

**Testimony Prepared for the
House Finance and Taxation Committee
January 24, 2023**

By: Valerie McCloud, Rolette County Auditor

RE: House Bill 1359

Good morning Chairman Headland and House Finance and Taxation Committee Members,

My name is Valerie McCloud, and I submit testimony today in support of the above referenced bill. I will provide you with the need for continued assistance through NDCC : 57-39.2-26.3 County Aid Distribution Fund for Rolette County and the Financial Status and Use of County Aid Funding to date.

County Aid Payments to Rolette County to date:

2021	202,128.37
2022	669,573.63
2023 Estimate (sunset 6/30/2023)	240,000.00

2021 Budget

- Rolette began receiving County Aid Funding through HB 1449 in August, 2021, total funds received in 2021 were \$202,128.37. These funds were transferred along with other General fund taxes, for a total of \$450,000 to the Capital Projects Account to cover Debt Service payments on the Jail.
- The county has continued to levy 60 mills in the General fund which generated \$1,200,600 in 2021. The taxes generated by the 60 mills, continue to be insufficient to cover General Fund services.
- State Aid Distribution Funds for increased slightly in 2021, but with the decreases in population from the 2020 Census, the payments have declined somewhat, but are still integral to our county finances to balance the budget, total revenues in 2021 were \$1,343,799.36.
- Also impacting the 2021 budget are continued increased costs for the County Jail and Sheriff's Office. The county continues to struggle with additional staffing at the jail, based on DOCR requirements, because of not enough \$ to cover those costs.
- The County also received the Federal ARPA payment of \$1,376,761 in June, 2021. This is not reflected in the General Fund, but it is a separate fund, which has been used for Sheriff's Office patrol deputies, vehicles, hazard pay for employees, and SIRN Project radios.

2022 Budget

- County Aid received in 2022 totaled \$669,573.63, which \$669,000 has been and will continue to be utilized for Debt Service payments for the County Jail.

- Jail Fees increased by about \$120,000 over the budgeted revenue, which will help offset the additional operational jail costs.
- The county levied 60 mills again for General Fund purposes. Expenditures were budgeted in the amount of \$3,224,013 in the General Fund, but were overspent by amount of \$131,814. This is mainly due the County Jail expenditures overspent by \$164,350.
- Rolette County has also seen a decrease in valuations due to Bureau of Indian Affairs transferring more land into Trust status, ultimately decreasing tax dollars available to provide services.
- The county received an additional \$1,376,761 in ARPA in 2022. The county continued to utilize these funds for 3 additional Sheriff's Deputies plus benefits, SIRN Radio project, equipment and vehicle purchases, and building maintenance.

2023 Projected Budget

- County Aid projected in 2023 is estimated at \$200,000-275,000. Rolette County has budgeted to transfer \$350,000 to the Capital Projects at the end of 2023.
- 60 mills were levied again for General Fund purposes, with an estimated of \$1,353,628. Rolette County struggled to pass a balanced budget for 2023. The Commission plans a transfer of \$252,495 from ARPA, to cover the deficit in the General Fund budget. This leaves the county with an projected ending fund balance at the end of 2023 the \$9,479, but with a slight increase in actual ending fund balance at the end of 2022, the estimate now is \$147,000. This is critically low and puts the county risk of being in the red if budgets are overspent or unexpected expenditures happen. The Commission also did not give any salary increases to staff and even cut salaries to pass the budget. Salaries overall are low and it is becoming hard to retain and hire qualified staff.

Impact of County Aid:

Rolette County has been able to make the Debt Service payments on the jail, due to the County Aid provided by the State. Debt service payments were originally intended to be made utilizing, 10 mills in Capital Projects Levy, 10 mills of General Levy and General Fund Centrally Assessed Wind Generation tax allocations. The county has struggled to have enough General Revenues to transfer the 10 mills and wind generation tax to the capital projects fund, which total approximately \$350,000, as it has been needed to offset operational expenditures at the County Jail. Operational costs for the jail have increased from \$650,000 in 2017 in our old jail to approximately \$1,250,000 currently. These increased costs are making it difficult to continue required General Fund services for Rolette County, as there are not adequate revenues to cover those costs.

Additional Income considerations:

- In January 2020 the Rolette County Commission attempted to adopt a Home Rule Charter to possibly create a One-Cent Sales Tax to be dedication to law enforcement

activities. This initiative was met with stiff citizen resistance ultimately forcing the commission to abandon the initiative.

- An initiative to allow the commission to increase the capital improvements levy from 10 mills to 20 mills was rejected by the voters, in November, 2018.

General Fund - Ending Fund Balance 2021	327,327
Ending Fund Balance 2022	493,751
Projected 2023	147,000

Capital Projects Levy (Debt Service)

- Ending Fund Balance 2021	341,977
Ending Fund Balance 2022	710,840
Projected 2023	396,732

Fund Balances without County Aid

General Fund - Ending Fund Balance 2021	225,194
Ending Fund Balance 2022	91,048
Projected 2023	1,909

Capital Projects Levy (Debt Service)

-Ending Fund Balance 2021	241,977
Ending Fund Balance 2022	241,839
Projected 2023	210,873

State Requested Assistance:

- Remove Sunset clause, for the County Aid payments to continue.