565	8,487	90	-	9,142
Professional Services	3,349	-	-	-	3,349
Contract Labor	19,926	5,163	2,485	-	27,575
Chemical Supplies	52,004	-	-	-	52,004
Depreciation	204,889	84,420	2,167	-	291,476
Total Operating Expenses	\$ 475,941	\$ 186,272	\$ 315,255	\$ -	\$ 977,468
Operating Income	\$ (31,710)	\$ (67,991)	\$ 7,779	\$ 198,435	\$ 106,514
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	\$ 21,103	\$ 6,801	\$ -	\$ 9,401	\$ 37,305
Rental Income	-	3,383	-	-	3,383
Miscellaneous Reimbursements	22,990	-	-	-	22,990
Sales Taxes	-	-	-	122,753	122,753
Interest Expense and Service Charges	(119,642)	-	-	(23,000)	(142,642)
Total Nonoperating Revenues (Expenses)	\$ (75,548)	\$ 10,184	\$ -	\$ 109,154	\$ 43,790
Income (Loss) Before Contributions and Transfers	\$ (107,258)	\$ (57,807)	\$ 7,779	\$ 307,589	\$ 150,303
Transfers In	\$ 258,518	\$ 211,399	\$ -	\$ 118,000	\$ 587,917
Transfers of Capital Assets	111,190	-	-	-	111,190
Transfers Out	(97,460)	(207,414)	-	(129,750)	(434,624)
Change in Net Position	\$ 164,990	\$ (53,821)	\$ 7,779	\$ 295,839	\$ 414,787
Net Position - January 1	\$ 4,114,192	\$ 2,304,438	\$ 16,472	\$ (671,941)	\$ 5,763,161
Net Position - December 31	\$ 4,279,181	\$ 2,250,616	\$ 24,251	\$ (376,101)	\$ 6,177,947

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

# CITY OF ROLLA

## Statement of Cash Flows – Proprietary Funds – Modified Cash Basis

For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 430,730	\$ 114,564	\$ 320,171	\$ 141,769	\$ 1,007,233
Payments to Suppliers	(146,778)	(50,998)	(266,460)	-	(464,236)
Payments to Employees	(124,275)	(50,853)	(46,628)	-	(221,756)
Other Receipts	13,502	3,718	2,863	56,666	76,749
Net Cash Provided (Used) by Operating Activities	\$ 173,179	\$ 16,430	\$ 9,946	\$ 198,435	\$ 397,990
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	\$ 258,518	\$ 211,399	\$ -	\$ 118,000	\$ 587,917
Sales Tax	-	-	-	122,753	122,753
Change in Due to Other Funds	(102,212)	(48,718)	-	(169,011)	(319,941)
Transfers Out	(97,460)	(207,414)	-	(129,750)	(434,624)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 58,846	\$ (44,733)	\$ -	\$ (58,008)	\$ (43,895)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Rental Income	\$ -	\$ 3,383	\$ -	\$ -	\$ 3,383
Reimbursements	22,990	-	-	-	22,990
Purchase of Capital Assets	(24,878)	(48,378)	(21,668)	-	(94,923)
Principal Paid on Capital Debt	(217,802)	-	-	(95,000)	(312,802)
Interest and Fees Paid on Capital Debt	(119,642)	-	-	(23,000)	(142,642)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (339,331)	\$ (44,995)	\$ (21,668)	\$ (118,000)	\$ (523,994)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Income	\$ 5,435	\$ 534	\$ -	\$ -	\$ 5,968
(Purchase) Sale of Certificate of Deposits	113,000	176,880	-	-	289,880
Net Cash Provided (Used) by Investing Activities	\$ 118,435	\$ 177,414	\$ -	\$ -	\$ 295,848
Net Increase (Decrease) in Cash & Cash Equivalents	\$ 11,128	\$ 104,116	\$ (11,722)	\$ 22,427	\$ 125,949
Cash and Cash Equivalents - January 1	\$ 40,000	\$ -	\$ 16,472	\$ 117,070	\$ 173,542
Cash and Cash Equivalents - December 31	\$ 51,128	\$ 104,116	\$ 4,750	\$ 139,497	\$ 299,492
Cash and Cash Equivalents are comprised of the following:					
Cash and Cash Equivalents	\$ 4,073	\$ 104,116	\$ 4,750	\$ 22,427	\$ 135,367
Restricted Cash and Cash Equivalents	47,055	-	-	117,070	164,125
Total Cash and Cash Equivalents on the Statement of Net Position	\$ 51,128	\$ 104,116	\$ 4,750	\$ 139,497	\$ 299,492
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (31,710)	\$ (67,991)	\$ 7,779	\$ 198,435	\$ 106,514
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	\$ 204,889	\$ 84,420	\$ 2,167	\$ -	\$ 291,476
Net Cash Provided (Used) by Operating Activities	\$ 173,179	\$ 16,430	\$ 9,946	\$ 198,435	\$ 397,990

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

# CITY OF ROLLA

## Statement of Net Position – Modified Cash Basis

December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Job Development Authority	Airport Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 638,989	\$ 16,472	\$ 655,461	\$ 89,752	\$ 97,940
Restricted Cash and Cash Equivalents					
Debt Service	-	117,070	117,070	-	-
Emergencies	-	40,000	40,000	-	-
Investments	1,026,625	1,089,880	2,116,505	181,520	261,392
Restricted Investments					
Debt Service	-	116,735	116,735	-	-
Short Lived Asset	-	83,265	83,265	-	-
Loan Receivables	-	-	-	121,104	-
Internal Balances	319,941	-	319,941	-	-
Capital Assets					
Nondepreciable	75,000	94,000	169,000	57,001	14,540
Depreciable Net	1,379,883	9,710,049	11,089,932	126,664	2,284,641
<b>Total Assets</b>	<b>\$ 3,440,437</b>	<b>\$ 11,267,471</b>	<b>\$ 14,707,908</b>	<b>\$ 576,041</b>	<b>\$ 2,658,513</b>
<b>LIABILITIES</b>					
Grants Received in Advance	\$ 109,315	\$ -	\$ 109,315	\$ -	\$ -
Internal Balances	-	319,941	319,941	-	-
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	92,744	201,686	294,430	-	-
Flex Pace Loan Payable	-	-	-	19,115	-
Due After One Year					
Long-Term Debt	444,146	4,982,684	5,426,830	-	-
Flex Pace Loan Payable	-	-	-	73,187	-
<b>Total Liabilities</b>	<b>\$ 646,205</b>	<b>\$ 5,504,311</b>	<b>\$ 6,150,515</b>	<b>\$ 92,303</b>	<b>\$ -</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 917,993	\$ 5,539,679	\$ 6,457,672	\$ 183,665	\$ 2,299,181
Restricted					
Debt Service	88,781	233,805	322,586	-	-
Short Lived Asset	186,683	83,265	269,948	-	-
General Government	99,803	-	99,803	-	-
Public Works	1,547,701	-	1,547,701	-	-
Emergencies	8,616	40,000	48,616	-	-
Economic/Job Development	15,136	-	15,136	300,073	-
Culture and Recreation	39,279	-	39,279	-	-
Conservation of Natural Resources	1,000	-	1,000	-	-
Unrestricted	(110,759)	(133,588)	(244,348)	-	359,331
<b>Total Net Position</b>	<b>\$ 2,794,232</b>	<b>\$ 5,763,161</b>	<b>\$ 8,557,393</b>	<b>\$ 483,738</b>	<b>\$ 2,658,513</b>

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



# CITY OF ROLLA

## Statement of Activities – Modified Cash Basis

For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-Type Activities	Job Development Authority	Airport Authority
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities								
General Government	\$ 363,863	\$ 136,414	\$ -	\$ -	\$ (227,449)	\$ (227,449)		
Public Safety	291,162	-	11,538	-	(279,624)	(279,624)		
Public Works	468,532	-	377,806	110,535	19,809	19,809		
Economic Development	13,957	-	-	-	(13,957)	(13,957)		
Culture and Recreation	56,475	-	2,021	-	(54,453)	(54,453)		
Conserv. of Natural Resourc	21,000	-	-	-	(21,000)	(21,000)		
Capital Outlay	43,756	-	-	-	(43,756)	(43,756)		
Interest & Fees on Long-Term Debt	17,911	-	-	-	(17,911)	(17,911)		
Total Governmental Activities	\$ 1,276,656	\$ 136,414	\$ 391,365	\$ 110,535	\$ (638,341)	\$ (638,341)		
Business-Type Activities								
Water	\$ 542,886	\$ 443,528	\$ -	\$ -	\$ (99,358)	\$ (99,358)		
Sewer	157,395	119,230	-	-	(38,164)	(38,164)		
Garbage	289,708	331,331	-	-	41,622	41,622		
Infrastructure	25,250	145,144	-	-	119,894	119,894		
Total Business-Type Activities	\$ 1,015,239	\$ 1,039,233	\$ -	\$ -	\$ -	\$ 23,994	\$ 23,994	
Total Primary Government	\$ 2,291,894	\$ 1,175,647	\$ 391,365	\$ 110,535	\$ (638,341)	\$ 23,994	\$ (614,347)	
<b>COMPONENT UNITS</b>								
Job Development Authority	\$ 72,054	\$ -	\$ -	\$ -			\$ (72,054)	\$ -
Airport Authority	118,099	14,083	-	118,125			-	14,108
Total Component Units	\$ 190,153	\$ 14,083	\$ -	\$ 118,125			\$ (72,054)	\$ 14,108
<b>GENERAL REVENUES</b>								
Taxes								
Property Taxes					\$ 270,909	\$ -	\$ 270,909	\$ -
Sales Taxes					518,728	-	518,728	60,856
Non-Restricted Grants and Contributions					127,658	-	127,658	-
Unrestricted Investment Earnings					34,001	931	34,932	2,728
Gain on Sale of Capital Assets					2,563	-	2,563	-
Miscellaneous					90,080	17,490	107,570	-
Net Cash Transfers					(5,100)	5,100	-	-
Total General Revenues, Transfers, and Special Items					\$ 1,038,838	\$ 23,521	\$ 1,062,359	\$ 63,585
Changes in Net Position					\$ 400,497	\$ 47,515	\$ 448,011	\$ (8,469)
Net Position - January 1					\$ 2,393,736	\$ 5,715,646	\$ 8,109,382	\$ 493,426
Prior Period Adjustments					\$ -	\$ -	\$ -	\$ (1,218)
Net Position - January 1, as restated					\$ 2,393,736	\$ 5,715,646	\$ 8,109,382	\$ 492,207
Net Position - December 31					\$ 2,794,232	\$ 5,763,161	\$ 8,557,393	\$ 2,658,513

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

**CITY OF ROLLA**

## Balance Sheet – Governmental Funds – Modified Cash Basis

December 31, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,782	\$ 362,234	\$ 186,683	\$ 84,290	\$ 638,989
Investments	-	1,026,625		-	1,026,625
Due from Other Funds	-	319,941	-	-	319,941
Total Assets	<u>\$ 5,782</u>	<u>\$ 1,708,799</u>	<u>\$ 186,683</u>	<u>\$ 84,290</u>	<u>\$ 1,985,554</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Grants Received in Advance	\$ -	\$ 109,315		\$ -	\$ 109,315
Total Liabilities	<u>\$ -</u>	<u>\$ 109,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,315</u>
Fund Balances					
Restricted					
Debt Service	\$ -	\$ -	\$ -	\$ 88,781	\$ 88,781
Capital Projects Funds	-	-	186,683	-	186,683
General Government	-	19,263	-	-	19,263
Public Works/Streets	-	203,069	-	-	203,069
Emergency	-	8,616	-	-	8,616
Economic Development	-	-	-	-	-
Culture & Recreation	-	39,279	-	-	39,279
Conservation of Natural Resources	-	1,000	-	-	1,000
Committed					
General Government	-	80,540	-	-	80,540
Public Works/Streets	-	1,344,632	-	-	1,344,632
Economic Development	-	15,136	-	-	15,136
Unassigned					
General Fund	5,782	-	-	-	5,782
Negative Fund Balances	-	(112,051)	-	(4,491)	(116,542)
Total Fund Balances	<u>\$ 5,782</u>	<u>\$ 1,599,485</u>	<u>\$ 186,683</u>	<u>\$ 84,290</u>	<u>\$ 1,876,240</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,782</u>	<u>\$ 1,708,799</u>	<u>\$ 186,683</u>	<u>\$ 84,290</u>	<u>\$ 1,985,554</u>

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

## CITY OF ROLLA

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

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<b>Total <i>Fund Balances</i> for Governmental Funds</b>	<b>\$ 1,876,240</b>
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Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,454,883
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Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Long-Term Debt	<u>(536,890)</u>
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<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 2,794,232</u></b>
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The notes to the financial statements are an integral part of this statement.

# CITY OF ROLLA

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 256,360	\$ 14,385	\$ -	\$ 163	\$ 270,909
Special Assessment Taxes	-	-	-	93,002	93,002
Sales Taxes	8,694	510,034	-	-	518,728
Licenses, Permits and Fees	4,465	-	-	-	4,465
Charges for Services	20,204	111,745	-	-	131,949
Intergovernmental	139,196	212,768	184,592	-	536,556
Interest	27,808	66	-	6,127	34,001
Miscellaneous	68,090	21,990	-	-	90,080
Total Revenues	\$ 524,817	\$ 870,989	\$ 184,592	\$ 99,292	\$ 1,679,689
<b>EXPENDITURES</b>					
Current					
General Government	\$ 315,767	\$ 60,037	\$ -	\$ -	\$ 375,804
Public Safety	332,334	-	-	-	332,334
Public Works	-	264,795	158,634	-	423,429
Economic Development	-	13,957	-	-	13,957
Culture and Recreation	-	45,157	-	-	45,157
Conserv. of Natural Resources	-	21,000	-	-	21,000
Capital Outlay	43,756	-	-	-	43,756
Debt Service					
Principal	-	7,654	-	85,000	92,654
Interest	-	606	-	15,115	15,721
Fees	-	-	-	2,190	2,190
Total Expenditures	\$ 691,856	\$ 413,206	\$ 158,634	\$ 102,305	\$ 1,366,001
Excess (Deficiency) of Revenues Over Expenditures	\$ (167,039)	\$ 457,782	\$ 25,958	\$ (3,013)	\$ 313,689
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Transfers In	257,248	339,658	-	231,467	828,372
Transfers Out	(19,092)	(725,105)	(89,276)	-	(833,472)
Total Other Financing Sources and Uses	\$ 268,156	\$ (385,447)	\$ (89,276)	\$ 231,467	\$ 24,900
Net Change in Fund Balances	\$ 101,117	\$ 72,335	\$ (63,317)	\$ 228,454	\$ 338,589
Fund Balance - January 1	\$ (98,045)	\$ 1,529,861	\$ 250,000	\$ (144,164)	\$ 1,537,651
Prior Period Adjustment	\$ 2,711	\$ (2,711)	\$ -	\$ -	\$ -
Fund Balance - January 1, as restated	\$ (95,335)	\$ 1,527,150	\$ 250,000	\$ (144,164)	\$ 1,537,651
Fund Balance - December 31	\$ 5,782	\$ 1,599,485	\$ 186,683	\$ 84,290	\$ 1,876,240

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

## CITY OF ROLLA

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

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<b>Net Change in <i>Fund Balances</i> - Total Governmental Funds</b>	<b>\$ 338,589</b>
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	\$ 82,138	
Current Year Depreciation Expense	<u>(85,447)</u>	(3,309)

In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Sale of Capital Assets	\$ (30,000)	
Gain on Sale of Capital Assets	<u>2,563</u>	(27,437)

The proceeds of debt issuances are reported as other financing sources in governmental funds and contribute to 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.

Repayment of Long-Term Debt		<u>92,654</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 400,497</u></b>
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The notes to the financial statements are an integral part of this statement.

**CITY OF ROLLA**

## Statement of Net Position – Proprietary Funds – Modified Cash Basis

December 31, 2023

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ 16,472	\$ -	16,472
Restricted Cash and Cash Equivalents					
Debt Service	-	-	-	117,070	117,070
Emergencies	40,000	-	-	-	40,000
Investments	413,000	376,880	-	300,000	1,089,880
Restricted Investments					-
Debt Service	116,735	-	-	-	116,735
Short Lived Asset	83,265	-	-	-	83,265
Total Current Assets	\$ 653,000	\$ 376,880	\$ 16,472	\$ 417,070	\$ 1,463,422
Noncurrent Assets					
Capital Assets					
Nondepreciable	\$ -	\$ 94,000	\$ -	\$ -	\$ 94,000
Depreciable Net	7,827,773	1,882,276	-	-	9,710,049
Total Noncurrent Assets	\$ 7,827,773	\$ 1,976,276	\$ -	\$ -	\$ 9,804,049
Total Assets	\$ 8,480,773	\$ 2,353,156	\$ 16,472	\$ 417,070	\$ 11,267,471
<b>LIABILITIES</b>					
Current Liabilities					
Due to Other Funds	\$ 102,212	\$ 48,718	\$ -	\$ 169,011	\$ 319,941
Long-Term Debt	106,686	-	-	95,000	201,686
Total Current Liabilities	\$ 208,897	\$ 48,718	\$ -	\$ 264,011	\$ 521,626
Noncurrent Liabilities					
Long-Term Debt	\$ 4,157,684	\$ -	\$ -	\$ 825,000	\$ 4,982,684
Compensated Absences	-	-	-	-	-
Total Liabilities	\$ 4,366,582	\$ 48,718	\$ -	\$ 1,089,011	\$ 5,504,311
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 3,563,403	\$ 1,976,276	\$ -	\$ -	\$ 5,539,679
Restricted					
Debt Service	116,735	-	-	117,070	233,805
Emergencies	40,000	-	-	-	40,000
Short Lived Asset	83,265	-	-	-	83,265
Unrestricted	310,788	328,162	16,472	(789,011)	(133,588)
Total Net Position	\$ 4,114,192	\$ 2,304,438	\$ 16,472	\$ (671,941)	\$ 5,763,161

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

# CITY OF ROLLA

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

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 443,528	\$ 119,230	\$ 331,331	\$ 145,144	\$ 1,039,233
Miscellaneous	10,117	3,990	-	-	14,107
Total Operating Revenues	\$ 453,645	\$ 123,220	\$ 331,331	\$ 145,144	\$ 1,053,339
<b>OPERATING EXPENSES</b>					
Salaries and wages	\$ 79,575	\$ 27,948	\$ 29,372	\$ -	\$ 136,894
Health Insurance	25,256	6,902	5,298	-	37,456
Engineering Fees	1,483	-	-	-	1,483
Sewer Jet	5,552	1,000	-	-	6,552
Utilities	1,259	1,210	-	-	2,469
Garbage	-	-	248,171	-	248,171
Supplies	52,178	6,406	925	-	59,509
Repair/Maintenance	9,865	13,930	893	-	24,688
Office Supplies/Postage	3,659	4,544	2,104	-	10,308
Gas, Oil, Diesel Fuel	35,983	6,988	2,856	-	45,827
Dues and Memberships	611	-	90	-	701
Professional Services	7,468	-	-	-	7,468
Contract Labor	291	8,885	-	-	9,176
Depreciation	196,507	79,583	-	-	276,090
Total Operating Expenses	\$ 419,688	\$ 157,395	\$ 289,708	\$ -	\$ 866,791
Operating Income	\$ 33,956	\$ (34,175)	\$ 41,622	\$ 145,144	\$ 186,548
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	\$ 401	\$ 531	\$ -	\$ -	\$ 931
Rental Income	-	3,383	-	-	3,383
Interest Expense and Service Charges	(123,197)	-	-	(25,250)	(148,447)
Total Nonoperating Revenues (Expenses)	\$ (122,796)	\$ 3,913	\$ -	\$ (25,250)	\$ (144,133)
Income (Loss) Before Contributions and Transfers	\$ (88,840)	\$ (30,261)	\$ 41,622	\$ 119,894	\$ 42,415
Transfers In	\$ 422,118	\$ -	\$ -	\$ 232,750	\$ 654,868
Transfers Out	(292,268)	(52,000)	(44,000)	(261,500)	(649,768)
Change in Net Position	\$ 41,010	\$ (82,261)	\$ (2,378)	\$ 91,144	\$ 47,515
Net Position - January 1	\$ 4,073,182	\$ 2,386,699	\$ 18,850	\$ (763,085)	\$ 5,715,646
Net Position - December 31	\$ 4,114,192	\$ 2,304,438	\$ 16,472	\$ (671,941)	\$ 5,763,161

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

# CITY OF ROLLA

## Statement of Cash Flows – Proprietary Funds – Modified Cash Basis

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 443,528	\$ 119,230	\$ 331,331	\$ 145,144	\$ 1,039,233
Payments to Suppliers	(118,350)	(42,963)	(255,038)	-	(416,351)
Payments to Employees	(104,831)	(34,849)	(34,670)	-	(174,350)
Other Receipts	10,117	3,990	-	-	14,107
Net Cash Provided (Used) by Operating Activities	\$ 230,463	\$ 45,408	\$ 41,622	\$ 145,144	\$ 462,638
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	\$ 422,118	\$ -	\$ -	\$ 232,750	\$ 654,868
Due to Other Funds	102,212	48,718	-	169,011	319,941
Transfers Out	(292,268)	(52,000)	(44,000)	(261,500)	(649,768)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 232,062	\$ (3,282)	\$ (44,000)	\$ 140,261	\$ 325,041
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Rental Income	\$ -	\$ 3,383	\$ -	\$ -	\$ 3,383
Principal Paid on Capital Debt	(102,961)	-	-	(90,000)	(192,961)
Interest and Fees Paid on Capital Debt	(123,197)	-	-	(25,250)	(148,447)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (226,158)	\$ 3,383	\$ -	\$ (115,250)	\$ (338,025)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(Purchase) Sale of Certificate of Deposits	\$ (500,000)	\$ (200,000)	\$ -	\$ (300,000)	\$ (1,000,000)
Interest Income	401	531	-	-	931
Net Cash Provided (Used) by Investing Activities	\$ (499,599)	\$ (199,469)	\$ -	\$ (300,000)	\$ (999,069)
Net Increase (Decrease) in Cash & Cash Equivalents	\$ (263,232)	\$ (153,960)	\$ (2,378)	\$ (129,845)	\$ (549,416)
Cash and Cash Equivalents - January 1	\$ 416,232	\$ 330,840	\$ 18,850	\$ 246,915	\$ 1,012,838
Prior Period Adjustment	\$ (113,000)	\$ (176,880)	\$ -	\$ -	\$ (289,880)
Cash and Cash Equivalents - January 1, as Restated	\$ 303,232	\$ 153,960	\$ 18,850	\$ 246,915	\$ 722,958
Cash and Cash Equivalents - December 31	\$ 40,000	\$ -	\$ 16,472	\$ 117,070	\$ 173,542
Cash and Cash Equivalents are comprised of the following:					
Cash and Cash Equivalents	\$ -	\$ -	\$ 16,472	\$ -	\$ 16,472
Restricted Cash and Cash Equivalents	40,000	-	-	117,070	157,070
Total Cash and Cash Equivalents on the Statement of Net Position	\$ 40,000	\$ -	\$ 16,472	\$ 117,070	\$ 173,542
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 33,956	\$ (34,175)	\$ 41,622	\$ 145,144	\$ 186,548
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	\$ 196,507	\$ 79,583	\$ -	\$ -	\$ 276,090
Net Cash Provided (Used) by Operating Activities	\$ 230,463	\$ 45,408	\$ 41,622	\$ 145,144	\$ 462,638

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



# CITY OF ROLLA

## Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Rolla ("City") have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 City's accounting policies are described below.

#### Reporting Entity

The accompanying financial statements present the activities of the City. The City has considered all potential component units for which the City is financially accountable and other organizations for which the nature and significance of their relationships with the City such that exclusion would cause the City'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 the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

Based on these criteria, the component units discussed below are included within the City's reporting entity because of the significance of its operational or financial relationship with the City.

#### Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of 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 government wide financial statements include the financial data of the City's two component units. These units are reported in separate columns to emphasize that they are legally separate from the City.

Rolla Job Development Authority ("Job Development Authority")- The Job Development Authority manages economic development in the Rolla area. The City's governing board appoints a voting majority of the members of the Job Development Authority Board. All transactions are also reviewed and approved by the City Council. The City has the authority to approve or modify the Job Development Authority's operational and capital budgets.

Rolla Airport Authority ("Airport") - The Airport manages the local airport facility. The authority's five-member board is appointed by the City Commission. The authority is fiscally dependent upon the city because the City Council levies taxes and must approve any bond issuances.

#### Basis of Presentation

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

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

## CITY OF ROLLA

### Notes to the Financial Statements – Continued

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*Fund Financial Statements.* The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental* and *proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

Capital Projects Fund – This fund accounts for costs of paying for the City's construction projects. The major sources of revenues are state grants/reimbursements.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. Revenue sources in this fund are restricted solely for debt retirement.

The City reports the following major enterprise funds:

Water Fund - This fund accounts for the activity of the Water Department. The department operates the water distribution system in the City of Rolla.

Sewer Fund - This fund accounts for the activities of the City's sewer collection system.

Garbage Fund - This fund accounts for the activities of the City's garbage collection system.

Infrastructure Fund – This fund accounts for sur-charges on utility bills to be used solely for debt retirement.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements. Only capital assets with a provision for depreciation, job development loans receivable and long-term debt are recorded under the basis of accounting described above on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

### **Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits, money market accounts, and certificates of deposit with maturities of less than 90 days.

Investments consist of certificates of deposit, with a maturity date in excess of 90 days, stated at cost.

## CITY OF ROLLA

### Notes to the Financial Statements – Continued

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#### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities and the business-type activities columns in the government-wide financial statements, and are reported in the water fund and sewer fund in the enterprise fund statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (amounts in years):

Buildings	50 Years
Vehicles, Machinery & Equipment	7-15 Years
Buildings & Land Improvements	10-25 Years
Infrastructure	15-50 Years
Furniture	7-15 Years
Land	Indefinite

#### Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net position.

When applicable, in the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, and discounts received on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### Fund Balance

*Fund Balance Spending Policy.* It is the policy of the City to spend restricted resources first, followed by unrestricted resources. It is also the policy of the City to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3<sup>rd</sup> parties (state and federal governments for various grants & reimbursements).

*Committed Fund Balances.* Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Formal action is required to be taken to establish, modify, or rescind a fund balance commitment.

*Unassigned Fund Balances.* Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

#### Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**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.

**Change in Accounting Principle**

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, during the years ended December 31, 2024 and 2023. GASB Statement No. 100 enhances the accounting and financial reporting requirements for accounting changes and error corrections. See Note 2 for the resulting effects of this adoption.

**NOTE 2: PRIOR PERIOD ADJUSTMENTS****Correction of an Error in Previously Issued Financial Statements****Primary Government**

Beginning cash balance adjustments to the statement of cash flows were necessary for reclassifying investments with maturity dates in excess of 90 days from the beginning cash and cash equivalents balance to instead be classified as investments. Adjustments decreased the beginning cash and cash equivalents balance for the Water and Sewer funds as follows:

<b>Primary Government - Business-Type Activities - Statement of Cash Flows</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
Beginning Cash and Cash Equivalents, as previously reported	\$ 416,232	\$ 330,840
<b>Adjustments to restate the January 1, 2023 Cash and Cash Equivalents Balance:</b>		
Investments Previously Reported as Cash and Cash Equivalents - Error Correction	(113,000)	(176,880)
Cash and Cash Equivalents, January 1, as restated	\$ 303,232	\$ 153,960

Beginning fund balance adjustments were necessary for reclassifications of fund types. The results decreased beginning fund balance for the Special Revenue Fund and increased beginning fund balance for the General Fund. Adjustments to beginning fund balance are as follows:

<b>Primary Government</b>	<b>General Fund</b>	<b>Special Revenue Fund</b>
Beginning Fund Balance, as previously reported	\$ (98,045)	\$ 1,529,861
<b>Adjustments to restate the January 1, 2023 Fund Balance:</b>		
Fund Balance - Error Correction	2,711	(2,711)
Fund Balance January 1, as restated	\$ (95,335)	\$ 1,527,150

**Component Unit – Job Development Authority**

Beginning net position adjustments were necessary for restating capital assets. The results decreased the beginning net position of the governmental activities for the Job Development Authority. Adjustments to beginning net position are as follows:

<b>Component Unit - Job Development Authority</b>	<b>Amounts</b>
Beginning Net Position, as previously reported	\$ 493,426
<b>Adjustments to restate the January 1, 2023 Net Position:</b>	
Capital Asset, Net - Error Correction	(1,218)
Net Position January 1, as restated	\$ 492,207

**NOTE 3: DEPOSITS****Custodial Credit Risk**

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the City would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The City does not have a formal policy regarding deposits that limits the amount they may invest in any one issuer.

In accordance with North Dakota Statutes, 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 another state of the United States or such other securities approved by the banking board.

At the year ended December 31, 2024, the City's carrying amount of deposits totaled \$2,980,959, and the bank balances totaled \$3,006,884. Of the bank balances, \$526,625 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the City's carrying amount of deposits totaled \$3,115,987 and the bank balances totaled \$3,152,008. Of the bank balances, \$526,625 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At the year ended December 31, 2024, the Airport's carrying amount of deposits totaled \$406,955 and the bank balances totaled \$406,955. Of the bank balances, \$378,260 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the Airport's carrying amount of deposits totaled \$359,331 and the bank balances totaled \$359,331. The remaining bank balances, besides \$11,392 of the bank balances which were uninsured and uncollateralized, were covered by Federal Depository Insurance.

At year ended December 31, 2024, the Job Development Authority's carrying amount of deposits totaled \$314,606, and the bank balances totaled \$317,151, all of which were covered by Federal Depository Insurance.

At year ended December 31, 2023, the Job Development Authority's carrying amount of deposits totaled \$271,149, and the bank balances totaled \$270,356, all of which were covered by Federal Depository Insurance.

**NOTE 4: RESTRICTED CASH**

According to the terms of the City's loan and bond agreements, the City must maintain \$161,642 in reserve accounts restricted for debt service, \$40,000 for emergencies and extensions, and a short lived asset reserve will have annual transfers for the life of the loan in the amount of \$6,533. At December 31, 2024, \$370,392 was held in the required reserves.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**NOTE 5: CAPITAL ASSETS**
**Governmental Activities**

The following is a summary of changes in capital assets for the years ended 2024 and 2023:

<b>Governmental Activities</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/24</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
Total Capital Assets, Not Being Depreciated	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
<i>Capital assets, being depreciated</i>					
Buildings	\$ 1,032,882	\$ -	\$ -	\$ -	\$ 1,032,882
Infrastructure Improvements	1,251,453	70,352	-	-	1,321,805
Machinery & Equipment	748,568	274,913	175,296	(111,190)	736,995
Total Capital Assets, Being Depreciated	\$ 3,032,903	\$ 345,265	\$ 175,296	\$ (111,190)	\$ 3,091,681
<i>Less accumulated depreciation for</i>					
Buildings	\$ 894,137	\$ 14,454	\$ -	\$ -	\$ 908,591
Infrastructure Improvements	223,431	28,157	-	-	251,588
Machinery & Equipment	535,453	60,854	159,795	-	436,512
Total Accumulated Depreciation	\$ 1,653,021	\$ 103,465	\$ 159,795	\$ -	\$ 1,596,690
Total Capital Assets Being Depreciated, Net	\$ 1,379,883	\$ 241,800	\$ 15,501	\$ (111,190)	\$ 1,494,991
Total Capital Assets, Net	\$ 1,454,883	\$ 241,800	\$ 15,501	\$ (111,190)	\$ 1,569,991

<b>Governmental Activities</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/23</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
Total Capital Assets, Not Being Depreciated	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
<i>Capital assets, being depreciated</i>					
Buildings	\$ 1,032,882	\$ -	\$ -	\$ -	\$ 1,032,882
Infrastructure Improvements	1,233,920	17,533	-	-	1,251,453
Machinery & Equipment	729,692	64,605	45,729	-	748,568
Total Capital Assets, Being Depreciated	\$ 2,996,494	\$ 82,138	\$ 45,729	\$ -	\$ 3,032,903
<i>Less accumulated depreciation for</i>					
Buildings	\$ 879,683	\$ 14,454	\$ -	\$ -	\$ 894,137
Infrastructure Improvements	197,619	25,812	-	-	223,431
Machinery & Equipment	508,563	45,181	18,292	-	535,453
Total Accumulated Depreciation	\$ 1,585,866	\$ 85,447	\$ 18,292	\$ -	\$ 1,653,021
Total Capital Assets Being Depreciated, Net	\$ 1,410,629	\$ (3,309)	\$ 27,437	\$ -	\$ 1,379,883
Total Capital Assets, Net	\$ 1,485,629	\$ (3,309)	\$ 27,437	\$ -	\$ 1,454,883

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

<b>Governmental Activities</b>	<b>2024</b>	<b>2023</b>
General Government	\$ 7,502	\$ 5,592
Public Works	46,353	45,103
Public Safety	37,857	23,434
Culture & Recreation	11,753	11,318
Total Depreciation Expense	\$ 103,465	\$ 85,447

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**Business-Type Activities**Water Fund

The following is a summary of changes in capital assets for the years ended 2024 and 2023:

<b>Business-Type Activity - Water Fund</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/24</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 8,116,583	\$ -	\$ -	\$ -	\$ 8,116,583
Buildings	1,491,611	-	-	-	1,491,611
Machinery & Equipment	49,692	24,878	-	111,190	185,760
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 9,657,886</b>	<b>\$ 24,878</b>	<b>\$ -</b>	<b>\$ 111,190</b>	<b>\$ 9,793,953</b>
<i>Less accumulated depreciation for</i>					
Infrastructure	800,797	162,332	-	-	963,128
Buildings	985,636	33,629	-	-	1,019,265
Machinery & Equipment	43,680	8,928	-	-	52,608
<b>Total Accumulated Depreciation</b>	<b>\$ 1,830,113</b>	<b>\$ 204,889</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,035,001</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 7,827,773</b>	<b>\$ (180,011)</b>	<b>\$ -</b>	<b>\$ 111,190</b>	<b>\$ 7,758,952</b>
<b>Toal Capital Assets, Net</b>	<b>\$ 7,827,773</b>	<b>\$ (180,011)</b>	<b>\$ -</b>	<b>\$ 111,190</b>	<b>\$ 7,758,952</b>

<b>Business-Type Activity - Water Fund</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/23</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 8,116,583	\$ -	\$ -	\$ -	\$ 8,116,583
Buildings	1,491,611	-	-	-	1,491,611
Machinery & Equipment	49,692	-	-	-	49,692
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 9,657,886</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,657,886</b>
<i>Less accumulated depreciation for</i>					
Infrastructure	638,465	162,332	-	-	800,797
Buildings	952,007	33,629	-	-	985,636
Machinery & Equipment	43,133	547	-	-	43,680
<b>Total Accumulated Depreciation</b>	<b>\$ 1,633,606</b>	<b>\$ 196,507</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,830,113</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 8,024,280</b>	<b>\$ (196,507)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,827,773</b>
<b>Toal Capital Assets, Net</b>	<b>\$ 8,024,280</b>	<b>\$ (196,507)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,827,773</b>

Depreciation expense was charged to the Water function.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

Sewer Fund

The following is a summary of changes in capital assets for the years ended 2024 and 2023:

<b>Business-Type Activity - Sewer Fund</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/24</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 94,000	\$ -	\$ -	\$ -	\$ 94,000
Total Capital Assets, Not Being Depreciated	\$ 94,000	\$ -	\$ -	\$ -	\$ 94,000
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 2,939,102	\$ -	\$ -	\$ -	\$ 2,939,102
Buildings	250,000	-	-	-	250,000
Machinery & Equipment	168,051	48,378	-	-	216,429
Total Capital Assets, Being Depreciated	\$ 3,357,153	\$ 48,378	\$ -	\$ -	\$ 3,405,531
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 1,157,201	\$ 62,740	\$ -		\$ 1,219,941
Buildings	180,500	9,500	-		190,000
Machinery & Equipment	137,176	12,180	-	-	149,356
Total Accumulated Depreciation	\$ 1,474,877	\$ 84,420	\$ -	\$ -	\$ 1,559,297
Total Capital Assets Being Depreciated, Net	\$ 1,882,276	\$ (36,043)	\$ -	\$ -	\$ 1,846,233
Total Capital Assets, Net	\$ 1,976,276	\$ (36,043)	\$ -	\$ -	\$ 1,940,233

<b>Business-Type Activity - Sewer Fund</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/23</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 94,000	\$ -	\$ -	\$ -	\$ 94,000
Total Capital Assets, Not Being Depreciated	\$ 94,000	\$ -	\$ -	\$ -	\$ 94,000
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 2,939,102	\$ -	\$ -	\$ -	\$ 2,939,102
Buildings	250,000	-	-	-	250,000
Machinery & Equipment	168,051	-	-	-	168,051
Total Capital Assets, Being Depreciated	\$ 3,357,153	\$ -	\$ -	\$ -	\$ 3,357,153
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 1,094,461	\$ 62,740	\$ -	\$ -	\$ 1,157,201
Buildings	171,000	9,500	-	-	180,500
Machinery & Equipment	129,833	7,343	-	-	137,176
Total Accumulated Depreciation	\$ 1,395,295	\$ 79,583	\$ -	\$ -	\$ 1,474,877
Total Capital Assets Being Depreciated, Net	\$ 1,961,859	\$ (79,583)	\$ -	\$ -	\$ 1,882,276
Total Capital Assets, Net	\$ 2,055,859	\$ (79,583)	\$ -	\$ -	\$ 1,976,276

Depreciation expense was charged to the Sewer function.



**CITY OF ROLLA**Notes to the Financial Statements – Continued

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Garbage Fund

The Garbage Fund did not have any capital assets in 2023. The following is a summary of changes in capital assets for the year ended December 31, 2024:

<b>Business-Type Activity - Garbage Fund</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/24</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ -	\$ 21,668	\$ -	\$ -	\$ 21,668
Total Capital Assets, Being Depreciated	\$ -	\$ 21,668	\$ -	\$ -	\$ 21,668
<i>Less accumulated depreciation for</i>					
Infrastructure	-	2,167	-		2,167
Total Accumulated Depreciation	\$ -	\$ 2,167	\$ -	\$ -	\$ 2,167
Total Capital Assets, Net	\$ -	\$ 19,501	\$ -	\$ -	\$ 19,501

Depreciation expense was charged to the Garbage function.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**Discretely Presented Component Units****Airport Authority**

The following is a summary of changes in capital assets for the years ended 2024 and 2023:

<b>Airport Authority</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/24</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 14,540	\$ -	\$ -	\$ -	\$ 14,540
Total Capital Assets, Not Being Depreciated	\$ 14,540	\$ -	\$ -	\$ -	\$ 14,540
<i>Capital assets, being depreciated</i>					
Buildings	\$ 2,448,372	\$ -	\$ -	\$ -	\$ 2,448,372
Machinery & Equipment	324,021	-	-	-	324,021
Infrastructure	302,626	-	-	-	302,626
Total Capital Assets, Being Depreciated	\$ 3,075,019	\$ -	\$ -	\$ -	\$ 3,075,019
<i>Less accumulated depreciation for</i>					
Buildings	\$ 559,022	\$ 80,670	\$ -	\$ -	\$ 639,692
Machinery & Equipment	221,269	8,248	-	-	229,517
Infrastructure	10,088	10,088	-	-	20,175
Total Accumulated Depreciation	\$ 790,378	\$ 99,006	\$ -	\$ -	\$ 889,384
Total Capital Assets Being Depreciated, Net	\$ 2,284,641	\$ (99,006)	\$ -	\$ -	\$ 2,185,635
Total Capital Assets, Net	\$ 2,299,181	\$ (99,006)	\$ -	\$ -	\$ 2,200,175

<b>Airport Authority</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/23</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 14,540	\$ -	\$ -	\$ -	\$ 14,540
Construction in Progress	871,573	329,547	-	(1,201,120)	-
Total Capital Assets, Not Being Depreciated	\$ 886,113	\$ 329,547	\$ -	\$ (1,201,120)	\$ 14,540
<i>Capital assets, being depreciated</i>					
Buildings	\$ 1,549,878	\$ -	\$ -	\$ 898,493	\$ 2,448,372
Machinery & Equipment	324,021	-	-	-	324,021
Infrastructure	-	-	-	302,626	302,626
Total Capital Assets, Being Depreciated	\$ 1,873,899	\$ -	\$ -	\$ 1,201,120	\$ 3,075,019
<i>Less accumulated depreciation for</i>					
Buildings	\$ 478,352	\$ 80,670	\$ -	\$ -	\$ 559,022
Machinery & Equipment	213,020	8,248	-	-	221,269
Infrastructure	-	10,088	-	-	10,088
Total Accumulated Depreciation	\$ 691,372	\$ 99,006	\$ -	\$ -	\$ 790,378
Total Capital Assets Being Depreciated, Net	\$ 1,182,527	\$ (99,006)	\$ -	\$ 1,201,120	\$ 2,284,641
Total Capital Assets, Net	\$ 2,068,640	\$ 230,541	\$ -	\$ -	\$ 2,299,181

Depreciation expense was charged to the general government function.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

Job Development Authority

The following is a summary of changes in capital assets for the years ended 2024 and 2023:

<b>Job Development Authority</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/24</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 57,001	\$ -	\$ -	\$ -	\$ 57,001
Total Capital Assets, Not Being Depreciated	\$ 57,001	\$ -	\$ -	\$ -	\$ 57,001
<i>Capital assets, being depreciated</i>					
Buildings & Building Improvements	\$ 67,392	\$ -	\$ -	\$ -	\$ 67,392
Infrastructure	79,154	-	-	-	79,154
Total Capital Assets, Being Depreciated	\$ 146,546	\$ -	\$ -	\$ -	\$ 146,546
<i>Less accumulated depreciation for</i>					
Buildings & Building Improvements	\$ 9,227	\$ 4,203	\$ -	\$ -	\$ 13,430
Infrastructure	10,655	3,958	-	-	14,613
Total Accumulated Depreciation	\$ 19,882	\$ 8,161	\$ -	\$ -	\$ 28,043
Total Capital Assets Being Depreciated, Net	\$ 126,664	\$ (8,161)	\$ -	\$ -	\$ 118,504
Total Capital Assets, Net	\$ 183,665	\$ (8,161)	\$ -	\$ -	\$ 175,505

<b>Job Development Authority</b>	<b>Restated Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/23</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 57,001	\$ -	\$ -	\$ -	\$ 57,001
Construction in Progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	\$ 57,001	\$ -	\$ -	\$ -	\$ 57,001
<i>Capital assets, being depreciated</i>					
Buildings & Building Improvements	\$ 25,121	\$ 42,272	\$ -	\$ -	\$ 67,392
Infrastructure	79,154	-	-	-	79,154
Total Capital Assets, Being Depreciated	\$ 104,275	\$ 42,272	\$ -	\$ -	\$ 146,546
<i>Less accumulated depreciation for</i>					
Buildings & Building Improvements	\$ 5,024	\$ 4,203	\$ -	\$ -	\$ 9,227
Infrastructure	6,697	3,958	-	-	10,655
Total Accumulated Depreciation	\$ 11,721	\$ 8,161	\$ -	\$ -	\$ 19,882
Total Capital Assets Being Depreciated, Net	\$ 92,553	\$ 34,111	\$ -	\$ -	\$ 126,664
Total Capital Assets, Net	\$ 149,554	\$ 34,111	\$ -	\$ -	\$ 183,665

Depreciation expense was charged to the economic development function.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**NOTE 6: FUND DEFICITS**

The City had the following deficit fund balances at December 31, 2024 and 2023:

<b>Governmental Activities</b>	<b>2024</b>	<b>2023</b>
<b>Special Revenue Fund</b>		
Police Reserve Fund	\$ -	\$ (15,037)
Rolla Community Center Fund	-	(7,983)
Street & Utility Condition Fund	-	(947)
Street Improvement 2020-1 Fund	-	(81,607)
CBDG Siren Fund	-	(1,000)
Per Report 2023 Fund	-	(5,477)
Total Special Revenue Fund	\$ -	\$ (112,051)
<b>Debt Service Fund</b>		
City Lots Special Assessments Fund	\$ (5,789)	\$ (4,491)

<b>Business-Type Activities</b>	<b>2024</b>	<b>2023</b>
<b>Water Fund</b>		
Water Project Fund	\$ (100,725)	\$ -
Debt 2013 Water Imp District Fund	(15,798)	(15,952)
Project 2013-2 Water Plant Improvement Fund	-	(5,025)
Project 2015-2 Water Plant Improvement Fund	-	(80,953)
Water Improvement 2020-1 Fund	-	(3,758)
Total Water Fund	\$ (116,523)	\$ (105,688)
<b>Sewer Fund</b>		
CDBG 2018-1 Sewer Improvement Fund	\$ -	\$ (17,228)
Sanitary Sewer Improv. 2020-1 Fund	-	(3,758)
Total Sewer Fund	\$ -	\$ (20,985)
<b>Infrastructure Fund</b>		
Debt 2012-2 Imp District Fund	\$ (13,095)	\$ (13,095)

The 2024 and 2023 fund deficits will be relieved with future property tax, sales tax and special assessment collections and transfers.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**NOTE 7: LONG-TERM LIABILITIES****Governmental Activities**

The following changes occurred in long-term liabilities for the years ended 2024 and 2023:

<b>Governmental Activities</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/24</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 11,890	\$ -	\$ 7,744	\$ 4,146	\$ 2,023
Special Assessment Bonds Payable	525,000	-	85,000	440,000	85,000
Total Long-Term Debt	\$ 536,890	\$ -	\$ 92,744	\$ 444,146	\$ 87,023

<b>Governmental Activities</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/23</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 19,544	\$ -	\$ 7,654	\$ 11,890	\$ 7,744
Special Assessment Bonds Payable	610,000	-	85,000	525,000	85,000
Total Long-Term Debt	\$ 629,544	\$ -	\$ 92,654	\$ 536,890	\$ 92,744

The annual requirements to amortize the outstanding long-term debt at December 31, 2024 is as follows:

<b>PRIMARY GOVERNMENT</b>						
<b>Governmental Activities</b>						
<b>Year Ending December 31</b>	<b>Loans Payable</b>		<b>Special Assessment Bonds Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 2,023	\$ 155	\$ 85,000	\$ 11,205	\$ 87,023	\$ 11,360
2026	2,123	56	130,000	10,960	132,123	11,016
2027	-	-	75,000	5,475	75,000	5,475
2028	-	-	75,000	3,375	75,000	3,375
2029	-	-	75,000	1,125	75,000	1,125
Total	\$ 4,146	\$ 211	\$ 440,000	\$ 32,140	\$ 444,146	\$ 32,351

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**Business-Type Activities**

The following changes occurred in long-term liabilities for the years ended 2024 and 2023:

<b>Enterprise Activities</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/24</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 920,000	\$ -	\$ 95,000	\$ 825,000	\$ 95,000
Revenue Bonds Payable	4,264,370	-	217,802	4,046,568	110,024
<b>Total Long-Term Liabilities</b>	<b>\$ 5,184,370</b>	<b>\$ -</b>	<b>\$ 312,802</b>	<b>\$ 4,871,568</b>	<b>\$ 205,024</b>

<b>Enterprise Activities</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/23</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 1,010,000	\$ -	\$ 90,000	\$ 920,000	\$ 95,000
Revenue Bonds Payable	4,367,331	-	102,961	4,264,370	106,686
<b>Total Long-Term Liabilities</b>	<b>\$ 5,377,331</b>	<b>\$ -</b>	<b>\$ 192,961</b>	<b>\$ 5,184,370</b>	<b>\$ 201,686</b>

The annual requirements to amortize the outstanding long-term debt at December 31, 2024 is as follows:

<b>PRIMARY GOVERNMENT</b>						
<b>Business-Type Activities</b>						
<b>Year Ending December 31</b>	<b>Loans Payable</b>		<b>Revenue Bonds Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 95,000	\$ 16,500	\$ 110,024	\$ 115,608	\$ 205,024	\$ 132,108
2026	95,000	14,600	113,274	112,473	208,274	127,073
2027	100,000	12,700	116,586	109,246	216,586	121,946
2028	100,000	10,700	119,821	106,065	219,821	116,765
2029	105,000	8,700	123,402	102,510	228,402	111,210
2030-2034	330,000	11,872	513,045	472,008	843,045	483,880
2035-2039	-	-	563,078	378,757	563,078	378,757
2040-2044	-	-	645,734	296,099	645,734	296,099
2045-2049	-	-	740,752	201,084	740,752	201,084
2050-2054	-	-	851,525	83,418	851,525	83,418
2055-2059	-	-	149,326	2,938	149,326	2,938
<b>Total</b>	<b>\$ 825,000</b>	<b>\$ 75,072</b>	<b>\$ 4,046,568</b>	<b>\$ 1,980,205</b>	<b>\$ 4,871,568</b>	<b>\$ 2,055,277</b>

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**NOTE 8: LOANS RECEIVABLE****Job Development Authority**

The Rolla Job Development Authority provides loans to businesses for startup costs or expansion costs. The Job Development Authority had the following loans receivable activity for the years ended December 31, 2024 and December 31, 2023:

<b>2024</b>	<b>Balance January 1</b>	<b>New Loans</b>	<b>Principal Payments</b>	<b>Balance December 31</b>
Loans Receivable	\$ 121,104	\$ 11,722	\$ 29,971	\$ 102,855

<b>2023</b>	<b>Balance January 1</b>	<b>New Loans</b>	<b>Principal Payments</b>	<b>Balance December 31</b>
Loans Receivable	\$ 92,214	\$ 48,782	\$ 19,892	\$ 121,104

**NOTE 9: FLEX PACE LOANS PAYABLE**

The Job Development Authority participates in the Flex PACE program of the PACE Fund, which is administered by the Bank of North Dakota. This program is designed to provide an interest buy down opportunity for non-PACE qualifying businesses in which the community determines eligibility and accountability standards. Flex PACE targets essential community businesses without the job creation requirement. The maximum amount from the fund in interest buydown may not exceed \$500,000 per borrower in any biennium.

At December 31, 2024 and December 31, 2023, the Rolla Job Development Authority had flex pace loan payable activity as shown below. These loans are the Job Development's Authority's Community Buydown portion of each Flex Pace loan through the Bank of North Dakota. The amounts are expected to be paid by the Job Development Authority, and then reimbursed by businesses.

<b>Job Development Authority</b>	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/24</b>	<b>Due Within One Year</b>
Flex Pace Loans Payable					
Loans Payable	\$ 92,303	\$ 11,722	\$ 25,062	\$ 78,963	\$ 19,782
Total Flex Pace Loans Payable	\$ 92,303	\$ 11,722	\$ 25,062	\$ 78,963	\$ 19,782

<b>Job Development Authority</b>	<b>Balance 1/1/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/23</b>	<b>Due Within One Year</b>
Flex Pace Loans Payable					
Loans Payable	\$ 64,289	\$ 48,782	\$ 20,769	\$ 92,303	\$ 21,824
Total Flex Pace Loans Payable	\$ 64,289	\$ 48,782	\$ 20,769	\$ 92,303	\$ 21,824

The annual requirements to amortize the outstanding flex pace loan payables at December 31, 2024 is as follows:

<b>JOB DEVELOPMENT AUTHORITY</b>	
<b>Year Ending December 31</b>	<b>Flex Pace Loans Payable</b>
	<b>Principal</b>
2025	\$ 19,782
2026	16,974
2027	13,576
2028	11,290
2029	8,918
2030 & Thereafter	8,424
Total	\$ 78,963

**NOTE 10: PROPERTY TAXES**

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.

**NOTE 11: PENSION PLAN****General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main and Law Enforcement Systems)***

The following brief description of the NDPERS & the Law Enforcement System is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

***Main System***

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

***Law Enforcement System***

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Fire-fighters. The Law Enforcement System provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

**Pension Benefits*****Main System***

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

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form



of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

***Law Enforcement System***

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service.

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

**Death and Disability Benefits*****Main and Law Enforcement Systems***

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

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

**Refunds of Member Account Balance*****Main System***

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

***Law Enforcement System***

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

**Member and Employer Contributions****Main System**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

**Law Enforcement System**

Member and employer contributions paid to NDPERS are established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

Plan	Member contribution rate	Employer contribution rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	11.40%
State	6.00%	11.40%
National Guard	5.50%	11.40%
Law Enforcement without previous service	5.50%	9.16%

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 25 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2024 and 2023, the City's proportionate share of the net pension liability was as follows:

	Net Pension Liability - 2024	Net Pension Liability - 2023
Main System	\$ 518,650	\$ 400,228
Law Enforcement System	137,594	-

**CITY OF ROLLA**

## Notes to the Financial Statements – Continued

The net pension liability was measured as of June 30, 2024 and 2023 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll in the main system and law enforcement system pension plan relative to the covered payroll of all participating main system and law enforcement system employers. At June 30, 2024 and 2023, the City's proportion was as follows:

		<b>Increase (Decrease) In Proportion from June 30, 2023 Measurement</b>	<b>Pension Expense</b>
<b>2024</b>	<b>Proportion</b>		
Main System	0.027730%	0.006974%	\$ (23,188)
Law Enforcement System	0.152858%	0.152858%	(11,327)

		<b>Increase (Decrease) in Proportion from June 30, 2022 Measurement</b>	<b>Pension Expense</b>
<b>2023</b>	<b>Proportion</b>		
Main System	0.020756%	-0.019681%	\$ (55,135)
Law Enforcement System	0.000000%	0.000000%	-

The Employer's share of the net pension liability is not reported in financial statements shown under the modified cash basis of accounting.

**Actuarial Assumptions****Main and Law Enforcement System**

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	31.90%	5.40%
International Equity	19.10%	7.00%
Private Equity	7.00%	8.50%
Domestic Fixed Income	23.00%	2.88%
International Fixed Income	0.00%	0.00%
Global Real Assets	19.00%	6.10%
Cash Equivalents	0%	0.00%

**CITY OF ROLLA****Notes to the Financial Statements – Continued**

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The Employer's share of the net pension liability as well as the deferred inflows or outflows of resources are not reported in financial statements as the City is reporting on the modified cash basis of accounting.

**Discount rate*****Main and Law Enforcement System***

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate*****Main and Law Enforcement System***

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Main System	\$ 732,975	\$ 518,650	\$ 340,895
Law Enforcement System	213,806	137,594	76,270

**Pension Plan Fiduciary Net Position*****Main and Law Enforcement System***

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

**NOTE 12: OPEB PLAN****General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. . Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2024 and 2023, the City's proportionate share of the net OPEB liability was \$37,503 and \$15,802 respectively. The net OPEB liability was measured as of July 1, 2024 and July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2024 and 2023, the City's proportion was .043403 percent and .015806 percent, respectively, which was an increase of .027597 percent for 2024 and a decrease of

## CITY OF ROLLA

### Notes to the Financial Statements – Continued

.010392 percent for 2023. The Employer's share of the net OPEB liability as well as the deferred inflows or outflows of resources are not reported in financial statements as the City is reporting on the modified cash basis of accounting.

#### Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not applicable
Investment rate or return	5.75%, net of investment expenses
Cost of living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
International Equities	26%	7.00%
Domestic Fixed Income	35%	3.29%

#### Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
City	\$ 51,257	\$ 37,503	\$ 25,918

**NOTE 13: TRANSFERS**

The following is reconciliation between cash transfers in and transfers out as reported in the basic financial statements for the years ended December 31, 2024 and 2023:

	2024		2023	
	Transfers In	Transfers Out	Transfers In	Transfers Out
<b>Governmental Funds</b>				
General Fund	\$ 328,000	\$ 15,037	\$ 257,248	\$ 19,092
Special Revenue Fund	113,568	582,423	339,658	725,105
Debt Service Fund	2,600	-	231,467	-
Capital Project Fund	-	-	-	89,276
<b>Business-Type Funds</b>				
Water Fund	258,518	97,460	422,118	292,268
Sewer Fund	211,399	207,414	-	52,000
Garbage Fund	-	-	-	44,000
Infrastructure Fund	118,000	129,750	232,750	261,500
<b>Total Transfers</b>	<b>\$ 1,032,084</b>	<b>\$ 1,032,084</b>	<b>\$ 1,483,240</b>	<b>\$ 1,483,240</b>

Transfers are used to move unrestricted general revenue to finance programs that the City accounts for in other funds in accordance with budget authority and to subsidize other programs.

**NOTE 14: RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$6,000,000 per occurrence for general liability and for automobile, and \$1,714,507 for public assets (mobile equipment and portable property).

The City also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of \$1,471,745 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City has worker's compensation with the North Dakota Workforce Safety and Insurance.

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

**NOTE 15: CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits incident to its operations. In the opinion of City Counsel and management, such claims against the City not covered by insurance would not materially affect the financial condition of the City.

**CITY OF ROLLA**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 274,600	\$ 274,600	\$ 255,509	\$ (19,091)
Sales Taxes	10,000	10,000	8,244	(1,756)
Licenses, Permits and Fees	3,850	3,850	6,008	2,158
Charges for Services	45,700	45,700	25,178	(20,522)
Intergovernmental	104,136	104,136	253,899	149,763
Interest	20,000	20,000	54,229	34,229
Miscellaneous	5,000	5,000	19,444	14,444
Total Revenues	<u>\$ 463,286</u>	<u>\$ 463,286</u>	<u>\$ 622,511</u>	<u>\$ 159,225</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 406,220	\$ 470,320	\$ 445,782	\$ 24,538
Public Safety	289,800	353,900	483,686	(129,786)
Culture & Recreation	2,250	2,250	-	2,250
Total Expenditures	<u>\$ 698,270</u>	<u>\$ 826,470</u>	<u>\$ 929,468</u>	<u>\$ (102,998)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (234,984)</u>	<u>\$ (363,184)</u>	<u>\$ (306,957)</u>	<u>\$ 56,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 312,000	\$ 312,000	\$ 328,000	\$ 16,000
Sale of Capital Assets	-	-	8,500	8,500
Transfers Out	(7,000)	(7,000)	(15,037)	(8,037)
Total Other Financing Sources and Uses	<u>\$ 305,000</u>	<u>\$ 305,000</u>	<u>\$ 321,462.63</u>	<u>\$ 16,463</u>
Net Change in Fund Balances	<u>\$ 70,016</u>	<u>\$ (58,184)</u>	<u>\$ 14,506</u>	<u>\$ 72,690</u>
Fund Balances - January 1	<u>\$ 5,782</u>	<u>\$ 5,782</u>	<u>\$ 5,782</u>	<u>\$ -</u>
Fund Balances - December 31	<u><u>\$ 75,798</u></u>	<u><u>\$ (52,402)</u></u>	<u><u>\$ 20,288</u></u>	<u><u>\$ 72,690</u></u>

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



**CITY OF ROLLA**

Budgetary Comparison Schedule - Special Revenue Fund  
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Tax	\$ 31,765	\$ 31,765	\$ 19,734	\$ (12,032)
Sales Taxes	449,000	449,000	483,652	34,652
Charges for Services	58,600	58,600	56,395	(2,205)
Intergovernmental	184,000	184,000	263,880	79,880
Interest Income	300	300	50,791	50,491
Miscellaneous	72,400	72,400	39,369	(33,031)
Total Revenues	\$ 796,065	\$ 796,065	\$ 913,821	\$ 117,756
<b>EXPENDITURES</b>				
Current				
General Government	\$ 134,800	\$ 194,740	\$ 170,725	\$ 24,015
Public Works	263,411	333,181	332,174	1,007
Economic Development	19,000	19,000	20,652	(1,652)
Culture & Recreation	41,000	66,420	57,759	8,661
Debt Service:				
Principal	7,744	7,744	7,744	-
Interest	516	516	516	-
Total Expenditures	\$ 466,471	\$ 621,601	\$ 600,720	\$ 20,881
Excess (Deficiency) of Revenues Over Expenditures	\$ 329,594	\$ 174,464	\$ 313,101	\$ 138,637
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 84,000	\$ 84,000	\$ 113,568	\$ 29,568
Transfers Out	(394,259)	(397,259)	(582,423)	(185,164)
Total Other Financing Sources and Uses	\$ (310,259)	\$ (313,259)	\$ (468,855)	\$ (155,596)
Net Change in Fund Balances	\$ 19,335	\$ (138,795)	\$ (155,755)	\$ (16,959)
Fund Balances - January 1	\$ 1,599,485	\$ 1,599,485	\$ 1,599,485	\$ -
Fund Balances - December 31	\$ 1,618,820	\$ 1,460,690	\$ 1,443,730	\$ (16,959)

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

**CITY OF ROLLA**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 262,969	\$ 262,969	\$ 256,360	\$ (6,609)
Sales Taxes	10,000	10,000	8,694	(1,306)
Licenses, Permits and Fees	6,200	6,200	4,465	(1,735)
Charges for Services	17,850	17,850	20,204	2,354
Intergovernmental	104,136	104,136	139,196	35,060
Interest	24,000	24,000	27,808	3,808
Miscellaneous	5,000	5,000	68,090	63,090
Total Revenues	\$ 430,155	\$ 430,155	\$ 524,817	\$ 94,662
<b>EXPENDITURES</b>				
Current				
General Government	\$ 322,490	\$ 322,490	\$ 315,767	\$ 6,723
Public Safety	280,800	334,547	332,334	2,213
Capital Outlay	-	53,747	43,756	9,991
Total Expenditures	\$ 603,290	\$ 710,783	\$ 691,856	\$ 18,928
Excess (Deficiency) of Revenues Over Expenditures	\$ (173,135)	\$ (280,628)	\$ (167,039)	\$ 113,589
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 82,000	\$ 82,000	\$ 257,248	\$ 175,248
Sale of Capital Assets	-	-	30,000	30,000
Transfers Out	(7,250)	(2,522,834)	(19,092)	2,503,742
Total Other Financing Sources and Uses	\$ 74,750	\$ (2,440,834)	\$ 268,155.80	\$ 2,708,989
Net Change in Fund Balances	\$ (98,385)	\$ (2,721,462)	\$ 101,117	\$ 2,822,579
Fund Balances - January 1	\$ (98,045)	\$ (98,045)	\$ (98,045)	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ 2,711	\$ 2,711
Fund Balance - January 1, as restated	\$ (98,045)	\$ (98,045)	\$ (95,335)	\$ 2,711
Fund Balances - December 31	\$ (196,430)	\$ (2,819,507)	\$ 5,782	\$ 2,825,290

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

**CITY OF ROLLA**Budgetary Comparison Schedule - Special Revenue Fund  
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Tax	\$ 23,094	\$ 23,094	\$ 14,385	\$ (8,708)
Sales Taxes	399,000	399,000	510,034	111,034
Charges for Services	87,000	87,000	111,745	24,745
Intergovernmental	-	-	212,768	212,768
Interest Income	300	300	66	(234)
Miscellaneous	12,100	12,100	21,990	9,890
Total Revenues	\$ 521,494	\$ 521,494	\$ 870,989	\$ 349,495
<b>EXPENDITURES</b>				
Current				
General Government	\$ 38,129	\$ 86,130	\$ 60,037	\$ 26,093
Public Works	250,340	279,525	264,795	14,730
Economic Development	19,000	19,000	13,957	5,043
Culture & Recreation	30,800	45,200	45,157	43
Conservation of Natural Resources	-	-	21,000	(21,000)
Debt Service:				
Principal	84,913	84,913	7,654	77,259
Interest	-	-	606	(606)
Total Expenditures	\$ 423,182	\$ 514,768	\$ 413,206	\$ 101,561
Excess (Deficiency) of Revenues Over Expenditures	\$ 98,312	\$ 6,726	\$ 457,782	\$ 451,056
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 82,250	\$ 82,250	\$ 339,658	\$ 257,408
Transfers Out	(220,726)	(909,926)	(725,105)	184,822
Total Other Financing Sources and Uses	\$ (138,476)	\$ (827,676)	\$ (385,447)	\$ 442,229
Net Change in Fund Balances	\$ (40,164)	\$ (820,950)	\$ 72,335	\$ 893,285
Fund Balances - January 1	\$ 1,529,861	\$ 1,529,861	\$ 1,529,861	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ (2,711)	\$ (2,711)
Fund Balances - January 1 Restated	\$ 1,529,861	\$ 1,529,861	\$ 1,527,150	\$ (2,711)
Fund Balances - December 31	\$ 1,489,696	\$ 708,911	\$ 1,599,485	\$ 890,574

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

## CITY OF ROLLA

Notes to the Supplementary Information  
For the Years Ended December 31, 2024 and 2023

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### NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

The governing board adopts an annual budget on a basis consistent with the modified cash basis of accounting, and state law as outlined in various sections of North Dakota Century Code (NDCC) Chapter 40-40 for the general fund, each special revenue fund and each debt service fund of the municipality. The City is required to present the adopted and final amended revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The governing body of each municipality, annually or before September tenth, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year (NDCC 40-40-04).
- The preliminary budget must include a detailed breakdown of the estimated revenues and appropriations requested for the ensuing year for the general fund, each special revenue fund, and each debt service fund of the municipality. The revenue and expenditure items for the preceding year and estimates of the revenue and expenditures for the current year must be included for each fund to assist in determining the estimated revenues and appropriation requested for the ensuing year. The budget must also include any transfers in or out and the beginning and ending fund balance for each of the funds. The budget must be prepared on the same basis of accounting used by the municipality for its annual financial reports (NDCC 40-40-05).
- After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that: the preliminary budget is on file in the office of the auditor and may be examined by anyone upon request; the governing body shall meet no later than October 7th at the time and place specified in the notice for the purpose of adopting the final budget and making the annual tax levy; and, the governing shall hold a public session at the time and place designated in the notice of the hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditure or may object to any item or amount (NDCC 40-40-06).
- After the budget hearing, the final budget must be prepared on or before October 7th in accordance with provisions outlined in detail in NDCC 40-40-08.
- After completing the final budget on or before October 7th, the governing body shall proceed to make the annual tax levy in an amount sufficient to meet the expenses for the ensuing year as determined at the budget meeting (NDCC 40-40-09).
- Immediately after completion of the final budget and adoption of the annual tax levy by the governing body of a municipality in accordance with provisions, and in no case later than October 10th, the auditor of the municipality shall send to the county auditor a certified copy of the final budget (NDCC 40-40-10).
- No municipal expenditure may be made nor liability incurred, and no bill may be paid for any purposes in excess of the appropriation made therefor in the final budget. Expenditures made liabilities incurred, or warrants issued in excess of the appropriations are a joint and several liability of the members of the governing body (NDCC 40-40-15).
- At the end of the fiscal year, the balance to credit of each annual appropriation becomes a part of the general unappropriated balance in the municipal treasury, but no special appropriation lapses until the work for which it was made has been completed, the bills paid, and the accounts closed. The governing body of a city may elect, at the end of the fiscal year, to carry over the unencumbered cash balance in the general fund or other budgeted funds and designate the balances for subsequent years (NDCC 40-40-21).

**CITY OF ROLLA**

## Notes to the Supplementary Information - Continued

**NOTE 2: LEGAL COMPLIANCE - BUDGETS**

The City Council amended the City's 2024 and 2023 budget as shown below:

<b>2024</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<b>EXPENDITURES</b>			
General Fund	\$ 698,270	\$ 128,200	826,470
Special Revenue Fund	466,471	155,130	621,601

<b>2024</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<b>TRANSFERS OUT</b>			
Special Revenue Fund	(394,259)	(3,000)	(397,259)

<b>2023</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<b>EXPENDITURES</b>			
General Fund	\$ 603,290	\$ 107,493	710,783
Special Revenue Fund	423,182	91,586	514,768

<b>2023</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<b>TRANSFERS OUT</b>			
General Fund	\$ (7,250)	\$ (2,515,584)	(2,522,834)
Special Revenue Fund	(220,726)	(689,200)	(909,926)

**NOTE 3: EXPENDITURES IN EXCESS OF BUDGET**

During the fiscal year 2024, the City of Rolla had the following fund expenditures and transfers out in excess of budgeted amounts:

	<b>Expenditures</b>		
<b>2024</b>	<b>Budget</b>	<b>Actual</b>	<b>Overspent</b>
General Fund	\$ 826,470	\$ 929,468	\$ (102,998)

	<b>Transfers Out</b>		
<b>2024</b>	<b>Budget</b>	<b>Actual</b>	<b>Overspent</b>
General Fund	\$ 7,000	\$ 15,037	\$ (8,037)
Special Revenue Fund	397,259	582,423	(185,164)

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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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*

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### Independent Auditor's Report

City Council  
City of Rolla  
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 business-type activities, the aggregate discretely presented component units and each major fund of the City of Rolla as of and for the years ended December 31, 2024 and December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Rolla's basic financial statements, and have issued our report thereon dated July 31, 2025.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

## **CITY OF ROLLA**

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

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Rolla's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not the 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*.

### **City of Rolla's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City of Rolla's response to the findings identified in our audit and described in the accompanying *schedule of audit findings*. The City of Rolla's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
July 31, 2025

Financial Statements

Type of Report Issued:

Opinion Unit	2024	2023
Governmental Activities	Unmodified	Unmodified
Business-Type Activities	Unmodified	Unmodified
Major Funds	Unmodified	Unmodified
Aggregate Discretely Presented Component Units	Unmodified	Unmodified

Internal control over financial reporting

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



## **CITY OF ROLLA**

### **Schedule of Audit Findings**

For the Years Ended December 31, 2024 and 2023

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#### **2024-001 AUDIT ADJUSTMENTS – CITY – MATERIAL WEAKNESS**

##### **Condition**

During the audit of the City of Rolla, we proposed adjusting entries to the financial statements in accordance with the modified cash basis of accounting. The adjustments were approved by management and are reflected in the financial statements.

##### **Effect**

There is an increased risk of material misstatement to the City of Rolla's financial statements.

##### **Cause**

The City of Rolla may not have procedures in place to ensure the financial statements are complete and accurate.

##### **Criteria**

The City of Rolla is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with the modified cash basis of accounting.

##### **Prior Recommendation**

Yes.

##### **Recommendation**

We recommend the City of Rolla review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with the modified cash basis of accounting.

##### **City of Rolla's Response**

We agree. The adjustments have been implemented at the time of the audit.

**2024-002 SEGREGATION OF DUTIES– AIRPORT AUTHORITY & JOB DEVELOPMENT AUTHORITY – MATERIAL WEAKNESS**

**Condition**

The Rolla Job Development Authority and Rolla Airport Authority have one person responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the check register, maintain the general ledger, and perform bank reconciliations.

**Effect**

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

**Cause**

Management has chosen to allocate its economic resources to other functions of the Airport Authority and Job Development Authority.

**Criteria**

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel, so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the Airport Authority and Job Development Authority.

**Prior Recommendation**

Yes.

**Recommendation**

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

**Rolla Job Development Authority's and Airport Authority's Response**

We agree. The Rolla Job Development Authority and Rolla Airport Authority will segregate duties when it becomes feasible to do so.

**2024-003 LACK OF CONTROLS SURROUNDING JOURNAL ENTRIES – CITY – MATERIAL WEAKNESS**

**Condition**

The City has a lack of controls surrounding the processing of journal entries within their accounting system.

**Effect**

The lack of control surrounding journal entries increases the risk of fraud and the risk of misstatement of the City's financial condition, whether due to error or fraud.

**Cause**

Multiple staff members have the ability to make entries without the system requiring approval of the entries prior to the entries being posted to the general ledger.

**Criteria**

According to the COSO framework, entities should implement proper internal controls surrounding the entering and posting of journal entries. Controls surrounding journal entries would provide better control over the assets of the City.

**Prior Recommendation**

No.

**Recommendation**

We recommend that the City develop a review procedure within the accounting system to ensure that all entries are approved before they are posted to the general ledger.

**City of Rolla's Response**

We agree. The City will look into developing review procedures.



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505