



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## City of Rolla

Rolla, North Dakota

Audit Report for the Years Ended December 31, 2022 and 2021

*Client Code: PS40100*



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Office of the  
State Auditor

# CITY OF ROLLA

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For the Years Ended December 31, 2022 and 2021

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# CITY OF ROLLA

City Officials

December 31, 2022 and 2021

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## As of December 31, 2022

Kevin Juntunen	Mayor
Blake Gottbreht	Councilman - President
Paula Wilkie	Councilwoman - Vice President
TJ Bergsrud	Councilman
Eleanor McCloud	Councilman
Rebecca Hodggers	Councilwoman
Hovi Mitchell	Councilwoman
Erica McDougall	City Auditor
Cliff Rush	Public Works Director
William Poitra	Police Chief

## As of December 31, 2021

John Hardy	Mayor
Blake Gottbreht	Councilman - President
Paula Wilkie	Councilwoman - Vice President
TJ Bergsrud	Councilman
Rebecca Albert	Councilwoman
Kyle Hardy	Councilman
Hovi Mitchell	Councilwoman
Erica McDougall	City Auditor
Cliff Rush	Public Works Director
William Poitra	Police Chief

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Rolla  
Rolla, North Dakota

### Report on the Audit of the Financial Statements

#### **Qualified and Unmodified Opinions**

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Rolla, North Dakota, as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Rolla's basic financial statements as listed in the table of contents.

#### **Summary of Opinions**

Opinion Unit	2022	2021
Governmental Activities	Unmodified	Unmodified
Business-Type Activities	Unmodified	Unmodified
Major Funds		
General Fund	Unmodified	Unmodified
Special Revenue Fund	Unmodified	Unmodified
Debt Service Fund	Unmodified	Unmodified
Water Fund	Unmodified	Unmodified
Sewer Fund	Unmodified	Unmodified
Garbage Fund	Unmodified	Unmodified
Infrastructure Fund	Unmodified	Unmodified
Aggregate Discretely Presented Component Units	Qualified	Unmodified

#### **Qualified Opinion on the Aggregate Discretely Presented Component Units Information**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units as of and for the year ended December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Unmodified Opinion on Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Discretely Presented Component Units Information**

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the City of Rolla, North Dakota, as of and for the year ended December 31, 2022 and the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units of the City of Rolla, North Dakota, as of and for the year ended December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Qualified and Unmodified Opinions***

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

***Matter Giving Rise to the Qualified Opinion on the Aggregate Discretely Presented Component Units***

For the year ended December 31, 2022, we were unable to obtain sufficient and appropriate evidence surrounding the Rolla Job Development Authority expenditures. During the audit, it was noted that the Rolla Job Development Authority was unable to provide support for 4 out of the 8 expenditures tested, totaling \$4,781. Projecting this error to the Job Development Authority's population resulted in a potential error of approximately \$9,127 to the financial statements.

**Emphasis of Matter – Basis of Accounting**

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

**Emphasis of Matter – Restatement**

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

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

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

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

**CITY OF ROLLA**

Independent Auditor’s Report – Continued

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

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

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rolla’s basic financial statements. The *budgetary comparison schedules and notes to the required supplementary information*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedules and notes to the required supplementary information* 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 12, 2025 on our consideration of the City of Rolla’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rolla’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rolla’s internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 12, 2025

**CITY OF ROLLA**

Statement of Net Position – Modified Cash Basis  
December 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Job Development Authority	Airport Authority
<b>ASSETS</b>					
Cash and Investments	\$ 1,670,743	\$ 743,381	\$ 2,414,125	\$ 314,729	\$ 530,619
Restricted Investments					
Debt Service	-	197,255	197,255	-	-
Emergencies	-	40,000	40,000	-	-
Short Lived Asset	-	32,202	32,202	-	-
Loans Receivable	-	-	-	92,214	-
Capital Assets					
Nondepreciable	75,000	94,000	169,000	81,364	886,113
Depreciable Net	1,410,629	9,986,139	11,396,767	69,409	1,182,528
<b>Total Assets</b>	<b>\$ 3,156,372</b>	<b>\$ 11,092,977</b>	<b>\$ 14,249,349</b>	<b>\$ 557,715</b>	<b>\$ 2,599,259</b>
<b>LIABILITIES</b>					
Grants Received in Advance	\$ 133,093	\$ -	\$ 133,093	\$ -	\$ -
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	92,654	194,710	287,364	-	-
Flex Pace Loan Payable	-	-	-	13,276	-
Due After One Year					
Long-Term Debt	536,890	5,182,621	5,719,511	-	-
Flex Pace Loan Payable	-	-	-	51,013	-
<b>Total Liabilities</b>	<b>\$ 762,636</b>	<b>\$ 5,377,331</b>	<b>\$ 6,139,967</b>	<b>\$ 64,289</b>	<b>\$ -</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 856,085	\$ 5,712,808	\$ 6,568,893	\$ 150,773	\$ 2,068,641
Restricted					
Debt Service	91,902	197,255	289,157	-	-
Short Lived Asset	250,000	32,202	282,202	-	-
General Government	16,356	-	16,356	-	-
Public Works	2,600	-	2,600	-	-
Emergencies	8,565	40,000	48,565	-	-
Economic/Job Development	-	-	-	342,653	-
Culture and Recreation	42,293	-	42,293	-	-
Conservation of Natural Resources	1,000	-	1,000	-	-
Unrestricted	1,124,936	(266,619)	858,317	-	530,619
<b>Total Net Position</b>	<b>\$ 2,393,736</b>	<b>\$ 5,715,646</b>	<b>\$ 8,109,382</b>	<b>\$ 493,426</b>	<b>\$ 2,599,259</b>

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

# CITY OF ROLLA

## Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business- Type Activities	Total	Job Development Authority
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities								
General Government	\$ 420,486	\$ 113,501	\$ -	\$ -	\$ (306,985)		\$ (306,985)	
Public Safety	227,062	-	-	-	(227,062)		(227,062)	
Public Works	395,734	-	331,647	91,782	27,695		27,695	
Flood Prevention	-	-	500	-	500		500	
Economic Development	34,380	-	-	-	(34,380)		(34,380)	
Culture and Recreation	75,810	-	5,577	-	(70,233)		(70,233)	
Interest & Fees on Long-Term Debt	21,341	-	-	-	(21,341)		(21,341)	
<b>Total Governmental Activities</b>	<b>\$ 1,174,813</b>	<b>\$ 113,501</b>	<b>\$ 337,725</b>	<b>\$ 91,782</b>	<b>\$ (631,806)</b>		<b>\$ (631,806)</b>	
Business-Type Activities								
Water	\$ 540,731	\$ 425,566	\$ -	\$ -		\$ (115,165)	\$ (115,165)	
Sewer	149,462	118,806	-	-		(30,655)	(30,655)	
Garbage	321,349	334,842	-	-		13,493	13,493	
Infrastructure	27,500	143,623	-	-		116,123	116,123	
<b>Total Business-Type Activities</b>	<b>\$ 1,039,042</b>	<b>\$ 1,022,837</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,205)</b>	<b>\$ (16,205)</b>	
<b>Total Primary Government</b>	<b>\$ 2,213,855</b>	<b>\$ 1,136,338</b>	<b>\$ 337,725</b>	<b>\$ 91,782</b>	<b>\$ (631,806)</b>	<b>\$ (16,205)</b>	<b>\$ (648,011)</b>	
<b>COMPONENT UNITS</b>								
Job Development Authority	\$ 95,603	\$ -	\$ 1,950	\$ -			\$ (93,653)	\$ -
Airport Authority	77,801	11,410	-	327,510			-	261,119
<b>Total Component Units</b>	<b>\$ 173,404</b>	<b>\$ 11,410</b>	<b>\$ 1,950</b>	<b>\$ 327,510</b>			<b>\$ (93,653)</b>	<b>\$ 261,119</b>
<b>GENERAL REVENUES</b>								
Taxes								
Property Taxes					\$ 263,327	\$ -	\$ 263,327	\$ -
Sales Taxes					497,574	-	497,574	55,585
Non-Restricted Grants and Contributions					117,184	-	117,184	-
Unrestricted Investment Earnings					26,592	1,032	27,624	3,974
Sale of Capital Assets					87,511	-	87,511	3,659
Miscellaneous					55,617	11,961	67,578	13,142
<b>Total General Revenues, Transfers, and Special Items</b>					<b>\$ 1,047,805</b>	<b>\$ 12,993</b>	<b>\$ 1,060,798</b>	<b>\$ 76,360</b>
<b>Changes in Net Position</b>					<b>\$ 415,999</b>	<b>\$ (3,212)</b>	<b>\$ 412,787</b>	<b>\$ (17,294)</b>
<b>Net Position - January 1</b>					<b>\$ 1,977,737</b>	<b>\$ 5,718,857</b>	<b>\$ 7,696,594</b>	<b>\$ 510,719</b>
<b>Net Position - December 31</b>					<b>\$ 2,393,736</b>	<b>\$ 5,715,646</b>	<b>\$ 8,109,382</b>	<b>\$ 493,426</b>

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

**CITY OF ROLLA**

Balance Sheet – Governmental Funds – Modified Cash Basis  
 December 31, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 1,420,743	\$ 250,000	\$ -	\$ 1,670,743
Due from Other Funds	-	242,210		-	242,210
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,662,953</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ 1,912,953</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Grants Received in Advance	\$ -	\$ 133,093		\$ -	\$ 133,093
Due to Other Funds	98,045	-	-	144,164	242,210
<b>Total Liabilities</b>	<b>\$ 98,045</b>	<b>\$ 133,093</b>	<b>\$ -</b>	<b>\$ 144,164</b>	<b>\$ 375,302</b>
Fund Balances					
Restricted					
Debt Service	\$ -	\$ -	\$ -	\$ 91,902	\$ 91,902
Capital Projects Funds	-	-	250,000	-	250,000
General Government	-	16,356	-	-	16,356
Public Works/Streets	-	2,600	-	-	2,600
Emergency	-	8,565	-	-	8,565
Culture & Recreation	-	42,293	-	-	42,293
Conservation of Natural Resources	-	1,000	-	-	1,000
Committed					
General Government	-	95,744	-	-	95,744
Public Works/Streets	-	1,577,244	-	-	1,577,244
Economic Development	-	3,808	-	-	3,808
Unassigned					
General Fund	(98,045)				(98,045)
Negative Fund Balances	-	(217,748)		(236,066)	(453,814)
<b>Total Fund Balances</b>	<b>\$ (98,045)</b>	<b>\$ 1,529,861</b>	<b>\$ 250,000</b>	<b>\$ (144,164)</b>	<b>\$ 1,537,651</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 1,662,953</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ 1,912,953</b>

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

**CITY OF ROLLA**

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

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<b>Total Fund Balances for Governmental Funds</b>	\$ 1,537,651
Total <i>net position</i> reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,485,629
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Long-Term Debt	<u>(629,544)</u>
<b>Total Net Position of Governmental Activities</b>	<u>\$ 2,393,736</u>

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

**CITY OF ROLLA**

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 241,678	\$ 21,442	\$ -	\$ 206	\$ 263,327
Special Assessment Taxes	-	-	-	91,782	91,782
Sales Taxes	10,794	486,781	-	-	497,574
Licenses, Permits and Fees	4,410	-	-	-	4,410
Charges for Services	50,477	58,614	-	-	109,091
Intergovernmental	117,684	212,225	125,000	-	454,909
Interest	21,750	14	-	4,828	26,592
Miscellaneous	27,299	28,318	-	-	55,617
<b>Total Revenues</b>	<b>\$ 474,093</b>	<b>\$ 807,392</b>	<b>\$ 125,000</b>	<b>\$ 96,816</b>	<b>\$ 1,503,301</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$ 353,527	\$ 53,479	\$ -	\$ 8,349	\$ 415,356
Public Safety	257,060	1,000	-	-	258,060
Public Works	-	329,739	-	-	329,739
Economic Development	-	34,380	-	-	34,380
Culture and Recreation	-	64,493	-	-	64,493
Debt Service					
Principal	-	8,226	-	195,000	203,226
Interest	-	754	-	18,196	18,951
Fees	-	-	-	2,390	2,390
<b>Total Expenditures</b>	<b>\$ 610,587</b>	<b>\$ 492,072</b>	<b>\$ -</b>	<b>\$ 223,936</b>	<b>\$ 1,326,595</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (136,494)	\$ 315,320	\$ 125,000	\$ (127,120)	\$ 176,707
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	\$ -	\$ 17,448	\$ -	\$ -	\$ 17,448
Capital Lease Financing	-	-	-	-	-
Insurance Proceeds	-	39,900	-	-	39,900
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ 57,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,348</b>
<b>Net Change in Fund Balances</b>	<b>\$ (136,494)</b>	<b>\$ 372,668</b>	<b>\$ 125,000</b>	<b>\$ (127,120)</b>	<b>\$ 234,055</b>
Fund Balance - January 1	\$ 38,449	\$ 1,157,192	\$ 125,000	\$ (17,044)	\$ 1,303,596
Fund Balance - December 31	\$ (98,045)	\$ 1,529,861	\$ 250,000	\$ (144,164)	\$ 1,537,651

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

**CITY OF ROLLA**

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

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**Net Change in Fund Balances - Total Governmental Funds** \$ 234,055

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

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

Current Year Capital Outlay	\$ 29,764	
Current Year Depreciation Expense	<u>(81,209)</u>	(51,445)

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

Sale of Capital Assets	\$ (39,900)	
Gain on Sale of Capital Assets	<u>87,511</u>	47,611

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

Issuance of Long-Term Debt	\$ (17,448)	
Repayment of Long-Term Debt	<u>203,226</u>	<u>185,778</u>

**Change in Net Position of Governmental Activities** \$ 415,999

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

**CITY OF ROLLA**

Statement of Net Position – Proprietary Funds – Modified Cash Basis  
 December 31, 2022

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>ASSETS</b>					
Current Assets					
Cash and Investments	\$ 263,845	\$ 330,840	\$ 18,850	\$ 129,845	\$ 743,381
Restricted Investments					
Debt Service	80,185	-	-	117,070	197,255
Emergencies	40,000	-	-	-	40,000
Short Lived Asset	32,202	-	-	-	32,202
Total Current Assets	\$ 416,232	\$ 330,840	\$ 18,850	\$ 246,915	\$ 1,012,838
Noncurrent Assets					
Capital Assets					
Nondepreciable	\$ -	\$ 94,000	\$ -	\$ -	\$ 94,000
Depreciable Net	8,024,280	1,961,859	-	-	9,986,139
Total Noncurrent Assets	\$ 8,024,280	\$ 2,055,859	\$ -	\$ -	\$ 10,080,139
Total Assets	\$ 8,440,512	\$ 2,386,699	\$ 18,850	\$ 246,915	\$ 11,092,977
<b>LIABILITIES</b>					
Current Liabilities					
Long-Term Debt	\$ 104,710	\$ -	\$ -	\$ 90,000	\$ 194,710
Noncurrent Liabilities					
Long-Term Debt	\$ 4,262,621	\$ -	\$ -	\$ 920,000	\$ 5,182,621
Total Liabilities	\$ 4,367,331	\$ -	\$ -	\$ 1,010,000	\$ 5,377,331
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 3,656,949	\$ 2,055,859	\$ -	\$ -	\$ 5,712,808
Restricted					
Debt Service	80,185	-	-	117,070	197,255
Emergencies	40,000	-	-	-	40,000
Short Lived Asset	32,202	-	-	-	32,202
Unrestricted	263,845	330,840	18,850	(880,155)	(266,619)
Total Net Position	\$ 4,073,182	\$ 2,386,699	\$ 18,850	\$ (763,085)	\$ 5,715,646

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

**CITY OF ROLLA**

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds – Modified Cash Basis  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 425,566	\$ 118,806	\$ 334,842	\$ 143,623	\$ 1,022,837
Total Operating Revenues	\$ 425,566	\$ 118,806	\$ 334,842	\$ 143,623	\$ 1,022,837
<b>OPERATING EXPENSES</b>					
Salaries and wages	\$ 73,544	\$ 39,255	\$ 29,535	\$ -	\$ 142,334
Health Insurance	23,923	6,817	5,286	-	36,025
Engineering Fees	1,849	-	-	-	1,849
Sewer Jet	7,640	-	-	-	7,640
Utilities	1,096	1,103	-	-	2,198
Garbage	-	-	243,929	-	243,929
Supplies	40,124	3,906	686	-	44,716
Repair/Maintenance	12,887	5,280	32,907	-	51,074
Office Supplies/Postage	1,434	4,131	1,070	-	6,635
Gas, Oil, Diesel Fuel	37,627	7,204	3,811	-	48,643
Dues and Memberships	983	754	90	-	1,826
Professional Services	3,844	-	-	-	3,844
Contract Labor	13,107	1,430	3,250	-	17,787
Miscellaneous Expense	-	-	785	-	785
Depreciation	196,507	79,583	-	-	276,090
Total Operating Expenses	\$ 414,564	\$ 149,462	\$ 321,349	\$ -	\$ 885,375
Operating Income	\$ 11,002	\$ (30,655)	\$ 13,493	\$ 143,623	\$ 137,462
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	\$ 236	\$ 796	\$ -	\$ -	\$ 1,032
Rental Income	-	4,311	-	-	4,311
Miscellaneous Reimbursements	-	7,650	-	-	7,650
Interest Expense and Service Charges	(126,167)	-	-	(27,500)	(153,667)
Total Nonoperating Revenues (Expenses)	\$ (125,931)	\$ 12,757	\$ -	\$ (27,500)	\$ (140,674)
Change in Net Position	\$ (114,929)	\$ (17,898)	\$ 13,493	\$ 116,123	\$ (3,212)
Net Position - January 1	\$ 4,188,111	\$ 2,404,597	\$ 5,357	\$ (879,207)	\$ 5,718,857
Net Position - December 31	\$ 4,073,182	\$ 2,386,699	\$ 18,850	\$ (763,085)	\$ 5,715,646

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

**CITY OF ROLLA**

Statement of Cash Flows – Proprietary Funds – Modified Cash Basis  
 For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 425,566	\$ 118,806	\$ 334,842	\$ 143,623	\$ 1,022,837
Payments to Suppliers	(120,591)	(23,807)	(286,528)	-	(430,926)
Payments to Employees	(97,466)	(46,072)	(34,821)	-	(178,359)
Net Cash Provided (Used) by Operating Activities	\$ 207,509	\$ 48,927	\$ 13,493	\$ 143,623	\$ 413,552
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Rental Income	\$ -	\$ 4,311	\$ -	\$ -	\$ 4,311
Reimbursements	-	7,650	-	-	7,650
Principal Paid on Capital Debt	(98,974)	-	-	(90,000)	(188,974)
Interest and Fees Paid on Capital Debt	(126,167)	-	-	(27,500)	(153,667)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (225,141)	\$ 11,961	\$ -	\$ (117,500)	\$ (330,680)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Income	\$ 236	\$ 796	\$ -	\$ -	\$ 1,032
Net Increase (Decrease) in Cash & Cash Equivalents	\$ (17,396)	\$ 61,685	\$ 13,493	\$ 26,123	\$ 83,904
Cash and Cash Equivalents - January 1	\$ 433,628	\$ 269,156	\$ 5,357	\$ 220,793	\$ 928,934
Cash and Cash Equivalents - December 31	\$ 416,232	\$ 330,840	\$ 18,850	\$ 246,915	\$ 1,012,838
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 11,002	\$ (30,655)	\$ 13,493	\$ 143,623	\$ 137,462
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	\$ 196,507	\$ 79,583	\$ -	\$ -	\$ 276,090
Net Cash Provided (Used) by Operating Activities	\$ 207,509	\$ 48,927	\$ 13,493	\$ 143,623	\$ 413,552

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

**CITY OF ROLLA**

Statement of Net Position – Modified Cash Basis  
 December 31, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Job Development Authority	Airport Authority
<b>ASSETS</b>					
Cash and Investments	\$ 1,401,884	\$ 659,477	\$ 2,061,361	\$ 222,881	\$ 343,923
Restricted Investments					
Debt Service	-	197,255	197,255	-	-
Emergencies	-	40,000	40,000	-	-
Short Lived Asset	-	32,202	32,202	-	-
Loans Receivable	-	-	-	88,661	-
Capital Assets					
Nondepreciable	75,000	94,000	169,000	190,035	751,948
Depreciable Net	1,414,463	10,262,228	11,676,691	74,660	1,220,292
<b>Total Assets</b>	<b>\$ 2,891,346</b>	<b>\$ 11,285,162</b>	<b>\$ 14,176,509</b>	<b>\$ 576,237</b>	<b>\$ 2,316,163</b>
<b>LIABILITIES</b>					
Grants Received in Advance	\$ 98,287	\$ -	\$ 98,287	\$ -	\$ -
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	197,410	190,638	388,048	6,094	-
Flex Pace Loan Payable	-	-	-	13,325	-
Due After One Year					
Long-Term Debt	617,912	5,375,667	5,993,579	-	-
Flex Pace Loan Payable	-	-	-	46,099	-
<b>Total Liabilities</b>	<b>\$ 913,609</b>	<b>\$ 5,566,305</b>	<b>\$ 6,479,914</b>	<b>\$ 65,518</b>	<b>\$ -</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 674,141	\$ 5,889,923	\$ 6,564,064	\$ 264,695	\$ 1,972,240
Restricted					
Debt Service	94,346	197,255	291,601	-	-
Short Lived Asset	125,000	32,202	157,202	-	-
General Government	24,686	-	24,686	-	-
Public Works	2,600	-	2,600	-	-
Emergencies	8,426	40,000	48,426	-	-
Economic/Job Development	-	-	-	246,024	-
Culture and Recreation	45,275	-	45,275	-	-
Conservation of Natural Resources	1,000	-	1,000	-	-
Unrestricted	1,002,264	(440,523)	561,741	-	343,923
<b>Total Net Position</b>	<b>\$ 1,977,737</b>	<b>\$ 5,718,857</b>	<b>\$ 7,696,594</b>	<b>\$ 510,719</b>	<b>\$ 2,316,163</b>

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

**CITY OF ROLLA**  
**Statement of Activities – Modified Cash Basis**  
**For the Year Ended December 31, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-Type Activities	Job Development Authority	Airport Authority	
<b>PRIMARY GOVERNMENT</b>									
<b>Governmental Activities</b>									
General Government	\$ 382,591	\$ 107,885	\$ -	\$ -	\$ (274,706)		\$ (274,706)		
Public Safety	280,436	-	13,499	-	(266,938)		(266,938)		
Public Works	264,738	-	134,571	116,747	(13,421)		(13,421)		
Economic Development	22,916	-	-	-	(22,916)		(22,916)		
Culture and Recreation	49,168	-	-	-	(49,168)		(49,168)		
Interest & Fees on Long-Term Debt	25,108	-	-	-	(25,108)		(25,108)		
<b>Total Governmental Activities</b>	<b>\$ 1,024,958</b>	<b>\$ 107,885</b>	<b>\$ 148,070</b>	<b>\$ 116,747</b>	<b>\$ (652,256)</b>		<b>\$ (652,256)</b>		
<b>Business-Type Activities</b>									
Water	\$ 649,876	\$ 447,283	\$ -	\$ -		\$ (202,593)	\$ (202,593)		
Sewer	134,836	118,887	-	-		(15,949)	(15,949)		
Garbage	292,110	257,544	-	-		(34,566)	(34,566)		
Infrastructure	29,625	143,592	-	-		113,967	113,967		
<b>Total Business-Type Activities</b>	<b>\$ 1,106,448</b>	<b>\$ 967,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (139,141)</b>	<b>\$ (139,141)</b>		
<b>Total Primary Government</b>	<b>\$ 2,131,406</b>	<b>\$ 1,075,192</b>	<b>\$ 148,070</b>	<b>\$ 116,747</b>	<b>\$ (652,256)</b>	<b>\$ (139,141)</b>	<b>\$ (791,397)</b>		
<b>COMPONENT UNITS</b>									
Job Development Authority	\$ 90,074	\$ -	\$ -	\$ 52,931			\$ (37,143)	\$ -	
Airport Authority	69,018	10,699	20,000	659,206			-	620,886	
<b>Total Component Units</b>	<b>\$ 159,093</b>	<b>\$ 10,699</b>	<b>\$ 20,000</b>	<b>\$ 712,137</b>			<b>\$ (37,143)</b>	<b>\$ 620,886</b>	
<b>GENERAL REVENUES</b>									
<b>Taxes</b>									
Property Taxes					\$ 274,838	\$ -	\$ 274,838	\$ -	\$ 15,731
Sales Taxes					488,837	-	488,837	51,314	-
Non-Restricted Grants and Contributions					121,980	-	121,980	-	-
Unrestricted Investment Earnings					30,147	1,297	31,443	5,555	29
Miscellaneous					33,528	4,434	37,962	1,700	178
Net Cash Transfers					(241,717)	241,717	-	-	-
<b>Total General Revenues and Transfers</b>					<b>\$ 707,613</b>	<b>\$ 247,448</b>	<b>\$ 955,061</b>	<b>\$ 58,569</b>	<b>\$ 15,938</b>
<b>Changes in Net Position</b>					<b>\$ 55,357</b>	<b>\$ 108,307</b>	<b>\$ 163,663</b>	<b>\$ 21,426</b>	<b>\$ 636,825</b>
<b>Net Position - January 1</b>					<b>\$ 1,922,380</b>	<b>\$ 5,610,551</b>	<b>\$ 7,532,931</b>	<b>\$ 540,142</b>	<b>\$ 1,679,338</b>
<b>Prior Period Adjustments</b>					<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (50,849)</b>	<b>\$ -</b>
<b>Net Position - January 1, as restated</b>					<b>\$ 1,922,380</b>	<b>\$ 5,610,551</b>	<b>\$ 7,532,931</b>	<b>\$ 489,293</b>	<b>\$ 1,679,338</b>
<b>Net Position - December 31</b>					<b>\$ 1,977,737</b>	<b>\$ 5,718,857</b>	<b>\$ 7,696,594</b>	<b>\$ 510,719</b>	<b>\$ 2,316,163</b>

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

# CITY OF ROLLA

Balance Sheet – Governmental Funds – Modified Cash Basis  
December 31, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 38,449	\$ 1,238,435	\$ 125,000	\$ -	\$ 1,401,884
Due from Other Funds	-	17,044	-	-	17,044
<b>Total Assets</b>	<b>\$ 38,449</b>	<b>\$ 1,255,479</b>	<b>\$ 125,000</b>	<b>\$ -</b>	<b>\$ 1,418,928</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Grants Received in Advance	\$ -	\$ 98,287	-	\$ -	\$ 98,287
Due to Other Funds	-	-	-	17,044	17,044
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 98,287</b>	<b>\$ -</b>	<b>\$ 17,044</b>	<b>\$ 115,332</b>
Fund Balances					
<b>Non-Spendable:</b>					
Restricted					
Debt Service	\$ -	\$ -	\$ -	\$ 94,346	\$ 94,346
Capital Projects Funds	-	-	125,000	-	125,000
General Government	-	24,686	-	-	24,686
Public Works/Streets	-	2,600	-	-	2,600
Emergency	-	8,426	-	-	8,426
Culture & Recreation	-	45,275	-	-	45,275
Conservation of Natural Resources	-	1,000	-	-	1,000
Committed					
General Government	-	88,759	-	-	88,759
Public Works/Streets	-	1,104,360	-	-	1,104,360
Economic Development	-	13,827	-	-	13,827
Unassigned					
General Fund	38,449	-	-	-	38,449
Negative Fund Balances	-	(131,741)	-	(111,391)	(243,132)
<b>Total Fund Balances</b>	<b>\$ 38,449</b>	<b>\$ 1,157,192</b>	<b>\$ 125,000</b>	<b>\$ (17,044)</b>	<b>\$ 1,303,596</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 38,449</b>	<b>\$ 1,255,479</b>	<b>\$ 125,000</b>	<b>\$ -</b>	<b>\$ 1,418,928</b>

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

**CITY OF ROLLA**

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position – Modified Cash Basis  
December 31, 2021

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**Total Fund Balances for Governmental Funds** \$ 1,303,596

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,489,463

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 (815,322)

**Total Net Position of Governmental Activities** \$ 1,977,737

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

# CITY OF ROLLA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash Basis  
For the Year Ended December 31, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 246,763	\$ 22,491	\$ -	\$ 5,584	\$ 274,838
Special Assessment Taxes	-	-	-	116,747	116,747
Sales Taxes	13,504	475,334	-	-	488,837
Licenses, Permits and Fees	4,370	-	-	-	4,370
Charges for Services	45,667	57,848	-	-	103,515
Intergovernmental	135,478	134,571	-	-	270,049
Interest	24,955	52	-	5,139	30,147
Miscellaneous	17,168	16,360	-	-	33,528
<b>Total Revenues</b>	<b>\$ 487,905</b>	<b>\$ 706,656</b>	<b>\$ -</b>	<b>\$ 127,470</b>	<b>\$ 1,322,031</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$ 326,504	\$ 47,012	\$ -	\$ 3,945	\$ 377,461
Public Safety	251,575	-	-	-	251,575
Public Works	4,200	212,130	-	-	216,330
Economic Development	-	22,916	-	-	22,916
Culture and Recreation	-	37,850	-	-	37,850
Capital Outlay	45,729	-	-	-	45,729
Debt Service					
Principal	-	8,028	-	190,000	198,028
Interest	-	621	-	22,446	23,068
Fees	-	-	-	2,040	2,040
<b>Total Expenditures</b>	<b>\$ 628,008</b>	<b>\$ 328,558</b>	<b>\$ -</b>	<b>\$ 218,431</b>	<b>\$ 1,174,997</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (140,103)	\$ 378,098	\$ -	\$ (90,961)	\$ 147,034
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	\$ -	\$ 9,653	\$ -	\$ -	\$ 9,653
Transfers Out	-	(241,717)	-	-	(241,717)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ (232,064)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (232,064)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (140,103)</b>	<b>\$ 146,034</b>	<b>\$ -</b>	<b>\$ (90,961)</b>	<b>\$ (85,030)</b>
Fund Balance - January 1	\$ 178,552	\$ 1,136,158	\$ -	\$ 73,916	\$ 1,388,626
Prior Period Adjustment		\$ (125,000)	\$ 125,000		
Fund Balance - January 1, as restated	\$ 178,552	\$ 1,011,158	\$ 125,000	\$ 73,916	\$ 1,388,626
Fund Balance - December 31	\$ 38,449	\$ 1,157,192	\$ 125,000	\$ (17,044)	\$ 1,303,596

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

**CITY OF ROLLA**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Modified Cash Basis  
For the Year Ended December 31, 2021

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**Net Change in Fund Balances - Total Governmental Funds** \$ (85,030)

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

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

Current Year Capital Outlay	\$ 56,449	
Current Year Depreciation Expense	<u>(104,438)</u>	(47,989)

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

Issuance of Long-Term Debt	\$ (9,653)	
Repayment of Long-Term Debt	<u>198,028</u>	<u>188,375</u>

**Change in Net Position of Governmental Activities** \$ 55,357

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

**CITY OF ROLLA**

Statement of Net Position – Proprietary Funds – Modified Cash Basis  
 December 31, 2021

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>ASSETS</b>					
Current Assets					
Cash and Investments	\$ 281,241	\$ 269,156	\$ 5,357	\$ 103,723	\$ 659,477
Restricted Investments					
Debt Service	80,185	-	-	117,070	197,255
Emergencies	40,000	-	-	-	40,000
Short Lived Asset	32,202	-	-	-	32,202
Total Current Assets	<u>\$ 433,628</u>	<u>\$ 269,156</u>	<u>\$ 5,357</u>	<u>\$ 220,793</u>	<u>\$ 928,934</u>
Noncurrent Assets					
Capital Assets					
Nondepreciable	\$ -	\$ 94,000	\$ -	\$ -	\$ 94,000
Depreciable Net	8,220,787	2,041,441	-	-	10,262,228
Total Noncurrent Assets	<u>\$ 8,220,787</u>	<u>\$ 2,135,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,356,228</u>
Total Assets	<u>\$ 8,654,416</u>	<u>\$ 2,404,597</u>	<u>\$ 5,357</u>	<u>\$ 220,793</u>	<u>\$ 11,285,162</u>
<b>LIABILITIES</b>					
Current Liabilities					
Long-Term Debt	\$ 100,638	\$ -	\$ -	\$ 90,000	\$ 190,638
Noncurrent Liabilities					
Long-Term Debt	\$ 4,365,667	\$ -	\$ -	\$ 1,010,000	\$ 5,375,667
Total Liabilities	<u>\$ 4,466,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>\$ 5,566,305</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 3,754,482	\$ 2,135,441	\$ -	\$ -	\$ 5,889,923
Restricted					
Debt Service	80,185	-	-	117,070	197,255
Emergencies	40,000	-	-	-	40,000
Short Lived Asset	32,202	-	-	-	32,202
Unrestricted	281,241	269,156	5,357	(996,277)	(440,523)
Total Net Position	<u>\$ 4,188,111</u>	<u>\$ 2,404,597</u>	<u>\$ 5,357</u>	<u>\$ (879,207)</u>	<u>\$ 5,718,857</u>

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

**CITY OF ROLLA**

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds – Modified Cash Basis  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 447,283	\$ 118,887	\$ 257,544	\$ 143,592	\$ 967,307
Miscellaneous	-	123	-	-	123
<b>Total Operating Revenues</b>	<b>\$ 447,283</b>	<b>\$ 119,010</b>	<b>\$ 257,544</b>	<b>\$ 143,592</b>	<b>\$ 967,430</b>
<b>OPERATING EXPENSES</b>					
Salaries and wages	\$ 75,259	\$ 35,475	\$ 39,540	\$ -	\$ 150,273
Health Insurance	23,127	5,126	3,598	-	31,851
Engineering Fees	25,180	-	-	-	25,180
Utilities	1,110	1,211	-	-	2,321
Garbage	-	-	233,313	-	233,313
Supplies	87,773	2,870	1,663	-	92,307
Repair/Maintenance	37,708	404	10,596	-	48,707
Office Supplies/Postage	1,684	4,152	795	-	6,631
Gas, Oil, Diesel Fuel	36,568	6,015	2,332	-	44,915
Machinery & Equipment	744	-	-	-	744
Dues and Memberships	-	-	167	-	167
Professional Services	12,366	-	-	-	12,366
Contract Labor	10,651	-	106	-	10,757
Miscellaneous Expense	305	-	-	-	305
Depreciation	196,507	79,583	-	-	276,090
<b>Total Operating Expenses</b>	<b>\$ 508,981</b>	<b>\$ 134,836</b>	<b>\$ 292,110</b>	<b>\$ -</b>	<b>\$ 935,928</b>
<b>Operating Income</b>	<b>\$ (61,698)</b>	<b>\$ (15,826)</b>	<b>\$ (34,566)</b>	<b>\$ 143,592</b>	<b>\$ 31,502</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	\$ 501	\$ 796	\$ -	\$ -	\$ 1,297
Rental Income	-	4,311	-	-	4,311
Interest Expense and Service Charges	(140,895)	-	-	(29,625)	(170,520)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (140,395)</b>	<b>\$ 5,107</b>	<b>\$ -</b>	<b>\$ (29,625)</b>	<b>\$ (164,912)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (202,092)</b>	<b>\$ (10,719)</b>	<b>\$ (34,566)</b>	<b>\$ 113,967</b>	<b>\$ (133,410)</b>
Transfers In	\$ 321,382	\$ -	\$ -	\$ 114,625	\$ 436,007
Transfers Out	(50,698)	-	-	(143,592)	(194,290)
<b>Change in Net Position</b>	<b>\$ 68,592</b>	<b>\$ (10,719)</b>	<b>\$ (34,566)</b>	<b>\$ 85,000</b>	<b>\$ 108,307</b>
<b>Net Position - January 1</b>	<b>\$ 4,119,519</b>	<b>\$ 2,415,316</b>	<b>\$ 39,923</b>	<b>\$ (964,207)</b>	<b>\$ 5,610,551</b>
<b>Net Position - December 31</b>	<b>\$ 4,188,111</b>	<b>\$ 2,404,597</b>	<b>\$ 5,357</b>	<b>\$ (879,207)</b>	<b>\$ 5,718,857</b>

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

# CITY OF ROLLA

Statement of Cash Flows – Proprietary Funds – Modified Cash Basis  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage Fund	Infrastructure Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 447,283	\$ 118,887	\$ 257,544	\$ 143,592	\$ 967,307
Payments to Suppliers	(214,088)	(14,653)	(248,973)	-	(477,713)
Payments to Employees	(98,386)	(40,601)	(43,137)	-	(182,124)
Other Receipts	-	123	-	-	123
Net Cash Provided (Used) by Operating Activities	\$ 134,810	\$ 63,757	\$ (34,566)	\$ 143,592	\$ 307,592
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	\$ 321,382	\$ -	\$ -	\$ 114,625	\$ 436,007
Transfers Out	(50,698)	-	-	(143,592)	(194,290)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 270,684	\$ -	\$ -	\$ (28,967)	\$ 241,717
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Rental income	\$ -	\$ 4,311	\$ -	\$ -	\$ 4,311
Purchases and Construction of Capital Assets	(70,000)	-	-	-	(70,000)
Principal Paid on Capital Debt	(273,622)	-	-	(85,000)	(358,622)
Interest and Fees Paid on Capital Debt	(140,895)	-	-	(29,625)	(170,520)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (484,517)	\$ 4,311	\$ -	\$ (114,625)	\$ (594,831)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Income	\$ 501	\$ 796	\$ -	\$ -	\$ 1,297
Net Increase (Decrease) in Cash & Cash Equivalents	\$ (78,522)	\$ 68,863	\$ (34,566)	\$ -	\$ (44,225)
Cash and Cash Equivalents - January 1	\$ 512,150	\$ 200,292	\$ 39,923	\$ 220,793	\$ 973,159
Cash and Cash Equivalents - December 31	\$ 433,628	\$ 269,156	\$ 5,357	\$ 220,793	\$ 928,934
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (61,698)	\$ (15,826)	\$ (34,566)	\$ 143,592	\$ 31,502
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	\$ 196,507	\$ 79,583	\$ -	\$ -	\$ 276,090
Net Cash Provided (Used) by Operating Activities	\$ 134,810	\$ 63,757	\$ (34,566)	\$ 143,592	\$ 307,592

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

# CITY OF ROLLA

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Rolla ("City") have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

### Reporting Entity

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

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

### Component Units

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

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

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

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

### Basis of Presentation

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

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

## CITY OF ROLLA

### Notes to the Financial Statements – Continued

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

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

### **Cash**

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

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

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

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**Capital Assets**

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

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

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

**Long-Term Liabilities**

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

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

**Fund Balance**

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

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

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

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

**Net Position**

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

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

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

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

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

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**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: PRIOR PERIOD ADJUSTMENTS**

**Primary Government**

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

<b>Primary Government - Special Revenue Fund</b>	<b>Amounts</b>
Beginning Fund Balance, as previously reported	\$ 1,136,158
<b>Adjustments to restate the January 1, 2021 Fund Balance:</b>	
Fund Balance Classification Change PPA	(125,000)
Fund Balance January 1, as restated	\$ 1,011,158

<b>Primary Government - Capital Project Fund</b>	<b>Amounts</b>
Beginning Fund Balance, as previously reported	\$ -
<b>Adjustments to restate the January 1, 2021 Fund Balance:</b>	
Fund Balance Classification Change PPA	125,000
Fund Balance January 1, as restated	\$ 125,000

**Component Unit – Job Development Authority**

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

<b>Component Unit - Job Development Authority</b>	<b>Amounts</b>
Beginning Net Position, as previously reported	\$ 540,142
<b>Adjustments to restate the January 1, 2021 Net Position:</b>	
Capital Asset, Net PPA	9,750
Loans Receivable PPA	(68,002)
Flex Pace Loans Payable PPA	(12,750)
Net Position January 1, as restated	\$ 469,140

**NOTE 3: DEPOSITS**

**Custodial Credit Risk**

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

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

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

At year ended December 31, 2022, the City's carrying amount of deposits totaled \$2,683,505, and the bank balances totaled \$2,824,456. Of the bank balances, \$526,625 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2021, the City's and Job Development Authority's carrying amount of deposits totaled \$2,553,498 and the bank balances totaled \$2,600,370. Of the bank balances, \$526,625 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2022, the Airport's carrying amount of deposits totaled \$530,618 and the bank balances totaled \$530,618. The remaining bank balances, besides \$30,619 of the bank balances which were uninsured and uncollateralized, were covered by Federal Depository Insurance.

At year ended December 31, 2021, the Airport's carrying amount of deposits totaled \$343,923 and the bank balances totaled \$343,923. The remaining bank balances, besides \$365 of the bank balances which were uninsured and uncollateralized, were covered by Federal Depository Insurance.

At year ended December 31, 2022, the Job Development Authority's carrying amount of deposits totaled \$314,606, and the bank balances totaled \$314,606, all of which were covered by Federal Depository Insurance.

**NOTE 4: RESTRICTED INVESTMENTS**

According to the terms of the City's loan and bond agreements, the City must maintain \$161,642 in reserve accounts restricted for debt service, \$40,000 for emergencies and extensions, and a short lived asset reserve will have annual transfers for the life of the loan in the amount of \$6,533. At December 31, 2022, \$269,457 was held in the required reserves.

**NOTE 5: 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.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**NOTE 6: CAPITAL ASSETS**

**Governmental Activities**

The following is a summary of changes in capital assets for the years ended 2022 and 2021:

<b>Governmental Activities</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/22</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 75,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,000</b>
<i>Capital assets, being depreciated</i>					
Buildings	\$ 1,032,882	\$ -	\$ -	\$ -	\$ 1,032,882
Infrastructure Improvements	1,233,920	-	-	-	1,233,920
Machinery & Equipment	800,928	114,764	186,000	-	729,692
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 3,067,730</b>	<b>\$ 114,764</b>	<b>\$ 186,000</b>	<b>\$ -</b>	<b>\$ 2,996,494</b>
<i>Less accumulated depreciation for</i>					
Buildings	\$ 865,229	\$ 14,454	\$ -	\$ -	\$ 879,683
Infrastructure Improvements	172,685	24,935	-	-	197,619
Machinery & Equipment	615,354	41,820	148,611	-	508,563
<b>Total Accumulated Depreciation</b>	<b>\$ 1,653,268</b>	<b>\$ 81,209</b>	<b>\$ 148,611</b>	<b>\$ -</b>	<b>\$ 1,585,866</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 1,414,463</b>	<b>\$ 33,555</b>	<b>\$ 37,389</b>	<b>\$ -</b>	<b>\$ 1,410,629</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,489,463</b>	<b>\$ 33,555</b>	<b>\$ 37,389</b>	<b>\$ -</b>	<b>\$ 1,485,629</b>

<b>Governmental Activities</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/21</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 75,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,000</b>
<i>Capital assets, being depreciated</i>					
Buildings	\$ 1,032,882	\$ -	\$ -	\$ -	\$ 1,032,882
Infrastructure Improvements	1,233,920	-	-	-	1,233,920
Machinery & Equipment	744,479	56,449	-	-	800,928
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 3,011,281</b>	<b>\$ 56,449</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,067,730</b>
<i>Less accumulated depreciation for</i>					
Buildings	\$ 850,775	\$ 14,454	\$ -	\$ -	\$ 865,229
Infrastructure Improvements	147,750	24,935	-	-	172,685
Machinery & Equipment	550,305	65,049	-	-	615,354
<b>Total Accumulated Depreciation</b>	<b>\$ 1,548,830</b>	<b>\$ 104,438</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,653,268</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 1,462,451</b>	<b>\$ (47,989)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,414,463</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,537,451</b>	<b>\$ (47,989)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,489,463</b>

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

<b>Governmental Activities</b>	<b>2022</b>	<b>2021</b>
General Government	\$ 5,130	\$ 5,130
Public Works	45,103	59,128
Public Safety	19,658	28,862
Culture & Recreation	11,318	11,318
<b>Total Depreciation Expense</b>	<b>\$ 81,209</b>	<b>\$ 104,438</b>

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**Business-Type Activities**

Water Fund

The following is a summary of changes in capital assets for the years ended 2022 and 2021:

<b>Business-Type Activity - Water Fund</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/22</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 8,116,583	\$ -	\$ -	\$ -	\$ 8,116,583
Buildings	1,491,611	-	-	-	1,491,611
Machinery & Equipment	49,692	-	-	-	49,692
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 9,657,886</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,657,886</b>
<i>Less accumulated depreciation for</i>					
Infrastructure	476,133	162,332	-	-	638,465
Buildings	918,379	33,629	-	-	952,007
Machinery & Equipment	42,587	547	-	-	43,133
<b>Total Accumulated Depreciation</b>	<b>\$ 1,437,099</b>	<b>\$ 196,507</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,633,606</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 8,220,787</b>	<b>\$ (196,507)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,024,280</b>
<b>Toal Capital Assets, Net</b>	<b>\$ 8,220,787</b>	<b>\$ (196,507)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,024,280</b>

<b>Business-Type Activity - Water Fund</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/21</b>
<i>Capital assets not being depreciated</i>					
Construction in Progress	\$ 4,124,062	\$ 70,000	\$ -	\$(4,194,062)	\$ -
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 4,124,062</b>	<b>\$ 70,000</b>	<b>\$ -</b>	<b>\$(4,194,062)</b>	<b>\$ -</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 3,922,521	\$ -	\$ -	\$ 4,194,062	\$ 8,116,583
Buildings	1,491,611	-	-	-	1,491,611
Machinery & Equipment	49,692	-	-	-	49,692
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 5,463,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,194,062</b>	<b>\$ 9,657,886</b>
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 313,802	\$ 162,332	\$ -	\$ -	\$ 476,133
Buildings	884,750	33,629	-	-	918,379
Machinery & Equipment	42,040	547	-	-	42,587
<b>Total Accumulated Depreciation</b>	<b>\$ 1,240,592</b>	<b>\$ 196,507</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,437,099</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 4,223,232</b>	<b>\$ (196,507)</b>	<b>\$ -</b>	<b>\$ 4,194,062</b>	<b>\$ 8,220,787</b>
<b>Toal Capital Assets, Net</b>	<b>\$ 8,347,295</b>	<b>\$ (126,507)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,220,787</b>

Depreciation expense was charged to the Water function.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

Sewer Fund

The following is a summary of changes in capital assets for the years ended 2022 and 2021:

<b>Business-Type Activity - Sewer Fund</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/22</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 94,000	\$ -	\$ -		\$ 94,000
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 94,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,000</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 2,939,102	\$ -	\$ -	\$ -	\$ 2,939,102
Buildings	250,000	-	-	-	250,000
Machinery & Equipment	168,051	-	-	-	168,051
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 3,357,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,357,153</b>
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 1,031,721	\$ 62,740	\$ -		\$ 1,094,461
Buildings	161,500	9,500	-		171,000
Machinery & Equipment	122,491	7,343	-		129,833
<b>Total Accumulated Depreciation</b>	<b>\$ 1,315,712</b>	<b>\$ 79,583</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,395,295</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 2,041,441</b>	<b>\$ (79,583)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,961,859</b>
<b>Total Capital Assets, Net</b>	<b>\$ 2,135,441</b>	<b>\$ (79,583)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,055,859</b>

<b>Business-Type Activity - Sewer Fund</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/21</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 94,000	\$ -	\$ -		\$ 94,000
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 94,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,000</b>
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 2,939,102	\$ -	\$ -	\$ -	\$ 2,939,102
Buildings	250,000	-	-	-	250,000
Machinery & Equipment	168,051	-	-	-	168,051
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 3,357,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,357,153</b>
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 968,981	\$ 62,740	\$ -		\$ 1,031,721
Buildings	152,000	9,500	-		161,500
Machinery & Equipment	115,148	7,343	-		122,491
<b>Total Accumulated Depreciation</b>	<b>\$ 1,236,129</b>	<b>\$ 79,583</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,315,712</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 2,121,024</b>	<b>\$ (79,583)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,041,441</b>
<b>Total Capital Assets, Net</b>	<b>\$ 2,215,024</b>	<b>\$ (79,583)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,135,441</b>

Depreciation expense was charged to the Sewer function.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**Discretely Presented Component Units**

Airport Authority

The following is a summary of changes in capital assets for the years ended 2022 and 2021:

<b>Airport Authority</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/22</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 14,540	\$ -	\$ -	\$ -	\$ 14,540
Construction in Progress	737,408	155,370	-	(21,205)	871,573
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 751,948</b>	<b>\$ 155,370</b>	<b>\$ -</b>	<b>\$ (21,205)</b>	<b>\$ 886,113</b>
<i>Capital assets, being depreciated</i>					
Buildings & Infrastructure	\$ 1,549,878	\$ -	\$ -	\$ -	\$ 1,549,878
Machinery & Equipment	302,816	-	-	21,205	324,021
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 1,852,694</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,205</b>	<b>\$ 1,873,899</b>
<i>Less accumulated depreciation for</i>					
Buildings & Infrastructure	\$ 427,631	\$ 50,721	\$ -	\$ -	\$ 478,352
Machinery & Equipment	204,772	8,248	-	-	213,020
<b>Total Accumulated Depreciation</b>	<b>\$ 632,403</b>	<b>\$ 58,969</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 691,372</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 1,220,292</b>	<b>\$ (58,969)</b>	<b>\$ -</b>	<b>\$ 21,205</b>	<b>\$ 1,182,527</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,972,240</b>	<b>\$ 96,401</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,068,640</b>

<b>Airport Authority</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/21</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 14,540	\$ -	\$ -	\$ -	\$ 14,540
Construction in Progress	93,119	644,289	-	-	737,408
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 107,659</b>	<b>\$ 644,289</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 751,948</b>
<i>Capital assets, being depreciated</i>					
Buildings & Infrastructure	\$ 1,549,878	\$ -	\$ -	\$ -	\$ 1,549,878
Machinery & Equipment	302,816	-	-	-	302,816
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 1,852,694</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,852,694</b>
<i>Less accumulated depreciation for</i>					
Buildings & Infrastructure	\$ 376,910	\$ 50,721	\$ -	\$ -	\$ 427,631
Machinery & Equipment	198,644	6,128	-	-	204,772
<b>Total Accumulated Depreciation</b>	<b>\$ 575,555</b>	<b>\$ 56,848</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 632,403</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 1,277,140</b>	<b>\$ (56,848)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,220,292</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,384,799</b>	<b>\$ 587,440</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,972,240</b>

Depreciation expense was charged to the general government function.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

Job Development Authority

The following is a summary of changes in capital assets for the years ended 2022 and 2021:

<b>Job Development Authority</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/22</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 57,001	\$ -	\$ -	\$ -	\$ 57,001
Construction in Progress	133,034	8,270	-	(116,941)	24,363
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 190,035</b>	<b>\$ 8,270</b>	<b>\$ -</b>	<b>\$ (116,941)</b>	<b>\$ 81,364</b>
<i>Capital assets, being depreciated</i>					
Buildings & Building Improvements	\$ 25,121	\$ -	\$ -	\$ -	\$ 25,121
Infrastructure	54,791	-	116,941	116,941	54,791
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 79,912</b>	<b>\$ -</b>	<b>\$ 116,941</b>	<b>\$ 116,941</b>	<b>\$ 79,912</b>
<i>Less accumulated depreciation for</i>					
Buildings & Building Improvements	\$ 2,512	\$ 2,512	\$ -	\$ -	\$ 5,024
Infrastructure	2,740	2,740	-	-	5,479
<b>Total Accumulated Depreciation</b>	<b>\$ 5,252</b>	<b>\$ 5,252</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,503</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 74,660</b>	<b>\$ (5,252)</b>	<b>\$ 116,941</b>	<b>\$ 116,941</b>	<b>\$ 69,409</b>
<b>Toal Capital Assets, Net</b>	<b>\$ 264,695</b>	<b>\$ 3,019</b>	<b>\$ 116,941</b>	<b>\$ -</b>	<b>\$ 150,773</b>

<b>Job Development Authority</b>	<b>Restated Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance 12/31/21</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 57,001		\$ 16,918	\$ 16,918	\$ 57,001
Construction in Progress	90,748	139,116	-	(96,830)	133,034
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 147,749</b>	<b>\$ 139,116</b>	<b>\$ 16,918</b>	<b>\$ (79,912)</b>	<b>\$ 190,035</b>
<i>Capital assets, being depreciated</i>					
Buildings & Building Improvements	\$ -	\$ -	\$ -	\$ 25,121	\$ 25,121
Infrastructure	-	-	-	54,791	54,791
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79,912</b>	<b>\$ 79,912</b>
<i>Less accumulated depreciation for</i>					
Buildings & Building Improvements	\$ -	\$ 2,512	\$ -	\$ -	\$ 2,512
Infrastructure	-	2,740	-	-	2,740
<b>Total Accumulated Depreciation</b>	<b>\$ -</b>	<b>\$ 5,252</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,252</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ -</b>	<b>\$ (5,252)</b>	<b>\$ -</b>	<b>\$ 79,912</b>	<b>\$ 74,660</b>
<b>Toal Capital Assets, Net</b>	<b>\$ 147,749</b>	<b>\$ 133,864</b>	<b>\$ 16,918</b>	<b>\$ -</b>	<b>\$ 264,695</b>

Depreciation expense was charged to the economic development function.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**NOTE 7: CONSTRUCTION COMMITMENTS**

**Component Unit – Airport Authority**

The Airport had the following open engineering and construction commitments on a hangar project and seal coat pavement project at December 31, 2022:

Project	Original Contract	Change Orders	Total Contract with Change Orders	Total Completed	Retainage	Remaining Balance includes Retainages	% Complete
Seal Cost, Crack Seal, and Pavement Markings	\$ 47,505	-	\$ 47,505	\$ 15,156	\$ -	\$ 32,349	31.90%
Construction Administration and Observation of Aircraft Storage Hangar	79,921	-	79,921	\$ 76,029	-	3,892	95.13%
Construction of Aircraft Storage Hangar	717,662	-	717,662	635,464	35,883	118,080	88.55%
<b>Total</b>	<b>\$ 845,088</b>	<b>\$ -</b>	<b>\$ 845,088</b>	<b>\$ 726,650</b>	<b>\$ 35,883</b>	<b>\$ 154,321</b>	<b>85.99%</b>

**NOTE 8: FUND DEFICITS**

The City had the following deficit fund balances at December 21, 2022 and 2021:

<b>Governmental Activities</b>	<b>2022</b>	<b>2021</b>
<b>General Fund</b>	\$ (88,967)	\$ -
<b>Special Revenue Fund</b>		
Police Reserve Fund	\$ (15,037)	\$ (15,037)
Highway Distribution Fund	(127,741)	(57,995)
Rolla Community Center Fund	(13,857)	(3,446)
Street & Utility Condition Fund	(1,804)	(1,804)
Street Improvement 2020-1 Fund	(58,309)	(53,459)
CBDG Siren Fund	(1,000)	-
<b>Total Special Revenue Fund</b>	<b>\$ (217,748)</b>	<b>\$ (131,741)</b>
<b>Debt Service Fund</b>		
City Lots Special Assessments Fund	\$ (8,441)	\$ (203)
Debt 2017 Street Improvement Fund	(227,625)	(111,188)
<b>Total Debt Service Fund</b>	<b>\$ (236,066)</b>	<b>\$ (111,391)</b>

<b>Business-Type Activities</b>	<b>2022</b>	<b>2021</b>
<b>Water Fund</b>		
Water Project Fund	\$ (36,630)	\$ (25)
Debt 2013 Water Imp District Fund	(112,865)	-
Project 2015-2 Water Plant Improvement Fund	(82,692)	-
Water Improvement 2020-1 Fund	(3,758)	(3,758)
<b>Total Water Fund</b>	<b>\$ (235,946)</b>	<b>\$ (3,783)</b>
<b>Sewer Fund</b>		
CDBG 2018-1 Sewer Improvement Fund	\$ (17,228)	\$ (17,228)
Sanitary Sewer Improv. 2020-1 Fund	(3,758)	(3,758)
<b>Total Sewer Fund</b>	<b>\$ (20,985)</b>	<b>\$ (20,985)</b>
<b>Infrastructure Fund</b>		
Debt 2012-2 Imp District Fund	\$ (130,595)	\$ (13,095)

The 2022 and 2021 fund deficits will be relieved with future property tax, sales tax and special assessment collections and transfers.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**NOTE 9: LONG-TERM LIABILITIES**

**Governmental Activities**

The following changes occurred in long-term liabilities for the years ended 2022 and 2021:

<b>Governmental Activities</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/22</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 10,322	\$ 17,448	\$ 8,226	\$ 19,544	\$ 7,654
Special Assessment Bonds Payable	690,000	-	80,000	610,000	85,000
Sales Tax Bonds Payable	115,000	-	115,000	-	-
<b>Total Long-Term Debt</b>	<b>\$ 815,322</b>	<b>\$ 17,448</b>	<b>\$ 203,226</b>	<b>\$ 629,544</b>	<b>\$ 92,654</b>

<b>Governmental Activities</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/21</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 8,697	\$ 9,653	\$ 8,028	\$ 10,322	\$ 2,410
Special Assessment Bonds Payable	770,000	-	80,000	690,000	80,000
Sales Tax Bonds Payable	225,000	-	110,000	115,000	115,000
<b>Total Long-Term Debt</b>	<b>\$ 1,003,697</b>	<b>\$ 9,653</b>	<b>\$ 198,028</b>	<b>\$ 815,322</b>	<b>\$ 197,410</b>

The annual requirements to amortize the outstanding long-term debt at December 31, 2022 is as follows:

<b>PRIMARY GOVERNMENT</b>						
<b>Governmental Activities</b>						
<b>Year Ending December 31</b>	<b>Loans Payable</b>		<b>Special Assessment Bonds Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 7,654	\$ 606	\$ 85,000	\$ 15,115	\$ 92,654	\$ 15,721
2024	7,744	516	85,000	13,265	92,744	13,781
2025	2,023	155	85,000	11,205	87,023	11,360
2026	2,123	56	130,000	10,960	132,123	11,016
2027	-	-	75,000	5,475	75,000	5,475
2028-2032	-	-	150,000	4,500	150,000	4,500
<b>Total</b>	<b>\$ 19,544</b>	<b>\$ 1,334</b>	<b>\$ 610,000</b>	<b>\$ 60,520</b>	<b>\$ 629,544</b>	<b>\$ 61,854</b>

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**Business-Type Activities**

The following changes occurred in long-term liabilities for the years ended 2020 and 2019:

<b>Enterprise Activities</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/22</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 1,100,000	\$ -	\$ 90,000	\$ 1,010,000	\$ 90,000
Revenue Bonds Payable	4,466,305	-	98,974	4,367,331	104,710
<b>Total Long-Term Liabilities</b>	<b>\$ 5,566,305</b>	<b>\$ -</b>	<b>\$ 188,974</b>	<b>\$ 5,377,331</b>	<b>\$ 194,710</b>

<b>Enterprise Activities</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/21</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loans Payable	\$ 1,185,000	\$ -	\$ 85,000	\$ 1,100,000	\$ 90,000
Revenue Bonds Payable	4,739,926	-	273,621	4,466,305	100,638
<b>Total Long-Term Liabilities</b>	<b>\$ 5,924,926</b>	<b>\$ -</b>	<b>\$ 358,621</b>	<b>\$ 5,566,305</b>	<b>\$ 190,638</b>

The annual requirements to amortize the outstanding long-term debt at December 31, 2022 is as follows:

<b>PRIMARY GOVERNMENT</b>				
<b>Business-Type Activities</b>				
<b>Year Ending December 31</b>	<b>Loans Payable</b>		<b>Revenue Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 90,000	\$ 20,200	104,710	121,617
2024	95,000	18,400	106,686	118,802
2025	95,000	16,500	110,024	115,608
2026	95,000	14,600	113,274	112,473
2027	100,000	12,700	116,586	109,246
2028-2032	535,000	31,272	633,649	494,810
2033-2037	-	-	564,094	421,499
2038-2042	-	-	611,352	330,481
2043-2047	-	-	701,197	240,637
2048-2052	-	-	804,253	137,582
2053-2057	-	-	501,506	20,289
<b>Total</b>	<b>\$ 1,010,000</b>	<b>\$ 113,672</b>	<b>\$ 4,367,331</b>	<b>\$ 2,223,044</b>

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**Discretely Presented Component Units**

Job Development Authority

The following changes occurred in long-term liabilities for the years ended 2022 and 2021:

<b>Job Development Authority</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/22</b>	<b>Due Within One Year</b>
Long-Term Debt					
Notes Payable	\$ 6,094	\$ -	\$ 6,094	\$ -	\$ -
<b>Total Long-Term Debt</b>	<b>\$ 6,094</b>	<b>\$ -</b>	<b>\$ 6,094</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Job Development Authority</b>	<b>Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/21</b>	<b>Due Within One Year</b>
Long-Term Debt					
Notes Payable	\$ 12,841	\$ -	\$ 6,747	\$ 6,094	\$ 6,094
<b>Total Long-Term Debt</b>	<b>\$ 12,841</b>	<b>\$ -</b>	<b>\$ 6,747</b>	<b>\$ 6,094</b>	<b>\$ 6,094</b>

**NOTE 10: LOANS RECEIVABLE**

**Job Development Authority**

The Rolla Job Development Authority provides loans to businesses for startup costs or expansion costs. The Job Development Authority had the following loans receivable activity for the years ended December 31, 2022 and December 31, 2021:

<b>2022</b>	<b>Balance January 1</b>	<b>New Loans</b>	<b>Principal Payments</b>	<b>Balance December 31</b>
Loans Receivable	\$ 88,661	\$ 33,903	\$ 30,351	\$ 92,214

<b>2021</b>	<b>Restated Balance January 1</b>	<b>New Loans</b>	<b>Principal Payments</b>	<b>Balance December 31</b>
Loans Receivable	\$ 107,237	\$ -	\$ 18,576	\$ 88,661

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

**NOTE 11: FLEX PACE LOANS PAYABLE**

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

At December 31, 2022 and December 31, 2021, the Rolla Job Development Authority had flex pace loan payable activity as shown below. These loans are the Job Development’s Authority’s Community Buydown portion of each Flex Pace loan through the Bank of North Dakota. The amounts are expected to be paid by the Job Development Authority, and then reimbursed by businesses.

<b>Job Development Authority</b>	<b>Balance 1/1/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/22</b>	<b>Due Within One Year</b>
Flex Pace Loans Payable					
Loans Payable	\$ 59,424	\$ 33,903	\$ 29,037	\$ 64,289	\$ 13,276
<b>Total Flex Pace Loans Payable</b>	<b>\$ 59,424</b>	<b>\$ 33,903</b>	<b>\$ 29,037</b>	<b>\$ 64,289</b>	<b>\$ 13,276</b>

<b>Job Development Authority</b>	<b>Restated Balance 1/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/21</b>	<b>Due Within One Year</b>
Flex Pace Loans Payable					
Loans Payable	\$ 75,002	\$ -	\$ 15,578	\$ 59,424	\$ 13,325
<b>Total Flex Pace Loans Payable</b>	<b>\$ 75,002</b>	<b>\$ -</b>	<b>\$ 15,578</b>	<b>\$ 59,424</b>	<b>\$ 13,325</b>

The annual requirements to amortize the outstanding flex pace loan payables at December 31, 2022 is as follows:

<b>JOB DEVELOPMENT AUTHORITY</b>	
<b>Year Ending December 31</b>	<b>Flex Pace Loans Payable</b>
	<b>Principal</b>
2023	\$ 13,276
2024	12,141
2025	10,938
2026	9,042
2027	6,616
2028 & Thereafter	12,277
<b>Total</b>	<b>\$ 64,289</b>

**NOTE 12: 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.

**Death and Disability Benefits**

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 equals 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.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

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**Refunds of Member Account Balance**

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.

**Member and Employer Contributions**

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

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

At December 31, 2022 and 2021, the City's proportionate share of the net pension liability was \$1,164,613 and \$322,592 respectively. The net pension liability was measured as of June 30, 2022 and 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2022 and 2021, the City's proportion was .040437 and .030950 percent, respectively, which was an increase of .009487 percent for 2022 and a decrease of .010309 percent for 2021. The Employer's share of the net pension liability as well as the deferred inflows or outflows of resources are not reported in financial statements as the City is reporting on the modified cash basis of accounting.

**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	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.

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	30%	6.00%
International Equity	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%

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

**Discount rate**

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

**Sensitivity of the Employer’s 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:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (4.10%)</b>	<b>Current Discount Rate (5.10%)</b>	<b>1% Increase (6.10%)</b>
City	\$ 1,537,208	\$ 1,164,613	\$ 858,724

**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 13: OPEB PLAN**

**General Information about the OPEB Plan**

**North Dakota Public Employees Retirement System**

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

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

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

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. 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 and 2021, the City's proportionate share of the net OPEB liability was \$31,446 and \$11,494 respectively. The net OPEB liability was measured as of July 1, 2022 and July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

covered payroll of all participating main system employers. At June 30, 2022 and 2021, the City’s proportion was .026198 and .020667 percent, respectively, which was an increase of .005531 percent for 2022 and a decrease of .012886 percent for 2021. The Employer’s share of the net OPEB liability as well as the deferred inflows or outflows of resources are not reported in financial statements as the City is reporting on the modified cash basis of accounting.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 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 or return	5.75%, net of investment expenses
Cost of living adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 Employer’s proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the Plans as of June 30, 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:

<b>Proportionate Share of the Net OPEB Liability</b>	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
City	\$ 40,139	\$ 31,446	\$ 24,148

**CITY OF ROLLA**

Notes to the Financial Statements – Continued

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**NOTE 14: TRANSFERS**

The following is reconciliation between cash transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2021:

	2021	
	Transfers In	Transfers Out
<b>Governmental Funds</b>		
General Fund	\$ -	\$ -
Special Revenue Fund	-	241,717
Debt Service Fund	-	-
<b>Business-Type Funds</b>		
Water Fund	321,382	50,698
Sewer Fund	-	-
Infrastructure Fund	114,625	143,592
Total Transfers	\$ 436,007	\$ 436,007

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

The City did not make any transfers in 2022.

**NOTE 15: RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$6,000,000 per occurrence for general liability and for automobile, and \$1,249,202 for public assets (mobile equipment and portable property).

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

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

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

**NOTE 16: CONTINGENT LIABILITIES**

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

**CITY OF ROLLA**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 253,314	\$ 253,314	\$ 241,678	\$ (11,636)
Sales Taxes	11,000	11,000	10,794	(206)
Licenses, Permits and Fees	4,850	4,850	4,410	(440)
Charges for Services	33,500	33,500	50,477	16,977
Intergovernmental	104,135	104,135	117,684	13,549
Interest	24,000	24,000	21,750	(2,250)
Miscellaneous	19,550	19,550	27,299	7,749
<b>Total Revenues</b>	<b>\$ 450,349</b>	<b>\$ 450,349</b>	<b>\$ 474,093</b>	<b>\$ 23,744</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 305,860	\$ 305,860	\$ 353,527	\$ (47,667)
Public Safety	267,050	267,050	257,060	9,990
Public Works	2,250	2,250	-	2,250
Capital Outlay	25,000	25,000	-	25,000
<b>Total Expenditures</b>	<b>\$ 600,160</b>	<b>\$ 600,160</b>	<b>\$ 610,587</b>	<b>\$ (10,427)</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (149,811)	\$ (149,811)	\$ (136,494)	\$ 13,316
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 86,000	\$ 86,000	\$ -	\$ (86,000)
Transfers Out	(36,300)	(36,300)	-	36,300
<b>Total Other Financing Sources and Uses</b>	<b>\$ 49,700</b>	<b>\$ 49,700</b>	<b>\$ -</b>	<b>\$ (49,700)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (100,111)</b>	<b>\$ (100,111)</b>	<b>\$ (136,494)</b>	<b>\$ (36,384)</b>
Fund Balances - January 1	\$ 38,449	\$ 38,449	\$ 38,449	\$ -
Fund Balances - December 31	\$ (61,662)	\$ (61,662)	\$ (98,045)	\$ (36,384)

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

**CITY OF ROLLA**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Tax	\$ 23,213	\$ 23,213	\$ 21,442	\$ (1,771)
Sales Taxes	399,000	399,000	486,781	87,781
Charges for Services	450	450	58,614	58,164
Intergovernmental	140,500	140,500	212,225	71,725
Interest Income	300	300	14	(286)
Miscellaneous	11,170	11,170	28,318	17,148
<b>Total Revenues</b>	<b>\$ 574,633</b>	<b>\$ 574,633</b>	<b>\$ 807,392</b>	<b>\$ 232,759</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 59,300	\$ 59,300	\$ 53,479	\$ 5,821
Public Works	159,700	159,700	329,739	(170,039)
Economic Development	24,000	24,000	34,380	(10,380)
Public Safety	-	-	1,000	(1,000)
Culture & Recreation	50,915	50,915	64,493	(13,578)
Debt Service:				
Principal	164,000	164,000	8,226	155,774
Interest	-	-	754	(754)
<b>Total Expenditures</b>	<b>\$ 457,915</b>	<b>\$ 457,915</b>	<b>\$ 492,072</b>	<b>\$ (34,157)</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 116,718	\$ 116,718	\$ 315,320	\$ 198,602
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 20,300	\$ 20,300	\$ -	\$ (20,300)
Sale of Capital Asset	-	-	39,900	39,900
Loan Proceeds	-	-	17,448	17,448
Capital Lease Financing	-	-	-	-
Transfers Out	(164,000)	(164,000)	-	164,000
<b>Total Other Financing Sources and Uses</b>	<b>\$ (143,700)</b>	<b>\$ (143,700)</b>	<b>\$ 57,348</b>	<b>\$ 201,048</b>
<b>Net Change in Fund Balances</b>	<b>\$ (26,982)</b>	<b>\$ (26,982)</b>	<b>\$ 372,668</b>	<b>\$ 399,650</b>
Fund Balances - January 1	\$ 1,157,192	\$ 1,157,192	\$ 1,157,192	\$ -
Fund Balances - December 31	\$ 1,130,210	\$ 1,130,210	\$ 1,529,861	\$ 399,650

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

**CITY OF ROLLA**

Budgetary Comparison Schedule - General Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 253,803	\$ 253,803	\$ 246,763	\$ (7,041)
Sales Taxes	11,000	11,000	13,504	2,504
Licenses, Permits and Fees	4,550	4,550	4,370	(180)
Charges for Services	61,850	61,850	45,667	(16,183)
Intergovernmental	87,693	87,693	135,478	47,785
Interest	20,000	20,000	24,955	4,955
Miscellaneous	12,600	12,600	17,168	4,568
<b>Total Revenues</b>	<b>\$ 451,496</b>	<b>\$ 451,496</b>	<b>\$ 487,905</b>	<b>\$ 36,408</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 153,575	\$ 153,575	\$ 326,504	\$ (172,929)
Public Safety	332,695	332,695	251,575	81,120
Public Works	-	-	4,200	(4,200)
Capital Outlay	25,500	25,500	45,729	(20,229)
<b>Total Expenditures</b>	<b>\$ 511,770</b>	<b>\$ 511,770</b>	<b>\$ 628,008</b>	<b>\$ (116,238)</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (60,274)	\$ (60,274)	\$ (140,103)	\$ (79,829)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 170,975	\$ 170,975	\$ -	\$ (170,975)
Transfers Out	(5,000)	(5,000)	-	5,000
<b>Total Other Financing Sources and Uses</b>	<b>\$ 165,975</b>	<b>\$ 165,975</b>	<b>\$ -</b>	<b>\$ (165,975)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 105,701</b>	<b>\$ 105,701</b>	<b>\$ (140,103)</b>	<b>\$ (245,804)</b>
Fund Balances - January 1	\$ 178,552	\$ 178,552	\$ 178,552	\$ -
Fund Balances - December 31	<u>\$ 284,253</u>	<u>\$ 284,253</u>	<u>\$ 38,449</u>	<u>\$ (245,804)</u>

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

**CITY OF ROLLA**

Budgetary Comparison Schedule - Special Revenue Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Tax	\$ 23,451	\$ 23,451	\$ 22,491	\$ (959)
Sales Taxes	380,000	380,000	475,334	95,334
Charges for Services	57,650	57,650	57,848	198
Intergovernmental	122,334	122,334	134,571	12,236
Interest Income	202	202	52	(150)
Miscellaneous	13,090	13,090	16,360	3,270
<b>Total Revenues</b>	<b>\$ 596,727</b>	<b>\$ 596,727</b>	<b>\$ 706,656</b>	<b>\$ 109,929</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 32,201	\$ 32,201	\$ 47,012	\$ (14,812)
Public Works	115,721	115,721	212,130	(96,409)
Economic Development	5,000	5,000	22,916	(17,916)
Culture & Recreation	26,971	26,971	37,850	(10,879)
Debt Service:				
Principal	25,028	25,028	8,028	17,000
Interest	621	621	621	-
<b>Total Expenditures</b>	<b>\$ 205,542</b>	<b>\$ 205,542</b>	<b>\$ 328,558</b>	<b>\$ (123,017)</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 391,185	\$ 391,185	\$ 378,098	\$ (13,087)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 26,336.00	\$ 26,336.00	\$ -	\$ (26,336)
Loan Proceeds	-	-	9,653	9,653
Transfers Out	(405,797)	(405,797)	(241,717)	164,080
<b>Total Other Financing Sources and Uses</b>	<b>\$ (379,461)</b>	<b>\$ (379,461)</b>	<b>\$ (232,064)</b>	<b>\$ 147,397</b>
<b>Net Change in Fund Balances</b>	<b>\$ 11,724</b>	<b>\$ 11,724</b>	<b>\$ 146,034</b>	<b>\$ 134,310</b>
Fund Balances - January 1	\$ 1,136,158	\$ 1,136,158	\$ 1,136,158	\$ -
Fund Balances - December 31	\$ 1,147,882	\$ 1,147,882	\$ 1,157,192	\$ 9,310

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

# CITY OF ROLLA

Notes to the Supplementary Information  
For the Years Ended December 31, 2022 and 2021

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## NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

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

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

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

## NOTE 2 LEGAL COMPLIANCE - BUDGETS

The board of City Council did not amend the 2022 and 2021 City expenditure budgets.

**CITY OF ROLLA**

Notes to the Supplementary Information - Continued

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**NOTE 3 EXPENDITURES IN EXCESS OF BUDGET**

During fiscal year 2022, the City of Rolla had the following fund expenditures in excess of budgeted amounts:

<b>2022</b>	<b>Expenditures</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Overspent</b>
General Fund	\$ 600,160	\$ 610,587	\$ (10,427)
Special Revenue Fund	457,915	492,072	(34,157)

During fiscal year 2021, the City of Rolla had the following fund expenditures in excess of budgeted amounts:

<b>2021</b>	<b>Expenditures</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Overspent</b>
General Fund	\$ 511,770	\$ 628,008	\$ (116,238)
Special Revenue Fund	205,542	328,558	(123,017)

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

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Independent Auditor's Report

City Council  
City of Rolla  
Rolla, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Rolla as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Rolla's basic financial statements, and have issued our report thereon dated March 12, 2025. Additionally, a qualified opinion has been issued for the Aggregate Discretely Presented Component Units Information for the year ended December 31, 2022 as management of the Rolla Job Development Authority did not maintain adequate documentation to support expenditures.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as item 2022-001, 2022-002, 2022-003, 2022-004, and 2022-005 to be material weaknesses.

**CITY OF ROLLA**

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

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**Report on Compliance and Other Matters**

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

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

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

**Purpose of this Report**

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 12, 2025



# **CITY OF ROLLA**

Schedule of Audit Findings

For the Years Ended December 31, 2022 and 2021

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## **2022-001 LACK OF BANK RECONCILIATIONS – MATERIAL WEAKNESS**

### **Condition**

The City of Rolla did not perform bank reconciliations for their checking account during September through December 2021. The City chose not to go back and attempt to complete the reconciliations, but did elect to have the audit team attempt to complete the reconciliations. During the audit, reconciling items identified by the audit team decreased the difference between the City's ledger and bank statements to \$1,930. Throughout 2022, the City did prepare bank reconciliations monthly, but the reconciled difference between the City's ledger and bank statements totaled \$68,588. During the audit, carryforward cash adjustments identified by the audit team decreased the difference between the City's ledger and bank statements to \$9,839. For both years after adjustments, the City's ledger balance was higher than the reconciled bank balances by \$9,839 in 2022 and by \$1,930 in 2021.

### **Effect**

There is an increased risk of material misstatement to City of Rolla's financial statements whether due to error or fraud if bank reconciliations are not complete and accurate.

### **Cause**

During September through December of 2021, the City of Rolla did not have a system of internal controls in place for preparing accurate bank reconciliations on a timely basis. During 2022, the City of Rolla did not have a system of internal controls in place to ensure bank reconciliations were prepared accurately.

### **Criteria**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the bank reconciliations, management is responsible for policies and procedures for accurate and timely bank reconciliations.

### **Prior Recommendation**

Yes.

### **Recommendation**

We recommend the City of Rolla develop procedures to ensure all bank reconciliations are completed timely and accurately.

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

We agree. The City of Rolla now performs bank reconciliations each month.

**2022-002 OUTDATED ACCOUNTING LEDGER – CITY & JOB DEVELOPMENT AUTHORITY – MATERIAL WEAKNESS**

**Condition**

The current reports that are being used in the Banyon accounting software have not been updated for changes that were made in 2017-2019 fiscal years. During that time period, adjustments were made by the City to a duplicate Banyon reporting system to fix errors in the original reports. These changes have not been adjusted into the reporting system that is currently being used by the City as the City stopped updating the reports in 2019. As of this audit period, adjustments had not been made in the clients current accounting software to fix the errors. Audit adjustments, that were approved by the City, resulting from the outdated system consisted of the following:

City	2021 Beginning City Trial Balance Cash	2020 Ending Audited City Trial Balance Cash	Total 2021 Fund and Cash Adjustments	2020 Audit Cash Carryforward	Total Cash Adjustments
Major Funds					
General Fund	\$ 126,805	\$ 124,989	\$ -	\$ 53,563	\$ 53,563
Special Revenue Fund	679,853	679,853	-	331,305	331,305
Debt Service Fund	314,584	314,584	-	(240,668)	(240,668)
Water Fund	784,288	768,341	(15,947)	(256,191)	(272,138)
Sewer Fund	207,160	207,303	143	(7,011)	(6,868)
Garbage Fund	25,857	25,857	-	14,067	14,067
Infrastructure Fund	117,070	133,022	15,952	87,771	103,723
Total	\$ 2,255,616	\$ 2,253,948	\$ 148	\$ (17,165)	\$ (17,017)

Job Development Authority	2021 Beginning City Trial Balance Cash	2020 Ending Audited City Trial Balance Cash	Total 2021 Fund and Cash Adjustments	2020 Audit Cash Carryforward	Total Cash Adjustments
General Fund	\$ 351,429	\$ 331,276	\$ (20,153)	\$ (29,279)	\$ (49,432)

**Effect**

Management of the City is currently using outdated financial information to make decisions.

**Cause**

During fiscal year 2020, there was turnover, and the City was unable to correct the old ledger to agree to the updated 2020 ledger. The system limits the ability to go back and update ledgers once the fiscal periods have been closed.

**Criteria**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to monitoring, management is responsible for adequate internal controls surrounding the review process and general ledger reconciliations.

**Prior Recommendation**

Yes.

**Recommendation**

We recommend that the City make any correcting entries into their current system to make more accurate decisions going forward.

**City of Rolla’s Response**

We agree. The City will make the current audited and prior audited cash adjustments to the ledger.

**2022-003 AUDIT ADJUSTMENTS – CITY & JOB DEVELOPMENT AUTHORITY - MATERIAL WEAKNESS**

**Condition**

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

**Effect**

There is an increased risk of material misstatement to City of Rolla's and Rolla Job Development Authority's financial statements.

**Cause**

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

**Criteria**

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

**Prior Recommendation**

Yes.

**Recommendation**

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

**City of Rolla's Response**

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

**2022-004 SEGREGATION OF DUTIES– CITY, AIRPORT AUTHORITY & JOB DEVELOPMENT AUTHORITY – MATERIAL WEAKNESS**

**Condition**

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

**Effect**

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

**Cause**

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

**Criteria**

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

**Prior Recommendation**

Yes.

**Recommendation**

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

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

**City of Rolla's Response**

We agree. The City of Rolla will begin segregating duties in 2023. The Rolla Job Development Authority and Rolla Airport Authority will segregate duties when it becomes feasible to do so.

**2022-005 LACK OF SUPPORTING DOCUMENTATION – JOB DEVELOPMENT AUTHORITY – MATERIAL WEAKNESS**

**Condition**

Rolla Job Development Authority was unable to provide supporting documentation for 4 out of the 8 expenditures tested, totaling \$4,781. Projecting this error to the population results in a potential error of approximately \$9,127 to the financial statements.

**Effect**

The Rolla Job Development Authority may be subject to an increased risk of errors, fraudulent financial reporting, asset misappropriation, and corruption. Additionally, due to not having supporting documentation, the opinion over the aggregate discretely presented component units was qualified.

**Cause**

The Rolla Job Development Authority did not have established policies and procedures for maintaining supporting documentation for all purchases.

**Criteria**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to supporting documentation, management is responsible for adequate internal controls surrounding the review process and without supporting documentation, the review process will not be effective.

**Prior Recommendation**

Yes.

**Recommendation**

We recommend the Rolla Job Development Authority ensure all payments for goods and services have supporting documentation. We further recommend the Rolla Job Development Authority review its current record keeping procedures and update, if necessary, to decrease the risk of loss whether due to error or fraud.

**Rolla Job Development Authority's Response**

We agree. The Rolla Job Development Authority will obtain support for expenses going forward.



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
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