



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Rolette County

Rolla, North Dakota

Audit Report for the Year Ended December 31, 2022

Client Code: PS40000



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Office of the
State Auditor

ROLETTE COUNTY

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ROLETTE COUNTY

County Officials
December 31, 2022

COUNTY OFFICIALS

Eldon Moors, Sr.
Henry LaRocque
Craig Poitra
Allen Schlenvogt
Alice Lunday

Valerie McCloud
Kandace Desjarlais
Nathan Gustafson
Sarah Bruce
Brian Grosinger

Chairman
Vice-Chairman
Commissioner
Commissioner
Commissioner

Auditor
Treasurer
Sheriff
Recorder
State's Attorney

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Rolette County
Rolla, North Dakota

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, North Dakota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Rolette County'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 financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County, North Dakota as of December 31, 2022, and the respective changes in financial position, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Rolette County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Rolette County'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 Rolette County'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 Rolette County'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.

Required Supplementary Information

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

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

ROLETTE COUNTY

Independent Auditor's Report - Continued

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rolette County's basic financial statements. The *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards* is 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 March 19, 2025 on our consideration of Rolette County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Rolette County'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 Rolette County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 19, 2025

ROLETTE COUNTY

Statement of Net Position

December 31, 2022

	Governmental Activities	Component Units	
		Water Resource District	Health District
ASSETS			
Cash and Investments	\$ 5,680,600	\$ 107,759	\$ 723,721
Intergovernmental Receivable	254,250	-	145,183
Accounts Receivable	51,525	-	-
Taxes Receivable	151,140	1,912	6,067
Road Receivables	26,071	-	-
Capital Assets			
Nondepreciable	1,634,359	-	-
Depreciable, Net	15,728,579	-	519,232
Total Assets	\$ 23,526,524	\$ 109,671	\$ 1,394,203
DEFERRED OUTFLOWS OF RESOURCES			
Pensions & OPEB	\$ 2,522,532	\$ -	\$ 1,277,998
Total Assets and Deferred Outflows of Resources	\$ 26,049,056	\$ 109,671	\$ 2,672,201
LIABILITIES			
Accounts Payable	\$ 154,246	\$ -	\$ 32,313
Salaries Payable	38,310	-	17,925
Retainage Payable	3,799	-	-
Grants Received in Advance	1,652,879	-	-
Interest Payable	139,112	-	-
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	423,536	-	16,370
Compensated Absences Payable	9,327	-	5,845
Due After One Year			
Long-Term Debt	8,636,042	-	114,909
Compensated Absences Payable	83,940	-	52,602
Net Pension & OPEB Liability	3,159,859	-	1,687,601
Total Liabilities	\$ 14,301,050	\$ -	\$ 1,927,565
DEFERRED INFLOWS OF RESOURCES			
Taxes Received in Advance	\$ 569,696	\$ -	\$ -
Pensions & OPEB	1,975,024	-	635,647
Total Deferred Inflows of Resources	\$ 2,544,720	\$ -	\$ 635,647
Total Liabilities and Deferred Inflows of Resources	\$ 16,845,770	\$ -	\$ 2,563,212
NET POSITION			
Net Investment in Capital Assets	\$ 8,164,247	\$ -	\$ 387,953
Restricted for			
General Government	76,874	-	-
Highways & Bridges	805,431	-	-
Emergencies	230,985	-	-
Health and Welfare	13,614	-	-
Conservation of Natural Resources	104,992	109,671	-
Debt Service	723,706	-	-
Unrestricted	(916,563)	-	(278,964)
Total Net Position	\$ 9,203,286	\$ 109,671	\$ 108,989

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

ROLETTE COUNTY

Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Water Resource District	Health District	
Primary Government								
Governmental Activities								
General Government	\$ 4,121,152	\$ 38,905	\$ 3,366,003	\$ 109,885	\$ (606,359)			
Public Safety	2,806,408	445,194	431,258	335,594	(1,594,362)			
Highways & Public Improvement	2,249,834	73,356	1,813,529	862,043	499,094			
Flood Repair	12	-	-	-	(12)			
Health and Welfare	67,609	-	39,099	-	(28,510)			
Conserv. of Natural Resources	111,657	-	-	-	(111,657)			
Emergency	-	-	15,126	-	15,126			
Interest on Long-Term Debt	339,718	-	-	-	(339,718)			
Total Primary Government	\$ 9,696,390	\$ 557,455	\$ 5,665,015	\$ 1,307,522	\$ (2,166,398)			
Component Units								
Water Resource Board	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	
Health District	1,821,958	514,635	866,756	-		-	(440,567)	
Total Component Units	\$ 1,821,958	\$ 514,635	\$ 866,756	\$ -		\$ -	\$ (440,567)	
General Revenues								
Property Taxes					\$ 2,895,975	\$ 35,276	\$ 113,337	
Non Restricted Grants and Contributions					2,104,244	-	43,288	
Unrestricted Investment Earnings					8,198	78	-	
Miscellaneous Revenue					188,963	-	49,706	
Total General Revenues					\$ 5,197,380	\$ 35,354	\$ 206,331	
Change in Net Position					\$ 3,030,982	\$ 35,354	\$ (234,236)	
Net Position - January 1					\$ 6,172,304	\$ 74,317	\$ 343,225	
Net Position - December 31					\$ 9,203,286	\$ 109,671	\$ 108,989	

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

ROLETTE COUNTY

Balance Sheet – Governmental Funds
December 31, 2022

	General	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 778,518	\$ 4,133,904	\$ 768,178	\$ 5,680,600
Intergovernmental Receivable	122,071	132,179	-	254,250
Accounts Receivable	17,903	33,622	-	51,525
Taxes Receivable	77,194	61,080	12,866	151,140
Road Receivables	-	26,071	-	26,071
Total Assets	\$ 995,686	\$ 4,386,856	\$ 781,044	\$ 6,163,586
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 79,468	\$ 74,778	\$ -	\$ 154,246
Retainage Payable	-	3,799	-	3,799
Salaries Payable	23,697	14,613	-	38,310
Grants Received in Advance	-	1,652,879	-	1,652,879
Total Liabilities	\$ 103,165	\$ 1,746,069	\$ -	\$ 1,849,234
Deferred Inflows of Resources				
Taxes Receivable	\$ 77,194	\$ 61,080	\$ 12,866	\$ 151,140
Taxes Received in Advance	344,031	168,327	57,338	569,696
Road Receivable	-	26,071	-	26,071
Total Deferred Inflows of Resources	\$ 421,225	\$ 255,478	\$ 70,204	\$ 746,907
Total Liabilities and Deferred Inflows of Resources	\$ 524,390	\$ 2,001,547	\$ 70,204	\$ 2,596,141
Fund Balances				
Restricted				
General Government	\$ -	\$ 754,692	\$ -	\$ 754,692
Highways and Bridges	-	1,224,752	-	1,224,752
Public Safety	-	65,960	-	65,960
Emergency	-	228,479	-	228,479
Health and Welfare	-	12,618	-	12,618
Conservation of Natural Resources	-	98,808	-	98,808
Debt Service	-	-	710,840	710,840
Unassigned				
General Fund	471,296	-	-	471,296
Total Fund Balances	\$ 471,296	\$ 2,385,309	\$ 710,840	\$ 3,567,445
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 995,686	\$ 4,386,856	\$ 781,044	\$ 6,163,586

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

ROLETTE COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position December 31, 2022

Total Fund Balances of Governmental Funds		\$ 3,567,445
<p>Total <i>net position</i> reported for government activities in the statement of net position is different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		17,362,938
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Road Accounts Receivable	\$ 26,071	
Property Taxes Receivable	<u>151,140</u>	177,211
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Derived From Pensions and OPEB	\$ 2,522,532	
Deferred Inflows Derived From Pensions and OPEB	<u>(1,975,024)</u>	547,508
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	\$ (9,059,578)	
Interest Payable	(139,112)	
Compensated Absences	(93,267)	
Net Pension & OPEB Liability	<u>(3,159,859)</u>	<u>(12,451,816)</u>
Total Net Position of Governmental Activities		<u><u>\$ 9,203,286</u></u>

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

ROLETTE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
 For the Year Ended December 31, 2022

	General	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 1,513,976	\$ 1,112,365	\$ 247,231	\$ 2,873,572
Intergovernmental	2,098,375	6,150,683	4,681	8,253,739
Licenses, Permits and Fees	8,120	-	-	8,120
Charges for Services	231,399	310,407	-	541,806
Interest Income	8,198	-	-	8,198
Miscellaneous	167,331	21,631	-	188,962
Total Revenues	\$ 4,027,399	\$ 7,595,086	\$ 251,912	\$ 11,874,397
EXPENDITURES				
Current				
General Government	\$ 1,411,251	\$ 2,776,811	\$ 2,549	\$ 4,190,611
Public Safety	1,956,350	931,057	-	2,887,407
Highways & Public Improvement	-	2,043,855	-	2,043,855
Emergency	-	12	-	12
Health and Welfare	11,354	41,084	-	52,438
Conserv. of Natural Resources	-	109,020	-	109,020
Debt Service				
Principal	15,726	170,884	220,000	406,610
Interest & Fees	105	17,754	329,500	347,359
Total Expenditures	\$ 3,394,786	\$ 6,090,477	\$ 552,049	\$ 10,037,312
Excess (Deficiency) of Revenues Over Expenditures	\$ 632,613	\$ 1,504,609	\$ (300,137)	\$ 1,837,085
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 85,308	\$ 105,145	\$ 669,000	\$ 859,453
Transfers Out	(674,145)	(185,308)	-	(859,453)
Total Other Financing Sources and Uses	\$ (588,837)	\$ (80,163)	\$ 669,000	\$ -
Net Change in Fund Balances	\$ 43,776	\$ 1,424,446	\$ 368,863	\$ 1,837,085
Fund Balance - January 1	\$ 427,520	\$ 960,863	\$ 341,977	\$ 1,730,360
Fund Balance - December 31	\$ 471,296	\$ 2,385,309	\$ 710,840	\$ 3,567,445

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

ROLETTE COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ 1,837,085**

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.

Capital Outlay	\$	761,881	
Capital Contribution		823,043	
Depreciation Expense		<u>(849,464)</u>	735,460

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

Debt Issuance	\$	-	
Repayment of Debt		<u>406,610</u>	406,610

Bond premium amortization is a reduction to interest expense as it is amortized over the life of the outstanding bonds using the straight-line method.

1,824

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

Net Change in Compensated Absences	\$	(9,994)	
Net Change in Interest Payable		<u>5,817</u>	(4,177)

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

Net Change in Taxes Receivable	\$	22,403	
Net Change in Road Receivables		<u>7,529</u>	29,932

The net pension and OPEB liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension & OPEB Liability	\$	(2,296,247)	
Net Change in Deferred Outflows of Resources		940,174	
Net Change in Deferred Inflows of Resources		<u>1,380,321</u>	<u>24,248</u>

Change in Net Position of Governmental Activities **\$ 3,030,982**

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

ROLETTE COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,067,449
LIABILITIES & DEFERRED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	\$ 152,758
Funds Held for Other Purposes	<u>94,792</u>
Total Liabilities	<u>\$ 247,550</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 819,899</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,067,449</u>
NET POSITION	<u>\$ -</u>

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

ROLETTE COUNTY

Statement of Changes in Fiduciary Net Position – Fiduciary Funds
December 31, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 5,201,136
Grant Collections for Other Governments	154,641
Miscellaneous Collections	<u>742,731</u>
 Total Additions	 <u><u>\$ 6,098,508</u></u>
 DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 5,201,136
Grant Disbursements to Other Governments	154,641
Miscellaneous Disbursements	<u>742,731</u>
 Total Deductions	 <u><u>\$ 6,098,508</u></u>
 Net Increase (Decrease) in Fiduciary Net Position	 <u><u>\$ -</u></u>
 Net Position - Beginning	 <u><u>\$ -</u></u>
 Net Position - Ending	 <u><u>\$ -</u></u>

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

ROLETTE COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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 either as blended component units or 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 County's two component units. These units are reported in separate columns to emphasize that they are legally separate from the County.

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

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

Component Unit Financial Statements. The financial statements of each of the discretely presented component unit are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor at 102 NE 2nd Street Rolla, ND, 58367.

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the primary government, the County, 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County'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.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category, *governmental* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The County reports the following major governmental funds:

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

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.

Debt Service Fund - This fund accounts for the costs associated with long-term debt obligations.

Additionally, the County reports the following fiduciary fund type:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Assets	County	Health District
Buildings	50	50
Equipment	5 - 30	10
Vehicles	5 - 10	10
Infrastructure	50	-
Office Equipment	5 - 15	-

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Annually on an employee's anniversary date, an employee will be allowed to carry over a maximum of the total number of vacation hours accrued during the year prior to the anniversary date. On the employee's anniversary date, if an employee has hours earned over the carry over maximum, those hours will be paid out at a rate of 1/2 the employee's rate of pay. Upon termination vacation benefits that have accrued through the last day of work will be paid. Sick leave benefits are earned at the rate of five to ten days per year depending on years of service. An unlimited number of sick leave hours may be carried over and employees, with ten years of service, are paid for 10% of their accumulated sick, to a maximum of 1,000 hours of leave, upon termination. A liability for the vested or accumulated vacation leave is reported in government-wide statement of net position.

Long-Term Obligations

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

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. Issuance costs are reported as debt service expenditures.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

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

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 3rd parties (state and federal governments for various grants & reimbursements).

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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the 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 and negative fund balances.

Interfund Transactions

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

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

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

NOTE 2: 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 County would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The County does not have a formal policy regarding deposits that limits the amount it 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.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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

At year ended December 31, 2022, the County’s carrying amount of deposits totaled \$6,164,569, and the bank balances totaled \$6,801,504. Of the bank balances, \$523,933 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, 2022, the Rolette County Water Resource District's carrying amount of deposits totaled \$107,759, and the bank balances totaled \$109,209, all of which was covered by Federal Depository Insurance.

At year ended December 31, 2022, the Rolette County Public Health District’s carrying amount of deposits totaled \$723,720, and the bank balances totaled \$745,746. Of the bank balances, \$250,000 was covered by Federal Depository Insurance, while the remaining balance was collateralized with securities held by the pledging financial institution’s agent in the government’s name.

NOTE 3: 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 4: CAPITAL ASSETS

Primary Government

The following is a summary of changes in capital assets for the year ended December 31, 2022:

Primary Government	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	\$ 134,500	\$ -	\$ -	\$ -	\$ 134,500
Construction Progress	130,484	1,369,375	-	-	1,499,858
Total Capital Assets, Not Being Depreciated	\$ 264,984	\$ 1,369,375	\$ -	\$ -	\$ 1,634,358
Capital Assets Being Depreciated					
Buildings	\$ 11,047,261	\$ -	\$ -	\$ -	\$ 11,047,261
Building Improvements	297,832	-	-	-	297,832
Equipment	4,488,312	80,480	-	-	4,568,792
Vehicles	810,974	135,069	-	-	946,043
Infrastructure	7,174,287	-	-	-	7,174,287
Total Capital Assets, Being Depreciated	\$ 23,818,666	\$ 215,549	\$ -	\$ -	\$ 24,034,215
Less Accumulated Depreciation					
Buildings	\$ 2,005,716	\$ 214,217	\$ -	\$ -	\$ 2,219,933
Building Improvements	76,696	11,139	-	-	87,835
Equipment	2,824,151	253,195	-	-	3,077,346
Vehicles	467,470	117,502	-	-	584,972
Infrastructure	2,082,138	253,411	-	-	2,335,549
Total Accumulated Depreciation	\$ 7,456,171	\$ 849,464	\$ -	\$ -	\$ 8,305,635
Total Capital Assets Being Depreciated, Net	\$ 16,362,495	\$ (633,915)	\$ -	\$ -	\$ 15,728,580
Governmental Activities Capital Assets, Net	\$ 16,627,479	\$ 735,460	\$ -	\$ -	\$ 17,362,938

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Depreciation expense was charged to functions of the County as follows:

Primary Government	Amount
General Government	\$ 47,981
Public Safety	277,778
Health & Welfare	505,897
Conservation of Natural Resources	2,637
Highways & Bridges	15,171
Total Depreciation Expense	\$ 849,464

Discretely Presented Component Unit

The following is a summary of changes in capital assets for the year ended December 31, 2022 for the Public Health District:

Health District	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Being Depreciated					
Buildings	\$ 265,000	\$ 32,313	\$ -	\$ -	297,313
Vehicles	336,728	-	-	-	336,728
Equipment	36,955	-	-	-	36,955
Total Capital Assets, Being Depreciated	\$ 638,683	\$ 32,313	\$ -	\$ -	\$ 670,996
Less Accumulated Depreciation					
Buildings	\$ 35,900	\$ 7,454	\$ -	\$ -	43,354
Vehicles	67,345	3,696	-	-	71,041
Equipment	3,696	33,673	-	-	37,369
Total Accumulated Depreciation	\$ 106,941	\$ 44,823	\$ -	\$ -	\$ 151,764
Governmental Activities Capital Assets, Net	\$ 531,742	\$ (12,510)	\$ -	\$ -	\$ 519,232

Depreciation expense was charged to the health and welfare function.

NOTE 5: LONG-TERM LIABILITIES

Primary Government

During the year ended December 31, 2022, the following changes occurred in governmental activities long-term liabilities:

Primary Government	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long Term Debt					
Bonds Payable	\$ 8,810,000	\$ -	\$ 220,000	\$ 8,590,000	\$ 230,000
Bond Premium	43,788	-	1,825	41,963	1,824
Notes Payable	610,204	-	186,254	423,950	191,345
Special Assessments Payable	4,022	-	357	3,665	367
Total Long-Term Debt	\$ 9,468,014	\$ -	\$ 408,436	\$ 9,059,578	\$ 423,536
Compensated Absences *	\$ 83,273	\$ 9,994	\$ -	\$ 93,267	\$ 9,327
Net Pension and OPEB Liability	863,611	2,296,247	-	3,159,858	-
Total Governmental Activities	\$ 10,414,898	\$ 2,306,241	\$ 408,436	\$ 12,312,703	\$ 432,863

* The change in compensated absences is shown as a net change.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Debt service requirements on long-term debt is as follows:

Primary Government							
Year Ending Dec 31	Bonds Payable		Bond Premium	Notes Payable		Special Assessments	
	Principal	Interest		Principal	Interest	Principal	Interest
2023	\$ 230,000	\$ 320,700	\$ 1,825	\$ 191,345	\$ 12,662	\$ 367	\$ 96
2024	240,000	311,500	1,825	116,966	7,405	376	86
2025	250,000	301,900	1,825	63,372	3,528	386	76
2026	260,000	291,900	1,825	52,267	1,563	396	66
2027	270,000	281,500	1,824	-	-	406	170
2028-2032	1,495,000	1,259,100	9,122	-	-	1,734	-
2033-2037	1,755,000	991,225	9,122	-	-	-	-
2028-2042	2,090,000	655,050	9,122	-	-	-	-
2043-2047	2,000,000	204,000	5,473	-	-	-	-
Totals	\$ 8,590,000	\$ 4,616,875	\$ 41,963	\$ 423,950	\$ 25,158	\$ 3,665	\$ 494

Discretely Presented Component Unit

During the year ended December 31, 2022, the following changes occurred in governmental long-term liabilities of the Public Health District:

Health District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long Term Debt					
Loans Payable	\$ 95,262	\$ 45,150	\$ 9,133	\$ 131,279	\$ 16,370
Compensated Absences *	52,013	6,434	-	58,447	5,845
Net Pension and OPEB Liability	535,354	1,152,247		1,687,601	-
Total Governmental Activities	\$ 682,629	\$ 1,203,831	\$ 9,133	\$ 1,877,327	\$ 22,215

* The change in compensated absences is shown as a net change.

Debt service requirements on long-term debt for the Health District is as follows:

Health District		
Year Ending Dec 31	Loans Payable	
	Principal	Interest
2023	\$ 16,717	\$ 6,160
2024	17,634	5,243
2025	18,623	4,254
2026	68,815	1,980
2027	9,490	333
Totals	\$ 131,279	\$ 17,970

NOTE 6: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member 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 (With prior main system service)

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. For members first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. 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.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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

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

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 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% 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

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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, 2022, for its respective proportionate share of the net pension liability, the following net pension liabilities were reported:

	Net Pension Liability (Asset)
Main System	\$ 2,555,713
Law Enforcement System	414,299
Health District	1,629,052

The net pension liability was measured as of June 30, 2022, 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 pension liability was based on its 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, 2022, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) In Proportion from June 30, 2021 Measurement	Pension Expense
Main System	0.088738%	-0.000497%	\$ 28,794
Law Enforcement System	6.562670%	-0.493982%	119,342
Health District	0.056563%	0.007472%	272,910

ROLETTE COUNTY

Notes to the Financial Statements – Continued

At December 31, 2022, the following deferred outflows of resources and deferred inflows of resources were reported related to net pension liabilities from the following sources:

Main System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 13,332	\$ 48,819
Changes of Assumptions	1,528,354	947,495
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	93,539	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	255	604,759
Employer Contributions Subsequent to the Measurement Date	71,314	-
Total	\$ 1,706,794	\$ 1,601,073

Law Enforcement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 26,894	\$ 30,383
Changes of Assumptions	551,314	306,773
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	53,472	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	23,390	811
Employer Contributions Subsequent to the Measurement Date	61,350	-
Total	\$ 716,420	\$ 337,967

Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,497	\$ 31,118
Changes of Assumptions	974,197	603,948
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	59,623	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	165,920	-
Employer Contributions Subsequent to the Measurement Date	35,579	-
Total	\$ 1,243,816	\$ 635,066

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022:

Main System	\$ 71,314
Law Enforcement System	61,350
Health District	35,579

ROLETTE COUNTY

Notes to the Financial Statements – Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Main System	Law Enforcement System	Health District
2023	\$ (130,611)	\$ 76,597	\$ 168,751
2024	(67,403)	77,833	186,167
2025	(3,093)	44,580	49,657
2026	235,514	63,682	168,596
2027	-	54,411	-

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Main and Law Enforcement System

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	5.10%, 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	30%	6.00%
International Equities	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate (Main and Law Enforcement Systems)

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.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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 3.69%; and the resulting Single Discount Rate is 5.10%.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 5.10 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 (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

Proportionate Share of the Net Pension Liability	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Main System	\$ 3,373,366	\$ 2,555,713	\$ 1,884,449
Law Enforcement System	719,992	414,299	173,763
Health District	2,150,237	1,629,052	1,201,178

Pension Plan Fiduciary Net Position

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

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB)

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.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. 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, 2022, for its respective proportionate share of the net pension liability, the following net OPEB liabilities were reported:

	Net OPEB Liability
Primary Government	\$ 189,846
Health District	58,549

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on the its share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2022, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 Measurement	OPEB Expense
Primary Government	0.158164%	-0.003910%	\$ 18,927
Health District	0.048778%	0.006205%	10,982

ROLETTE COUNTY

Notes to the Financial Statements – Continued

At December 31, 2022, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,502	\$ 1,633
Changes of Assumptions	47,820	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	25,562	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	192	34,351
Employer Contributions Subsequent to the Measurement Date	21,241	-
Total	\$ 99,317	\$ 35,984

Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,387	\$ 503
Changes of Assumptions	14,748	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	7,883	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,467	78
Employer Contributions Subsequent to the Measurement Date	5,697	-
Total	\$ 34,182	\$ 581

The following amounts were reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022:

Primary Government	\$ 21,241
Health District	5,697

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

	Primary Government	Health District
2023	\$ 7,233	\$ 7,374
2024	5,922	6,981
2025	7,805	6,118
2026	21,132	7,431
2027	-	-
2028	-	-
Thereafter	-	-

Actuarial Assumptions

The total pension liability in the July 1, 2022 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 of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

ROLETTE COUNTY

Notes to the Financial Statements – Continued

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
International Equities	26%	6.25%
Domestic Fixed Income	35%	0.50%

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 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, 2022, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

Proportionate Share of the OPEB Liability	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Primary Government	\$ 242,327	\$ 189,846	\$ 145,789
Health District	74,734	58,549	44,962

NOTE 8: TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that accounts for in other funds in accordance with budget authority and to subsidize other programs. The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2022:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 85,308	\$ 674,145
Special Revenue Fund	105,145	185,308
Debt Service Fund	669,000	-
Total Transfers	\$ 859,453	\$ 859,453

ROLETTE COUNTY

Notes to the Financial Statements – Continued

NOTE 9: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile and \$3,204,406 for public assets/mobile equipment and portable property.

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

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

NOTE 10: JOINT VENTURES

Under authorization of state statutes, the Rolette County Water Resource District joined the water resource districts of Cavalier County, Nelson County, Pierce County, Ramsey County, Benson County, Towner County and Walsh County to establish and operate a joint exercise of powers agreement for water management districts located within the Devils Lake basin. The joint agreement created Devils Lake Basin Joint Water Resource Board. The agreement was established for the mutual advantage of the governments. Each government appoints one member of the directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined due to the lack of provisions being made for this in the joint power's agreement.

Audited summary financial information for the year ended December 31, 2023 is as follows:

	Devils Lake Basin Joint WRD
Cash and Investments	\$ 200,477
Total Liabilities	2
Total Net Position	\$ 200,475
<hr/>	
Total Revenues	\$ 148,810
Total Expenses	169,047
Net Change in Position	\$ (20,237)

Additional financial information may be obtained from the Devils Lake Basin Joint Water Resource District, 524, 4th Ave. #27, Devils Lake, ND 58301.

NOTE 11: SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the County approved an overlay project with World Engineering that will begin in 2025. This project is estimated to cost \$2.5 million, of which costs will be finalized in March of 2025.

ROLETTE COUNTY

Notes to the Financial Statements – Continued

NOTE 12: CONSTRUCTION COMMITMENTS

Primary Government

Rolette County had two open construction commitments as of December 31, 2022 as follows:

Project	Original Contract	Change Orders	Total Contract with Change Orders	Total Completed	Retainage	Remaining Balance includes Retainages	% Completed
Hot Bituminous Overlay	\$1,011,316.00	\$42,360.00	\$1,053,676.00	\$997,216.00	\$19,921.00	\$76,381.00	94.64%

NOTE 13: CONTINGENT LIABILITIES

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

ROLETTE COUNTY

Budgetary Comparison Schedule – General Fund
 For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,610,962	\$ 1,610,962	\$ 1,513,976	\$ (96,986)
Intergovernmental	1,680,900	1,680,900	2,098,375	417,475
Licenses, Permits and Fees	6,740	6,740	8,120	1,380
Charges for Services	137,400	137,400	231,399	93,999
Interest Income	2,000	2,000	8,198	6,198
Miscellaneous	51,440	51,440	167,331	115,891
Total Revenues	\$ 3,489,442	\$ 3,489,442	\$ 4,027,399	\$ 537,957
EXPENDITURES				
Current				
General Government	\$ 1,531,422	\$ 1,662,942	\$ 1,411,251	\$ 251,691
Public Safety	1,678,591	1,678,591	1,956,350	(277,759)
Health & Welfare	14,000	14,000	11,354	2,646
Debt Service				
Principal	-	-	15,726	(15,726)
Interest	-	-	105	(105)
Total Expenditures	\$ 3,224,013	\$ 3,355,533	\$ 3,394,786	\$ (39,253)
Excess (Deficiency) of Revenues Over Expenditures	\$ 265,429	\$ 133,909	\$ 632,613	\$ 498,704
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 85,308	\$ 85,308
Transfers Out	-	-	(674,145)	(674,145)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ (588,837)	\$ (588,837)
Net Change in Fund Balance	\$ 265,429	\$ 133,909	\$ 43,776	\$ (90,133)
Fund Balance - January 1	\$ 427,520	\$ 427,520	\$ 427,520	\$ -
Fund Balance - December 31	\$ 692,949	\$ 561,429	\$ 471,296	\$ (90,133)

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

ROLETTE COUNTY

Budgetary Comparison Schedule – Special Revenue Fund
 For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,175,825	\$ 1,175,825	\$ 1,112,365	\$ (63,460)
Intergovernmental	2,378,596	2,378,596	6,150,683	3,772,087
Charges for Services	303,945	303,945	310,407	6,462
Miscellaneous	13,000	13,000	21,631	8,631
Total Revenues	\$ 3,871,366	\$ 3,871,366	\$ 7,595,086	\$ 3,723,720
EXPENDITURES				
Current				
General Government	\$ 679,400	\$ 3,360,689	\$ 2,776,811	\$ 583,878
Public Safety	280,490	843,232	931,057	(87,825)
Highways and Bridges	1,828,950	2,453,181	2,043,855	409,326
Health & Welfare	23,600	23,600	41,084	(17,484)
Conservation of Natural Resources	162,500	162,500	109,020	53,480
Emergency	200,000	200,000	12	199,988
Debt Service				
Principal	-	-	170,884	(170,884)
Interest	-	-	17,754	(17,754)
Total Expenditures	\$ 3,174,940	\$ 7,043,202	\$ 6,090,477	\$ 952,725
Excess (Deficiency) of Revenues Over Expenditures	\$ 696,426	\$ (3,171,836)	\$ 1,504,609	\$ 4,676,445
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 105,145	\$ 105,145
Transfers Out	-	-	(185,308)	(185,308)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ (80,163)	\$ (80,163)
Net Change in Fund Balance	\$ 696,426	\$ (3,171,836)	\$ 1,424,446	\$ 4,596,282
Fund Balance - January 1	\$ 960,863	\$ 960,863	\$ 960,863	\$ -
Fund Balance - December 31	\$ 1,657,289	\$ (2,210,973)	\$ 2,385,309	\$ 4,596,282

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

ROLETTE COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions
For the Year Ended December 31, 2022

**Schedule of Employer's Share of Net Pension Liability
ND Public Employee's Retirement System
Last 10 Fiscal Years**

Main System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.088738%	\$ 2,555,713	\$ 1,030,105	248.10%	54.47%
2021	0.089235%	930,097	1,010,491	92.04%	78.26%
2020	0.093500%	2,941,530	1,031,418	285.19%	48.91%
2019	0.206759%	2,423,365	2,150,645	112.68%	71.66%
2018	0.206316%	2,941,530	1,031,418	285.19%	62.80%
2017	0.207947%	3,342,391	2,122,812	157.45%	61.98%
2016	0.201208%	1,960,968	2,027,704	96.71%	70.46%
2015	0.214508%	1,458,618	1,911,009	76.33%	77.15%
2014	0.217098%	1,377,967	1,828,794	75.35%	77.70%

Law Enforcement System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	6.562670%	\$ 414,299	\$ 918,484	45.11%	73.17%
2021	7.056652%	(156,627)	783,079	-20.00%	115.21%
2020	8.334694%	532,135	902,207	58.98%	65.83%
2019	8.852509%	(40,733)	866,635	-4.70%	104.84%
2018	13.378037%	129,805	817,511	15.88%	89.76%
2017	13.203484%	129,242	778,580	16.60%	87.23%
2016	17.636926%	11,297	815,090	1.39%	98.17%
2015	17.396229%	(20,360)	656,982	-3.10%	104.37%
2014	18.130002%	(2,419)	495,374	-0.49%	100.61%

Health District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.056563%	\$ 1,629,052	\$ 656,601	248.10%	54.47%
2021	0.049091%	511,676	555,903	92.04%	78.26%
2020	0.044735%	1,407,373	493,485	285.19%	48.91%
2019	0.043478%	509,594	452,245	112.68%	71.66%
2018	0.042338%	714,500	434,941	164.28%	62.80%
2017	0.041181%	661,914	420,392	157.45%	61.98%
2016	0.036650%	357,190	369,342	96.71%	70.46%
2015	0.034647%	235,594	308,664	76.33%	77.15%
2014	0.033079%	209,959	278,658	75.35%	77.70%

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

ROLETTE COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued
 For the Year Ended December 31, 2022

**Schedule of Employer Contributions
 ND Public Employees Retirement System
 Last 10 Fiscal Years**

Main System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 84,675	\$ 84,675	\$ (0)	\$ 1,134,174	7.47%
2021	74,519	74,268	251	990,702	7.50%
2020	73,033	115,466	(42,433)	1,031,418	11.19%
2019	156,579	152,479	4,100	2,150,645	7.09%
2018	156,112	153,279	2,833	1,031,418	14.86%
2017	153,930	152,127	1,803	2,122,812	7.17%
2016	146,802	148,594	(1,792)	2,027,704	7.33%
2015	145,156	146,566	(1,410)	1,911,009	7.67%
2014	130,210	130,210	-	1,828,794	7.12%

Law Enforcement System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 69,725	\$ 77,658	\$ (7,932)	\$ 979,287	7.93%
2021	63,272	75,442	(12,170)	1,263,771	5.97%
2020	81,489	75,534	5,955	1,219,990	6.19%
2019	59,339	67,162	(7,823)	866,635	7.75%
2018	63,091	60,403	2,688	817,511	7.39%
2017	65,668	63,543	2,125	778,580	8.16%
2016	65,550	62,032	3,518	815,090	7.61%
2015	53,827	55,411	(1,584)	656,982	8.43%
2014	39,283	39,283	-	495,374	7.93%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 57,114	\$ 53,214	\$ 3,899	\$ 717,345	7.42%
2021	40,995	41,588	(593)	674,555	6.17%
2020	34,943	31,923	3,020	571,908	5.58%
2019	32,926	33,302	(376)	452,245	7.36%
2018	32,036	31,194	842	434,941	7.17%
2017	30,484	28,987	1,497	420,392	6.90%
2016	26,740	22,506	4,234	369,342	6.09%
2015	23,445	21,460	1,985	308,664	6.95%
2014	19,840	19,840	-	278,658	7.12%

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

ROLETTE COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
For the Year Ended December 31, 2022

**Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years**

County	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.158164%	\$ 189,846	\$ 1,632,889	11.63%	56.28%
2021	0.162074%	90,141	1,767,027	5.10%	76.63%
2020	0.165588%	139,292	1,887,650	7.38%	63.38%
2019	0.270400%	217,182	3,017,280	7.20%	63.13%
2018	0.162074%	90,141	1,767,027	5.10%	61.89%
2017	0.268190%	212,141	2,901,392	7.31%	59.78%

Health District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.048778%	\$ 58,549	\$ 503,588	11.63%	56.28%
2021	0.042573%	23,678	464,157	5.10%	76.63%
2020	0.042573%	23,678	571,908	4.14%	63.38%
2019	0.040529%	32,552	452,245	7.20%	63.13%
2018	0.042573%	23,678	464,157	7.20%	61.89%
2017	0.038859%	30,738	420,392	7.31%	59.78%

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 9,008	\$ 9,008	\$ (0)	\$ 790,150	1.14%
2021	21,249	22,286	(1,037)	2,254,473	0.99%
2020	22,176	29,279	(7,103)	2,117,598	1.38%
2019	35,091	34,068	1,023	3,017,280	1.13%
2018	34,450	33,225	1,225	1,767,027	1.88%
2017	33,727	33,492	235	2,901,392	1.15%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 6,039	\$ 6,039	\$ (0)	\$ 529,700	1.14%
2021	5,582	6,036	(454)	674,555	0.89%
2020	5,797	5,111	686	571,908	0.89%
2019	5,260	5,332	(72)	452,245	1.18%
2018	5,102	4,995	107	464,157	1.08%
2017	4,887	4,641	246	420,392	1.10%

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

ROLETTE COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

NOTE 2 LEGAL COMPLIANCE – BUDGETS

Budget Amendments

The board of County commissioners amended the County’s expenditure budgets for various funds as follows:

	EXPENDITURES		
	Original Budget	Budget Amendment	Amended Budget
General Fund	\$ 3,224,013	\$ 131,520	\$ 3,355,533
Special Revenue Fund	3,174,940	3,868,262	7,043,202

NOTE 3 SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

NOTE 4 CHANGES OF BENEFIT TERMS – PENSION & OPEB

Pension

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2022 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

ROLETTE COUNTYNotes to the Required Supplementary Information - Continued

OPEB

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 have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

NOTE 5 CHANGES OF ASSUMPTIONS – PENSION & OPEB**Pension**

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

OPEB

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

ROLETTE COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2022

ALN Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	County Expenditures	Health District Expenditures	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE:					
Passed Through the State Department of Agriculture:					
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	HLH5152, HLH5161	\$ -	\$ 200,672	\$ 200,672
Total U.S. Departemnt of Argiculture			\$ -	\$ 200,672	\$ 200,672
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed Through State Department of Emergency Services					
97.039	Hazard Mitigation Grant	DR4323, DR4444	\$ 37,139	\$ -	\$ 37,139
97.042	Emergency Management Performance Grants	EMPG2021, EMPG2022	31,198	-	31,198
97.067	Homeland Security Grant	HLS2019, HLS2020, HLS2021	195,279	-	195,279
Total U.S. Department of Homeland Security			\$ 263,616	\$ -	\$ 263,616
U.S. DEPARTMENT OF TRANSPORTATION					
Passed Through the State Department of Transportation					
20.600	State and Community Highway Safety	HSPOP2305	\$ 715	\$ -	\$ 715
Total U.S. Department of Housing and Urban Development			\$ 715	\$ -	\$ 715
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through the State Department of Human Services					
93.069	Public Health Emergency Preparedness	HLH5272, HLH5273	\$ -	\$ 5,320	\$ 5,320
93.268	Immunization Cooperative Agreements	HLH4774, HLH5312	-	98,100	98,100
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	HLH4501	-	70,514	70,514
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	HLH4903	-	97,021	97,021
93.778	Medical Assistance Program	N/A	-	22,155	22,155
93.959	Block Grants for Prevention and Treatment of Substance Abuse	N/A	-	57,150	57,150
93.994	Maternal and Child Health Services Block Grant to the States	HLH5131, HLH5132	-	3,386	3,386
93.940	HIV Prevention Activities Health Department Based	HLH5371, HLH5372	-	2,245	2,245
Total U.S. Dept. of Health and Human Services			\$ -	\$ 355,891	\$ 355,891
U.S. DEPARTMENT OF THE TREASURY					
Direct Program					
21.027	Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 707,514	\$ -	\$ 707,514
Total U.S. Department of the Treasury			\$ 707,514	\$ -	\$ 707,514
Total Expenditures of Federal Awards			\$ 971,845	\$ 556,563	\$ 1,528,408
See notes to the Schedule of Expenditures of Federal Awards					

ROLETTE COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2022. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Governmental fund types account for the County's federal grant activity. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

NOTE 3 PASS-THROUGH GRANT NUMBER

For federal programs marked "N/A", the County was unable to obtain a pass-through grant number.

NOTE 4 INDIRECT COST RATE

The County does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

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

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

Independent Auditor's Report

Board of County Commissioners
Rolette County
Rolla, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rolette County as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise Rolette County's basic financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rolette County's internal control over financial reporting (internal control) 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 Rolette County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *schedule of audit findings*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2022-001, -002, 2022-003 and 2022-005 to be material weaknesses.

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. We consider the deficiency described in the accompanying *schedule of audit findings* as item 2022-004 to be a significant deficiency.

ROLETTE COUNTY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Report on Compliance and Other Matters

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

Rolette County’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Rolette County’s response to the findings identified in our audit and described in the accompanying *schedule of audit findings*. Rolette County’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, ND
March 19, 2025

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
Rolette County
Rolla, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rolette County's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Rolette County's major federal programs for the year ended December 31, 2022. Rolette County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rolette County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rolette County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rolette County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Rolette County's federal programs.

ROLETTE COUNTY

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance - Continued

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rolette County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rolette County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Rolette County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Rolette County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rolette County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 19, 2025

ROLETTE COUNTY

Summary of Auditor’s Results
For the Year Ended December 31, 2022

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

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

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None	noted
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None	noted

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements? Yes X None noted

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

ROLETTE COUNTY

Schedule of Audit Findings

For the Year Ended December 31, 2022

2022-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

During the audit of Rolette County, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Effect

There is an increased risk of material misstatement to the Rolette County's financial statements.

Cause

Rolette County may not have procedures in place to ensure the financial statements are complete and accurate.

Criteria

Rolette County 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 GAAP.

Repeat Finding

Yes.

Recommendation

We recommend Rolette County review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Rolette County's Response

See the Corrective Action Plan.

2022-002 – AUDIT ADJUSTMENTS – HEALTH DISTRICT – MATERIAL WEAKNESS

Condition

During the audit of Rolette County Public Health District, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Effect

There is an increased risk of material misstatement to the Rolette County Public Health District's financial statements.

Cause

Rolette County Public Health District may not have procedures in place to ensure the financial statements are complete and accurate.

Criteria

Rolette County Public Health District 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 GAAP.

Repeat Finding

No.

Recommendation

We recommend Rolette County Public Health District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Rolette County Health District's Response

See the Corrective Action Plan.

2022-003 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS – MATERIAL WEAKNESS

Condition

The Rolette County Water Resource District and Rolette County Public Health District have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

Effect

The lack of segregation of duties exposes the Water Resource District and the Public Health District to the risk of loss of assets, potential liabilities, and damages to the reputations, whether due to error or fraud.

Cause

Management has chosen to allocate economic resources to other functions of the Water Resource District and Public Health District.

Criteria

According to the COSO framework, proper internal controls 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 Rolette County Water Resource District and Rolette County Public Health District.

Repeat Finding

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.

Rolette County Public Health District Response

See the Corrective Action Plan.

Rolette County Water Resource District Response

See the Corrective Action Plan.

2022-004 – FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIANCY

Condition

Rolette County does not currently prepare a fraud risk assessment of the entire entity.

Effect

If Rolette County does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

Cause

Rolette County has limited number of staff and decided it was not necessary to implement at this date.

Criteria

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

Repeat Finding

Yes.

Recommendation

We recommend Rolette County prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

Rolette County's Response

See the Corrective Action Plan.

2022-005 – LACK OF MEETING MINUTES – WATER RESOURCE DISTRICT – MATERIAL NONCOMPLIANCE

Condition

Rolette County Water Resource District (District) has not completed board meeting minutes since a fire occurred. The District confirmed that phone meetings have occurred with a quorum of board members, however, no meeting minutes were documented regarding the board's communication and the board decisions that were made pertaining to the District.

Effect

Rolette County Water Resource District may be in violation of North Dakota Century Code §61-16.1-04.

Cause

Rolette County Water Resource District may not have been aware of when meeting minutes are to be recorded and maintained.

Criteria

North Dakota Century Code §61-16.1-04 states "The water resource board shall keep accurate minutes of its meetings and accurate records and books of account, clearly setting out and reflecting the entire operation, management, and business of the district. These books and records shall be kept at the principal office of the district or at such other regularly maintained office or offices of the district as shall be designated by the board, with due regard to the convenience of the district, its customers, and residents. The books and records shall be open to public inspection during reasonable business hours."

North Dakota Century Code §44-04-17.1(9a) states "Meeting" means a formal or informal gathering or a work session, whether in person or through any electronic means, of:

- (1) A quorum of the members of the governing body of a public entity regarding public business; or
- (2) Less than a quorum of the members of the governing body of a public entity regarding public business, if the members attending one or more of the smaller gatherings collectively constitute a quorum and if the members hold the gathering for the purpose of avoiding the requirements of section 44-04-19.

North Dakota Century Code §44-04-17.1(15) states "Quorum" means one-half or more of the members of the governing body, or any smaller number if sufficient for a governing body to transact business on behalf of the public entity.

Repeat Finding

Yes.

Recommendation

We recommend Rolette County Water Resource District ensure compliance with North Dakota Century Code §61-16.1-04.

Rolette County Water Resource District's Response

See the Corrective Action Plan.



Rolette County
102 2nd ST NE
P.O. Box 959
Rolla, North Dakota 58367
Kimberly Wuori, Auditor

Commissioners
Henry LaRocque
Kent Abrahamson
Allen Schlenvogt
Craig Poitra
Ross Zaste

Date: February 19, 2025
To: Joshua C. Gallion, ND State Auditor
From: Kimberly Wuori, County Auditor
RE: Rolette County – FY2022 Management's Response

Contact Person Responsible for Corrective Acton Plan: Kimberly Wuori, County Auditor

Section I – Financial Statement Findings:

2022-001 AUDIT ADJUSTMENTS - COUNTY – MATERIAL WEAKNESS

Condition:

During the audit of Rolette County, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Management's Response:

We agree. Adjustments were implemented at the time of the audit.

Anticipated Completion Date:

FY 2024

2022-004 LACK OF FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition:

Rolette County does not currently prepare a fraud risk assessment of the entire entity.

Management's Response:

We Agree. The County will prepare a fraud risk assessment in the future.

Anticipated Completion Date:

FY 2024

ROLETTE COUNTY PUBLIC HEALTH DISTRICT

Date: March 17, 2025
To: Joshua C. Gallion, ND State Auditor
From: Janelle Carnahan, Business Manager
RE: Rolette County Public Health District – FY2022 Management's Response

Contact Person Responsible for Corrective Acton Plan: Janelle Carnahan, Business Manager

Section I – Financial Statement Findings:

2022-002 AUDIT ADJUSTMENTS – HEALTH DISTRICT – MATERIAL WEAKNESS

Condition:

During the audit of Rolette County Public Health District, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Management's Response:

We agree. Adjustments were implemented at the time of the audit.

Anticipated Completion Date:

FY 2023

2022-003 LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS – MATERIAL WEAKNESS

Condition:

The Rolette County Water Resource District and Rolette County Public Health District have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations..

Management's Response:

We agree. We have a lack of segregation of duties due to our limited amount of qualified personnel. We will do our best correct this issue going forward, we do now have a Business Manager and Administrator that will help keep duties separated as best as possible.

Anticipated Completion Date:

Indefinite.

ROLETTE COUNTY WATER RESOURCE DISTRICT

Date: March 12, 2025
To: Joshua C. Gallion, ND State Auditor
From: Mark Heinz and Kurt Lagerquist, Water Resource District Board Members
RE: Rolette County Water Resource District – FY2022 Management's Response

Contact Person Responsible for Corrective Acton Plan: Mark Heinz and Kurt Lagerquist, Water Resource District Board Members

Section I – Financial Statement Findings:

2022-003 LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS – MATERIAL WEAKNESS

Condition:

The Rolette County Water Resource District and Rolette County Public Health District have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations..

Management's Response:

We agree. The Rolette County Water Resource District will segregate duties when it becomes feasible to do so.

Anticipated Completion Date:

Indefinite.

2022-005 – LACK OF MEETING MINUTES – WATER RESOURCE DISTRICT – MATERIAL NONCOMPLIANCE

Condition:

Rolette County Water Resource District (District) has not completed board meeting minutes since a fire occurred. The District confirmed that phone meetings have occurred with a quorum of board members, however, no meeting minutes were documented regarding the board's communication and the board decisions that were made pertaining to the District.

Management's Response:

We agree. Starting in 2025, the Water Board will meet regularly and begin keeping meeting minutes.

Anticipated Completion Date:

FY 2025



Rolette County
102 2nd ST NE
P.O. Box 939
Rolla, North Dakota 58367
Kimberly Wuori, Auditor

Commissioners
Henry LaRocque
Kent Abrahamson
Allen Schlenvogt
Craig Poitra
Ross Zaste

Date: March 19, 2025
To: Joshua C. Gallion, ND State Auditor
FROM: Kimberly Wuori, County Auditor
RE: Rolette County – FY2022 Schedule of Prior Year Findings

2021-001: UNTIMELY TAX DISBURSEMENTS – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition

Rolette County did not distribute property taxes of \$805,958 that were collected in December of 2021 by the tenth working day of the January 2022. The disbursements occurred at the end of January 2022.

Recommendation

We recommend Rolette County distribute taxes by the tenth working day of each calendar month in order to ensure compliance with N.D.C.C. §11-14-10.

Current Status

Fully Implemented.

2021-002: AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

During testing, material auditor-identified receivables totaling \$206,848 were found to not be included in client prepared listing of receivables. These adjustments were proposed and accepted by Rolette County and the financial statements were adjusted accordingly.

Recommendation

We recommend Rolette County carefully prepare and review the receivable listings to ensure the listing is accurate and correctly presented in the financial statements in accordance with GAAP.

Current Status

Not implemented. Material audit adjustments were identified during the 2022 audit as well.

ROLETTE COUNTY

Status of Prior Recommendations - Continued

2021-005: FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition

Rolette County does not currently prepare a fraud risk assessment of the entire entity.

Recommendation

We recommend Rolette County prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

Current Status

Not implemented. Rolette County will look into preparing a fraud risk assessment in the future.

Kimberly Wuori
Rolette County Auditor

ROLETTE COUNTY PUBLIC HEALTH DISTRICT

Date: March 17, 2025
To: Joshua C. Gallion, ND State Auditor
FROM: Janelle Carnahan, Business Manager
RE: Rolette County Public Health District – FY2022 Schedule of Prior Year Findings

2021-003 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS – MATERIAL WEAKNESS

Condition

The Rolette County Water Resource District and Rolette County Public Health District have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

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.

Current Status – Rolette County Public Health District

Not implemented. We have a lack of segregation of duties due to our limited amount of qualified personnel. We have done our best correct this issue going forward - we do now have a Business Manager and Administrator that will help keep duties separated as best as possible.

Anticipated Completion Date

Indefinite.

ROLETTE COUNTY WATER RESOURCE DISTRICT

Date: March 12, 2025
To: Joshua C. Gallion, ND State Auditor
FROM: Mark Heinz and Kurt Lagerquist, Water Resource District Board Members
RE: Rolette County Water Resource District - FY2022 Schedule of Prior Year Findings

2021-003 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS – MATERIAL WEAKNESS Condition

The Rolette County Water Resource District and Rolette County Public Health District have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

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.

Current Status – Rolette County Water Resource District

Not implemented. The Rolette County Water Resource District will segregate duties when it becomes feasible to do so.

Anticipated Completion Date

Indefinite.

2021-004 – LACK OF MEETING MINUTES – COMPONENT UNIT – MATERIAL NONCOMPLIANCE Condition

Rolette County Water Resource District (the District) has not completed board meeting minutes since a fire occurred during 2021. The District confirmed that phone meetings have occurred with a quorum of board members, however, no meeting minutes were documented regarding the board's communication and the board decisions that were made pertaining to the District.

Recommendation

We recommend Rolette County Water Resource District ensure compliance with North Dakota Century Code §61-16.1-04.

Current Status – Rolette County Water Resource District

Not implemented. Starting in 2025, the Water Board will meet regularly and begin keeping meeting minutes.

Anticipated Completion Date

FY2025



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