

Stark County
Dickinson, North Dakota

Audit Report

For the Year Ended
December 31, 2014



ROBERT R. PETERSON
STATE AUDITOR

Office of the State Auditor

STARK COUNTY
Dickinson, North Dakota

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STARK COUNTY
Dickinson, North Dakota

COUNTY OFFICIALS

At December 31, 2014

Ken Zander
Russ Hoff
Duane Wolf
Jay Elkin
Pete Kuntz

Commissioner - Chairman
Commissioner - Vice Chairman
Commissioner
Commissioner
Commissioner

Kay Haag
Clarence Tuhy
Kathy Schwab
Tom Henning

Auditor/Treasurer
Sheriff
Recorder
State's Attorney

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STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
Fax (701) 328-1406



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Stark County
Dickinson, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stark County, Dickinson, North Dakota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stark County, Dickinson, North Dakota, as of December 31, 2014, 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.

STARK COUNTY

Independent Auditor's Report - Continued

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information* on pages 27-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2015 on our consideration of Stark County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stark County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
September 8, 2015

STARK COUNTY
Dickinson, North Dakota

STATEMENT OF NET POSITION
December 31, 2014

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Water Resource District</u>
<u>ASSETS</u>		
Cash, Cash Equivalents and Investments	\$ 34,260,029	\$ 455,784
Accounts Receivable	72,493	-
Intergovernmental Receivable	1,937,013	-
Taxes Receivable	60,490	-
Capital Assets (not being depreciated):		
Land	1,805,563	-
Construction in Progress	2,192,316	-
Capital Assets (net of accumulated depreciation):		
Vehicles and Machinery	3,539,797	-
Furniture and Equipment	247,357	-
Buildings	7,699,668	-
Infrastructure	20,263,482	-
Total Capital Assets	<u>\$ 35,748,183</u>	<u>\$ -</u>
Total Assets	<u>\$ 72,078,208</u>	<u>\$ 455,784</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 296,761	\$ -
Retainage Payable	95,572	-
Salaries and Benefits Payable	47,994	1,745
Interest Payable	4,201	-
Long-Term Liabilities:		
Due Within One Year:		
Capital Leases Payable	52,688	-
Loan Payable	117,368	-
Compensated Absences Payable	193,354	-
Due After One Year:		
Capital Leases Payable	149,582	-
Loan Payable	853,600	-
Compensated Absences Payable	290,030	-
Total Liabilities	<u>\$ 2,101,150</u>	<u>\$ 1,745</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Taxes Received in Advance	<u>\$ 2,179,160</u>	<u>\$ -</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 34,574,945	\$ -
Restricted for:		
Public Safety	930,984	-
Highways & Bridges	8,469,650	-
Health & Welfare	1,973,772	-
Culture & Recreation	3,592,715	-
Conservation of Nat Resources	966,064	454,039
Emergencies	452,905	-
Economic Development	8,330	-
Capital Projects	5,904,257	-
Other Purposes	2,632,332	-
Unrestricted	<u>8,291,944</u>	<u>-</u>
Total Net Position	<u>\$ 67,797,898</u>	<u>\$ 454,039</u>

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

STARK COUNTY
Dickinson, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines, Forfeits & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource District
Primary Government:						
General Government	\$ 4,112,988	\$ 743,111	\$ 96,338	\$ -	\$ (3,273,539)	
Public Safety	4,751,251	756,240	448,662	-	(3,546,349)	
Highways & Bridges	13,724,008	896,664	10,244,796	2,461,996	(120,552)	
Health & Welfare	3,352,344	-	1,081,888	-	(2,270,456)	
Economic Development	59,402	-	-	-	(59,402)	
Culture and Recreation	119,182	-	-	-	(119,182)	
Conserv. of Natural Resources	591,599	58,501	142,905	-	(390,193)	
Interest on Long-Term Debt	48,395	-	-	-	(48,395)	
Total Governmental Activities	\$ 26,759,169	\$ 2,454,516	\$ 12,014,589	\$ 2,461,996	\$ (9,828,068)	
Component Units:						
Water Resource District	\$ 15,548	\$ -	\$ -	\$ -		\$ (15,548)
General Revenues:						
Taxes:						
Property taxes; levied for general purposes					\$ 3,027,664	\$ 15,609
Property taxes; levied for special purposes					8,538,735	-
Grants and contributions not restricted to specific programs					7,338,839	-
Unrestricted investment earnings					135,826	1,248
Miscellaneous revenue					555,314	490
Total General Revenues					\$ 19,596,378	\$ 17,347
Change in Net Position					\$ 9,768,310	\$ 1,799
Net Position - January 1					\$ 58,029,588	\$ -
Prior Period Adjustment					-	452,240
Net Position - January 1, as restated					\$ 58,029,588	\$ 452,240
Net Position - December 31					\$ 67,797,898	\$ 454,039

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

STARK COUNTY
Dickinson, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014

	General	10 Mill - Farm to Market Road	County Road - Unorganized	Highway Tax Distribution	Social Services	County Poor
ASSETS:						
Cash and Cash Equivalents	\$ 8,661,827	\$ 350,529	\$ 247,892	\$ 6,437,505	\$ 101,465	\$ 2,060,425
Intergovernmental Receivable	256,596	29,459	593,211	633,750	86,699	123,259
Accounts Receivable	1,126	-	26,801	-	-	-
Due from Other Fund	39,108	-	-	-	-	-
Taxes Receivable	21,633	6,490	-	-	-	11,059
Total Assets and Deferred Outflows of Resources	\$ 8,980,290	\$ 386,478	\$ 867,904	\$ 7,071,255	\$ 188,164	\$ 2,194,743
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 36,418	\$ 54,610	\$ 164,711	\$ -	\$ -	\$ -
Salaries and Benefits Payable	28,255	-	-	4,746	14,993	-
Due to Other Fund	-	-	-	-	-	-
Deferred Inflows Of Resources:						
Taxes Received in Advance	\$ 619,473	\$ 268,093	\$ -	\$ -	\$ -	\$ 527,875
Taxes Receivable	21,633	6,490	-	-	-	11,059
Total Liabilities and Deferred Inflows of Resources	\$ 705,779	\$ 329,193	\$ 164,711	\$ 4,746	\$ 14,993	\$ 538,934
Fund Balances:						
Restricted for:						
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways & Bridges	-	57,285	703,193	7,066,509	-	-
Health & Welfare	-	-	-	-	173,171	1,655,809
Culture & Recreation	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-
Emergency	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Unassigned:						
General Fund	8,274,511	-	-	-	-	-
Negative Funds	-	-	-	-	-	-
Total Fund Balances	\$ 8,274,511	\$ 57,285	\$ 703,193	\$ 7,066,509	\$ 173,171	\$ 1,655,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,980,290	\$ 386,478	\$ 867,904	\$ 7,071,255	\$ 188,164	\$ 2,194,743

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

County Park	County Jail	Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 3,615,517	\$ 483,509	\$ 5,830,159	\$ 6,471,201	\$ 34,260,029
2,820	22,474	74,097	114,647	1,937,013
-	-	-	44,566	72,493
-	-	-	-	39,108
488	6,490	-	14,330	60,490
<u>\$ 3,618,825</u>	<u>\$ 512,473</u>	<u>\$ 5,904,257</u>	<u>\$ 6,644,744</u>	<u>\$ 36,369,133</u>

\$ -	\$ -	\$ -	\$ 41,022	\$ 296,761
-	-	-	-	47,994
-	-	-	39,108	39,108

\$ 26,110	\$ 268,093	\$ -	\$ 469,516	\$ 2,179,160
488	6,490	-	14,330	60,490
<u>\$ 26,598</u>	<u>\$ 274,583</u>	<u>\$ -</u>	<u>\$ 563,976</u>	<u>\$ 2,623,513</u>

\$ -	\$ 237,890	\$ -	\$ 804,861	\$ 1,042,751
-	-	-	857,795	8,684,782
-	-	-	313,344	2,142,324
3,592,227	-	-	-	3,592,227
-	-	-	975,043	975,043
-	-	-	452,905	452,905
-	-	-	8,330	8,330
-	-	5,904,257	-	5,904,257
-	-	-	2,669,140	2,669,140
-	-	-	-	8,274,511
-	-	-	(650)	(650)
<u>\$ 3,592,227</u>	<u>\$ 237,890</u>	<u>\$ 5,904,257</u>	<u>\$ 6,080,768</u>	<u>\$ 33,745,620</u>
<u>\$ 3,618,825</u>	<u>\$ 512,473</u>	<u>\$ 5,904,257</u>	<u>\$ 6,644,744</u>	<u>\$ 36,369,133</u>

STARK COUNTY
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total *Fund Balances* of Governmental Funds \$ 33,745,620

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

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

Cost of Capital Assets	\$ 56,582,162	
Less Accumulated Depreciation	<u>(20,833,979)</u>	
Net Capital Assets		35,748,183

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 60,490

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term- are reported in the statement of net position. Balances at December 31, 2014 are:

Loans Payable	\$ (970,968)	
Retainage Payable	(95,572)	
Leases Payable	(202,270)	
Interest Payable	(4,201)	
Compensated Absences Payable	<u>(483,384)</u>	
Total Long-Term Liabilities		<u>(1,756,395)</u>

Total Net Position of Governmental Activities \$ 67,797,898

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

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STARK COUNTY
Dickinson, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	10 Mill - Farm to Market Road	County Road - Unorganized	Highway Tax Distribution	Social Services	County Poor
Revenues:						
Taxes	\$ 3,021,291	\$ 1,313,308	\$ 893,872	\$ -	\$ -	\$ 2,189,081
Intergovernmental	4,459,365	154,665	5,670,637	3,837,616	1,009,378	607,180
Charges for Services	384,633	-	179,556	-	-	-
Licenses, Permits and Fees	405,091	-	717,107	-	-	-
Interest Income	134,674	-	-	-	-	-
Miscellaneous	38,430	-	318,556	-	-	-
Total Revenues	\$ 8,443,484	\$ 1,467,973	\$ 7,779,728	\$ 3,837,616	\$ 1,009,378	\$ 2,796,261
Expenditures:						
Current:						
General Government	\$ 2,325,664	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	2,279,670	-	-	-	-	-
Highways & Bridges	-	3,577,257	7,896,499	1,646,458	-	-
Health & Welfare	750	-	-	-	3,016,463	385,114
Economic Development	59,402	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	43,574	-	65,213	-	-	-
Interest on Long-Term Debt	16,487	-	828	-	-	-
Total Expenditures	\$ 4,725,547	\$ 3,577,257	\$ 7,962,540	\$ 1,646,458	\$ 3,016,463	\$ 385,114
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,717,937	\$ (2,109,284)	\$ (182,812)	\$ 2,191,158	\$ (2,007,085)	\$ 2,411,147
Other Financing Sources (Uses):						
Transfers In	\$ -	\$ -	\$ 904,674	\$ -	\$ 2,030,000	\$ -
Capital Lease Financing	-	-	233,096	-	-	-
Transfers Out	-	-	-	(560,000)	-	(2,030,000)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 1,137,770	\$ (560,000)	\$ 2,030,000	\$ (2,030,000)
Net Change in Fund Balances	\$ 3,717,937	\$ (2,109,284)	\$ 954,958	\$ 1,631,158	\$ 22,915	\$ 381,147
Fund Balances - January 1	\$ 4,556,574	\$ 2,166,569	\$ (251,765)	\$ 5,435,351	\$ 150,256	\$ 1,274,662
Fund Balances - December 31	\$ 8,274,511	\$ 57,285	\$ 703,193	\$ 7,066,509	\$ 173,171	\$ 1,655,809

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

	County Park	County Jail	Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$	126,226	\$ 1,313,308	\$ -	\$ 2,712,027	\$ 11,569,113
	14,532	121,673	2,088,208	1,390,174	19,353,428
	-	-	-	709,628	1,273,817
	-	-	-	58,501	1,180,699
	1,152	-	-	-	135,826
	70,485	-	-	127,843	555,314
<u>\$</u>	<u>212,395</u>	<u>\$ 1,434,981</u>	<u>\$ 2,088,208</u>	<u>\$ 4,998,173</u>	<u>\$ 34,068,197</u>
\$	-	\$ -	\$ -	\$ 1,744,926	\$ 4,070,590
	-	1,338,186	-	1,058,600	4,676,456
	-	-	-	89,085	13,209,299
	-	-	-	-	3,402,327
	-	-	-	-	59,402
	1,840,372	-	-	-	1,840,372
	-	-	-	598,304	598,304
	-	-	264,184	-	264,184
	-	-	-	77,032	185,819
	-	-	-	29,266	46,581
<u>\$</u>	<u>1,840,372</u>	<u>\$ 1,338,186</u>	<u>\$ 264,184</u>	<u>\$ 3,597,213</u>	<u>\$ 28,353,334</u>
<u>\$</u>	<u>(1,627,977)</u>	<u>\$ 96,795</u>	<u>\$ 1,824,024</u>	<u>\$ 1,400,960</u>	<u>\$ 5,714,863</u>
\$	-	\$ -	\$ -	\$ -	\$ 2,934,674
	-	-	-	-	233,096
	-	-	-	(344,674)	(2,934,674)
<u>\$</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (344,674)</u>	<u>\$ 233,096</u>
<u>\$</u>	<u>(1,627,977)</u>	<u>\$ 96,795</u>	<u>\$ 1,824,024</u>	<u>\$ 1,056,286</u>	<u>\$ 5,947,959</u>
<u>\$</u>	<u>5,220,204</u>	<u>\$ 141,095</u>	<u>\$ 4,080,233</u>	<u>\$ 5,024,482</u>	<u>\$ 27,797,661</u>
<u>\$</u>	<u>3,592,227</u>	<u>\$ 237,890</u>	<u>\$ 5,904,257</u>	<u>\$ 6,080,768</u>	<u>\$ 33,745,620</u>

STARK COUNTY
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

Net Change in *Fund Balances* - Total Governmental Funds \$ 5,947,959

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

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

Current Year Capital Outlay	\$ 2,952,933	
Capital Contribution	2,461,996	
Current Year Depreciation Expense	<u>(1,453,604)</u>	3,961,325

In the Statement of Activities, the loss or gain on sale or disposal of capital assets is recognized. The fund financial statements do not recognize losses on disposals of capital assets. (85,384)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The issuance of a lease isn't an inflow of resources, but does increase liabilities in net position. These are the amount by which debt issuance exceeded debt repayment.

Repayment of Debt - Loans	\$ 112,491	
Repayment of Debt - Leases	73,328	
Issuance of Leases	<u>(233,096)</u>	(47,277)

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

Net Change in Interest Payable	\$ (1,814)	
Net Change in Contract Payable	134,278	
Net Change in Retainage Payable	(81,270)	
Net Change in Compensated Absences	<u>(56,793)</u>	(5,599)

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

Net Change in Taxes Receivable		<u>(2,714)</u>
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Change in Net Position of Governmental Activities \$ 9,768,310

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

STARK COUNTY
Dickinson, North Dakota

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$ 4,233,019</u>
<u>LIABILITIES</u>	
Due to Other Governments	<u>\$ 4,233,019</u>

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

STARK COUNTY
Dickinson, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

COMPONENT UNIT

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 a discretely presented component unit.

Discretely Presented Component Unit: The component unit column in the government wide financial statements includes the financial data of the county's one component unit. This unit is reported in a separate column to emphasize that it is legally separate from the county.

Stark County Water Resource District: The Stark County Water Resource District governing board is appointed by the county's governing body. The county's governing body has the authority to disapprove, amend, or approve the water resource district budget.

Complete financial statements of Stark County Water Resource District are included in these financial statements. Additional information may be obtained from the Stark County Auditor/Treasurer; 51 3rd St E, Dickinson, ND 58601.

B. Basis of Presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government, Stark County. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

STARK COUNTYNotes to the Financial Statements – Continued

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

Fund Financial Statements: The fund financial statements provide information about the County's funds including its fiduciary funds. Separate statements for each fund category—*governmental* and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The County reports the following major governmental funds:

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

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

County Road - Unorganized Fund. This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. Restricted tax levies and state and federal reimbursements/grants exist in this fund.

Highway Tax Distribution Fund. This is the County's clearing account for State Highway Tax revenue. It accounts for restricted State Highway Tax distribution revenues. These funds are transferred to the county road unorganized fund.

Social Services Fund. This is the County's primary health and welfare fund. It accounts for all financial resources related health and welfare, except those required to be accounted for in another fund. Restricted state and federal grants/reimbursements are the primary revenue source in this fund.

County Poor Fund. This is the County's health and welfare fund used to levy property taxes for welfare purposes and report various restricted state/federal grants/reimbursements. It accounts for tax levies related to health and welfare. Most of these funds are transferred to the Social Welfare fund.

County Park Fund. This fund accounts for all financial resources related to the County Park. Restricted grants/reimbursements and tax levies are revenue sources in this fund.

County Jail Fund. This fund accounts for restricted taxes levied for County share of jail expenses.

Capital Improvement Fund. This fund accounts for resources accumulated to perform various projects.

Additionally, the county reports the following fund type:

Agency Funds. These fund accounts for assets held by the County in a custodial capacity as an agent on behalf of others. The County's agency fund is used to account for various deposits of other governments.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated

absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Cash and Investments

Cash and cash equivalents include amounts in demand deposits, savings accounts, and money market accounts.

The investments of the county during the year ended December 31, 2014 consist of certificates of deposit stated at cost with maturities in excess of three months.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$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.

General infrastructure assets acquired prior to January 1, 2005 consisting of various road and bridge network assets are not reported in the financial statements, as the County was required to prospectively report infrastructure assets beginning January 1, 2005 as a Phase III GASB 34 implementation entity. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

STARK COUNTY

Notes to the Financial Statements – Continued

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

Land	Indefinite
Buildings	25 to 75 years
Vehicles and Machinery	5 to 15 years
Infrastructure	40 years
Furniture and Equipment	5 to 20 years

F. Compensated Absences

Full time nonsocial service employees are granted vacation benefits from 12 to 24 days per year, depending on tenure with the county. Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of 30 days. Sick leave benefits accrue at the rate of one day per month. Upon termination of employment, the employee is entitled to a lump sum payment of 10% of the pay attributed to the employee’s unused sick leave accrued. Social service employees are granted vacation benefits from one to two days per month depending on tenure with the County. Social service employees may accrue up to a maximum of 240 hours of vacation. Upon termination of employment, social service employees will be paid for vacation benefits that have accrued to a maximum of 240 hours.

Sick leave benefits for social service employees accrue at the rate of one day per month. Unused sick leave benefits are allowed to accumulate to an unlimited amount. Upon termination of employment or retirement all unused sick leave is forfeited. Vested or accumulated leave is reported in the general long-term debt account group.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

H. 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.

I. Fund Balances / Net Position

Fund Balance Spending Policy:

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

STARK COUNTY

Notes to the Financial Statements – Continued

Minimum Fund Balance Policy:

Stark County established a 15% - 20% unassigned general fund carryover balance target to help with financial stability. The 15% - 20% fund balance range is a part of the county’s fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county. Unassigned general fund balance of \$8,274,511 at December 31, 2014 represented 175% of annual 2014 general fund expenditures.

Replenishing deficiencies – when fund balance falls below the minimum 15 percent range, the County will replenish shortages/deficiencies using the budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by the County to replenish funding deficiencies:

- The County will reduce recurring expenditures to eliminate any structural deficit or,
- The County will increase revenues or pursue other funding sources, or,
- Some combination of the two options above.

Minimum fund balance deficiencies shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between 12.5 percent and 15 percent shall be replenished over a period not to exceed one year.
- Deficiency resulting in a minimum fund balance between 10 percent and 12.5 percent shall be replenished over a period not to exceed three years.
- Deficiency resulting in a minimum fund balance of less than 10 percent shall be replenished over a period not to exceed five years.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (highway tax distribution, social services, county poor, county road unorganized, 10 mill farm to market road, county park, and county jail) are disclosed in more detail in Note 1B.

Fund Balance Reporting and Governmental Fund Type Definitions

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

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

TABLE CONTINUED ON NEXT PAGE....

STARK COUNTY

Notes to the Financial Statements – Continued

CLASSIFICATION	DEFINITION	EXAMPLES
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance; (b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes;	Available for any remaining general fund expenditure.

Stark County did not have any non-spendable balances, assigned fund balances, or committed balances reported in the balance sheet at December 31, 2014.

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

Restricted fund balances are shown by primary function on the balance sheet for public safety, highways & bridges, health & welfare, culture & recreation, conservation of natural resources, emergencies, economic development, capital projects, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted Fund Balances:

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

Net Position:

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

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

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

Restrictions of net position in the statement of net position is shown by primary function and are restricted for public safety, highways & bridges, health & welfare, culture & recreation, conservation of natural resources, emergencies, economic development, capital projects, and other purposes (health insurance, insurance reserve, veteran's service officer, and social security).

Unrestricted net position is primarily unrestricted amounts related to the general fund, as well as amounts shown for negative funds (sheriff's grants and state reimbursements). The unrestricted net position is available to meet the district's ongoing obligations.

STARK COUNTY

Notes to the Financial Statements – Continued

NOTE 2: LEGAL COMPLIANCE - BUDGETS**BUDGET AMENDMENTS**

The board of county commissioners approved the following amendments to the county budget for the year ended December 31, 2014:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Major Funds			
General	\$4,525,564	\$168,264	\$4,693,828
County Park	153,500	1,686,872	1,840,372
Social Services	2,834,147	185,037	3,019,184
Oil & Gas Infrastructure	157,061	91,875	248,936
Information Technology	272,808	30,720	303,528
Comprehensive Health Care	400,000	7,809	407,809
Veteran's Service Officer	114,321	1,143	115,464
Sheriff's Grants	250,000	334,415	584,415
SW Victim Witness Program	75,000	10,600	85,600
State Reimbursement	1,200	368	1,568
Asset Forfeiture	1,000	8,827	9,827
Insurance Reserve	148,020	7,421	155,441
Siren Contingency	10,000	6,838	16,838
Weed Control	330,901	55,368	386,269

NOTE 3: DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the county maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

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

At year ended December 31, 2014, the county's carrying amount of deposits was \$37,684,098 and the bank balances totaled \$38,127,508. Of the bank balances, \$1,000,000 was covered by Federal Depository Insurance. The remaining bank balances totaling \$37,127,508 were collateralized with securities held by the pledging financial institution's agent in the government's name. The Water Resource District had deposits with a carrying value of \$455,784, and bank balances totaling \$455,294. The districts entire bank balances were covered by Federal Depository Insurance.

STARK COUNTY

Notes to the Financial Statements – Continued

Credit Risk:

The county may invest idle funds as authorized in North Dakota Statutes, as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.

As of December 31, 2014, the County had certificates of deposit totaling \$7,450,000, and the Water Resource District had \$414,000.

Interest Rate Risk:

The County does not have a formal deposit policy that limits maturities as a means of managing exposure to fair-value losses arising from increasing interest rates.

Concentration of Credit Risk:

The county does not have a limit on the amount they may invest in any one issuer.

NOTE 4: TAXES RECEIVABLE

The taxes receivable represents the past three years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material collections are distributed after the end of the month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due for fees and services provided. No allowance for doubtful accounts has been established for estimated uncollectible accounts receivable.

NOTE 6: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivable consists of reimbursements due for expenses in the operation of various welfare, sheriff, and emergency management programs. These amounts consist of a mix of State and Federal dollars.

NOTE 7: DUE TO / FROM OTHER FUNDS

The due to other funds reported in the other governmental funds represent the amount of negative cash at year-end that was covered by the general fund (\$39,108) in the sheriff's grant fund (\$38,458) and the state reimbursement fund (\$650).

STARK COUNTY

Notes to the Financial Statements – Continued

NOTE 8: DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the balance sheet represent the amount of uncollected taxes and the taxes paid in advance in the fund financial statements for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, uncollected taxes and taxes received in advance are measurable but not available. Deferred inflows of resources in the statement of net position represent the amount of taxes received in advance.

NOTE 9: CAPITAL ASSETS

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

Governmental Activities:	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 73,018	\$1,734,000	\$ 1,455	\$ -	\$ 1,805,563
Construction in Progress	7,661,357	2,759,110	-	(8,228,151)	2,192,316
Total Capital Assets, Not Being Depreciated	\$ 7,734,375	\$4,493,110	\$ 1,455	\$(8,228,151)	\$ 3,997,879
<i>Capital assets, being depreciated:</i>					
Buildings	\$10,624,058	\$ 101,052	\$ -	\$ -	\$10,725,110
Furniture & Equipment	1,856,494	21,806	13,920	-	1,864,380
Vehicles & Machinery	6,441,970	798,961	363,625	-	6,877,306
Infrastructure	24,889,337	-	-	8,228,151	33,117,488
Total Capital Assets, Being Depreciated	\$43,811,859	\$ 921,819	\$377,545	\$ 8,228,151	\$52,584,284
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 2,859,873	\$ 165,569	\$ -	\$ -	\$ 3,025,442
Furniture & Equipment	1,546,839	82,671	12,487	-	1,617,023
Vehicles & Machinery	3,049,791	568,847	281,129	-	3,337,509
Infrastructure	12,217,489	636,517	-	-	12,854,006
Total Accumulated Depreciation	\$19,673,992	\$1,453,604	\$293,616	\$ -	\$20,833,980
Total Capital Assets Being Depreciated, Net	\$24,137,867	\$ (531,785)	\$ 83,929	\$ 8,228,151	\$31,750,304
Governmental Activities-Capital Assets, Net	\$31,872,242	\$3,961,325	\$ 85,384	\$ -	\$35,748,183

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

Governmental Activities:	Amounts
General	\$ 69,321
Public Safety	244,845
Highways & Bridges	1,101,883
Health & Welfare	15,106
Culture & Recreation	12,810
Conservation of Natural Resources	9,639
Total Depreciation Expense - Governmental Activities	\$1,453,604

NOTE 10: ACCOUNTS PAYABLE

Accounts payable consists of a liability account reflecting amounts on open accounts owing to private persons or organizations for goods and services received prior to December 31, 2014.

NOTE 11: RETAINAGE PAYABLE

Retainages payable consists of a liability account reflecting amounts owing to contractors on open contracts at December 31, 2014. More detail is outlined in Note 18.

NOTE 12: SALARIES AND BENEFITS PAYABLE

Salaries and benefits payable consists of a liability account reflecting amounts owing to employees for work provided on behalf of the county prior to December 31 of each year-end.

STARK COUNTY

Notes to the Financial Statements – Continued

NOTE 13: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2014, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Loans Payable	\$1,083,459	\$ -	\$112,491	\$ 970,968	\$117,368
Leases Payable	42,502	233,096	73,328	202,270	52,688
Compensated Absences *	426,591	56,793	-	483,384	193,354
Total Governmental Activities	\$1,552,552	\$289,889	\$185,819	\$1,656,622	\$363,410

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

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

Loans Payable:

\$562,310 Loan from Citi Capital Commercial Corp. for improvements to the Courthouse, due in annual installments of \$25,498 to \$49,788 through 2022 with interest at 4.25%. \$ 344,966

\$738,455 Loan from Citi Capital Commercial Corp. for improvements to the Law Enforcement Center, due in semi-annual installments of \$15,297 to \$32,960 through 2022 with interest at 4.25%. 452,535

\$361,405 Loan from Citi Capital Commercial Corp. for improvements to the DWCRS, due in semi-annual installments of \$11,628 to \$19,074 through 2019 with interest at 4.35%. 173,467

Total Loans Payable \$ 970,968

Leases Payable:

\$233,096 Lease from American Bank Center for the purchase of two semi-trucks, due in annual installments of \$48,879 through 2018 with interest at 2.259%. \$ 184,502

\$11,566 Lease from Xerox for a printer and tray, due in monthly installments of \$193 through 2017. 5,976

\$8,992 Lease from Xerox for a printer and tray, due in monthly installments of \$187 through 2017. 4,683

\$14,218 Lease from Pitney Bowes for a postage machine, due in quarterly installments of \$889 through 2016. 7,109

Total Leases Payable \$ 202,270

STARK COUNTY

Notes to the Financial Statements – Continued

Debt service requirements on governmental activity long-term debt at December 31, 2014 are as follows:

Year Ending December 31	GOVERNMENTAL ACTIVITIES			
	Loans Payable		Leases Payable	
	Principal	Interest	Principal	Interest
2015	\$117,368	\$ 40,876	\$ 52,689	\$ 4,226
2016	122,455	35,788	53,701	3,213
2017	127,764	30,480	48,174	2,161
2018	133,303	24,941	47,706	1,093
2019	139,081	19,162	-	-
2020-2024	330,997	26,800	-	-
Total	\$970,968	\$178,047	\$202,270	\$10,693

Interest Payable – interest payable consists of the portion of interest accrued on long-term debt (bonds payable and loans payable) outstanding at December 31, 2014.

NOTE 14: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Stark County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability, \$2,000,000 for automobile, and \$5,349,608 for public assets (mobile equipment and portable property).

Stark County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Stark County has workers compensation with the North Dakota Workforce Safety and Insurance. The county provides health insurance benefits for the county employees through Blue Cross/Blue Shield of North Dakota, and pays 75% of the premium for that coverage.

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

NOTE 15: CONDUIT DEBT OBLIGATIONS

From time to time, Stark County has obtained community development block grant loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the acquired facility transfers to the private-sector entity served by the loan. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements.

STARK COUNTY

Notes to the Financial Statements – Continued

As of December 31, 2014, there was one community development block grant loan outstanding (Red Trail Energy), with an aggregate principal amount payable of \$182,204.

NOTE 16: JOINT VENTURES**Southwest Multi-County Correction Center**

Stark County entered into a joint venture for the operation of the Southwest Multi-County Correction Center with Dunn, Hettinger, Bowman, Slope, and Billings counties. Each county appoints one member to the correction center board. Each participating county's share of the cost of operations is determined by the relative population of each county based upon the 1980 census.

Summary financial information for 2014 is not available. The following information as of and for the year ended December 31, 2012, the most current information available, is as follows:

GOVERNMENTAL ACTIVITIES

Total Assets	\$7,368,298
Total Liabilities	<u>586,511</u>
Net Position	<u>\$6,781,787</u>
Revenues	\$6,943,770
Expenses	<u>7,069,988</u>
Change in Net Position	<u>\$ (126,218)</u>

Complete financial statements may be obtained from Southwest Multi-County Correction Center, 12th St. W. and Sims, Dickinson, ND 58601.

Dickinson Law Enforcement Center

Stark County entered into a joint venture for the maintenance of the Dickinson Law Enforcement Center with the City of Dickinson and the Southwest Multi-County Correction Center. Each entity appoints two members to the law enforcement center board. Each participating entity's share of the cost of operations is determined by the relative amount of space occupied by each.

Summary financial information for 2014 is not available. The following information as of and for the year ended December 31, 2012, the most current information available, is as follows:

GOVERNMENTAL ACTIVITIES

Total Assets	\$158,137
Total Liabilities	<u>35,325</u>
Net Position	<u>\$122,812</u>
Revenues	\$447,441
Expenses	<u>411,653</u>
Change in Net Position	<u>\$ 35,788</u>

Complete financial statements may be obtained from Dickinson Law Enforcement Center, 12th St. W. and Sims, Dickinson, ND 58601.

Southwest District Health Unit

Stark County entered into a joint venture with Adams, Billings, Bowman, Dunn, Golden Valley, Hettinger, and Slope Counties for the operation of the Southwest District Health Unit. Each participating county's share of the cost of operations and board member appointments is determined by the relative taxable valuation of each county.

STARK COUNTY

Notes to the Financial Statements – Continued

Summary financial information for 2014 is not available. The following information as of and for the year ended December 31, 2011, the most current information available, is as follows:

GOVERNMENTAL ACTIVITIES

Total Assets	\$ 998,411
Total Liabilities	<u>175,075</u>
Net Assets	<u>\$ 823,336</u>
Revenues	\$2,212,141
Expenses	<u>2,028,858</u>
Change in Net Assets	<u>\$ 183,283</u>

Additional financial information may be obtained from the Southwest District Health Unit, Hwy 22 N, Dickinson, ND 58601.

NOTE 17: PENSION PLAN**North Dakota Public Employees' Retirement System**

Stark County contributes to the North Dakota Public Employee's Retirement System (NDPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. NDPERS provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, PO Box 1214, Bismarck, North Dakota, 58502-1214.

During January 1, 2014 through December 31, 2014, plan members were required to contribute 7% of their annual covered salary. Stark County has elected to contribute the employees required contribution. The county was required to contribute 8.26% of the employee's salary, which consists of 7.12% for employee retirement and 1.14% for the retiree health benefits fund. The contribution requirements of plan members and the county are established and may be amended by the State legislature. The County's required total contributions to NDPERS for the years ending December 31, 2014, 2013, and 2012 were \$1,000,910, \$760,934, and \$584,491, respectively. The employer share was \$567,253, \$435,517, and \$340,463, respectively. The employee's share was \$433,657, \$325,417, and \$244,028, respectively.

NOTE 18: CONSTRUCTION COMMITMENTS

Stark County had several open construction commitments as of December 31, 2014 as follows:

Project	Total Contract	Change Orders	Total Contract w/Change Orders	Total Completed	Retainage/Contract Payable	Remaining Balance w/Retainages	% Complete
BRO-0045(042)	\$ 945,008	\$ 52,035	\$ 997,043	\$ 814,348	\$18,348	\$ 201,044	81.68%
COIA-0045(056) – 38 th Street	817,461	(54,197)	763,264	653,730	72,637	182,170	85.65%
BRO-0045(053) – Saetz Bridge	265,218	-	265,218	189,587	4,587	80,218	71.48%
COIA-0045(061) – 116 th Ave. SW	99,800	-	990,800	-	-	990,800	0.00%
COIA-0045(055) – Creek Culvert	267,440	-	267,400	-	-	267,400	0.00%
Total	<u>\$3,285,927</u>	<u>\$ (2,162)</u>	<u>\$3,283,765</u>	<u>\$1,657,665</u>	<u>\$95,572</u>	<u>\$1,721,672</u>	<u>50.48%</u>

STARK COUNTY

Notes to the Financial Statements – Continued

NOTE 19: DEFICIT BALANCES

The following funds were in a negative fund balance position at December 31, 2014:

County Funds	Balance
Sheriff Grants	\$(38,458)
State Reimbursements	(650)

These deficits will be eliminated with grant reimbursements from other entities or transfers from other funds.

NOTE 20: OPERATING LEASES

The county leases postage machines under non-cancelable operating leases. Total costs for such leases were \$2,141 for the year ended December 31, 2014. The future minimum lease payments for these leases are as follows:

GOVERNMENTAL ACTIVITIES			
Year Ending December 31	County Social Services Pitney Bowes-Postage	County Extension Pitney Bowes-Postage	Total
2015	\$1,032	\$1,108	\$2,140
2016	516	1,108	1,624
2017	-	924	924
Totals	\$1,548	\$3,140	\$4,688

NOTE 21: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2014:

	Transfers In	Transfers Out
Major Funds:		
Unorganized Road & Bridge	\$ 904,674	\$ -
Highway Tax Distribution	-	560,000
Social Services	2,030,000	-
County Poor	-	2,030,000
Special Revenue Funds:		
Oil & Gas Infrastructure	-	344,674
Total Transfers	\$2,934,674	\$2,934,674

Transfers are used to 1) move unrestricted general fund revenues to finance various programs, 2) move various road funds revenues from funds with collection authority to fund projects done in other road funds and 3) move revenues from the county poor fund which has taxing authority to the social service fund which operates the welfare programs.

NOTE 22: PRIOR PERIOD ADJUSTMENT

The only prior period adjustment was to bring in the beginning net position balance of the water resource district. The Water Resource District was not previously reported as a component unit of the county. The adjustment was to include the beginning cash and salaries payable as follows:

Governmental Activities (Water Resource District):	Amounts
Beginning Net Position, as previously reported	\$ -
Adjustments to restate the January 1, 2014 Net Position:	
Adjustment to include beginning cash	452,727
Adjustment to include beginning salaries payable	(487)
Net Position January 1, 2014 as restated	\$452,240

STARK COUNTY
Dickinson, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 3,110,500	\$ 3,110,500	\$ 3,021,291	\$ (89,209)
Intergovernmental	2,813,043	2,813,043	4,459,365	1,646,322
Charges for Services	375,000	375,000	384,633	9,633
Licenses, Permits and Fees	30,650	30,650	405,091	374,441
Interest Income	90,000	90,000	134,674	44,674
Miscellaneous	25,100	25,100	38,430	13,330
Total Revenues	\$ 6,444,293	\$ 6,444,293	\$ 8,443,484	\$ 1,999,191
<u>Expenditures:</u>				
Current:				
General Government	\$ 2,063,504	\$ 2,299,509	\$ 2,325,664	\$ (26,155)
Public Safety	2,343,971	2,274,106	2,279,670	(5,564)
Health & Welfare	750	750	750	-
Economic Development	117,339	59,402	59,402	-
Debt Service:				
Principal	-	43,574	43,574	-
Interest	-	16,487	16,487	-
Total Expenditures	\$ 4,525,564	\$ 4,693,828	\$ 4,725,547	\$ (31,719)
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,918,729	\$ 1,750,465	\$ 3,717,937	\$ 1,967,472
Fund Balance - January 1	\$ 4,556,574	\$ 4,556,574	\$ 4,556,574	\$ -
Fund Balance - December 31	\$ 6,475,303	\$ 6,307,039	\$ 8,274,511	\$ 1,967,472

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

STARK COUNTY
Dickinson, North Dakota

BUDGETARY COMPARISON SCHEDULE
10 MILL - FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,348,950	\$ 1,348,950	\$ 1,313,308	\$ (35,642)
Intergovernmental	174,366	174,366	154,665	(19,701)
Total Revenues	<u>\$ 1,523,316</u>	<u>\$ 1,523,316</u>	<u>\$ 1,467,973</u>	<u>\$ (55,343)</u>
<u>Expenditures:</u>				
Current:				
Highways & Bridges	<u>\$ 3,909,000</u>	<u>\$ 3,909,000</u>	<u>\$ 3,577,257</u>	<u>\$ 331,743</u>
Net Change in Fund Balances	<u>\$ (2,385,684)</u>	<u>\$ (2,385,684)</u>	<u>\$ (2,109,284)</u>	<u>\$ 276,400</u>
Fund Balance - January 1	<u>\$ 2,166,569</u>	<u>\$ 2,166,569</u>	<u>\$ 2,166,569</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ (219,115)</u>	<u>\$ (219,115)</u>	<u>\$ 57,285</u>	<u>\$ 276,400</u>

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

STARK COUNTY
Dickinson, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD - UNORGANIZED FUND
For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,036,700	\$ 1,036,700	\$ 893,872	\$ (142,828)
Intergovernmental	7,530,617	7,530,617	5,670,637	(1,859,980)
Charges for Services	152,000	152,000	179,556	27,556
Licenses, Permits and Fees	576,000	576,000	717,107	141,107
Miscellaneous	47,500	47,500	318,556	271,056
Total Revenues	\$ 9,342,817	\$ 9,342,817	\$ 7,779,728	\$ (1,563,089)
<u>Expenditures:</u>				
Current:				
Highways & Bridges	\$ 9,749,000	\$ 9,749,000	\$ 7,663,403	\$ 2,085,597
Debt Service:				
Principal	-	-	65,213	(65,213)
Interest	-	-	828	(828)
Total Expenditures	\$ 9,749,000	\$ 9,749,000	\$ 7,729,444	\$ 2,019,556
Excess (Deficiency) of Revenues Over Expenditures	\$ (406,183)	\$ (406,183)	\$ 50,284	\$ 456,467
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 480,000	\$ 480,000	\$ 904,674	\$ 424,674
Net Change in Fund Balances	\$ 73,817	\$ 73,817	\$ 954,958	\$ 881,141
Fund Balance - January 1	\$ (251,765)	\$ (251,765)	\$ (251,765)	-
Fund Balance - December 31	\$ (177,948)	\$ (177,948)	\$ 703,193	\$ 881,141

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

STARK COUNTY
Dickinson, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX DISTRIBUTION FUND
For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 4,728,897	\$ 4,728,897	\$ 3,837,616	\$ (891,281)
<u>Expenditures:</u>				
Current:				
Highways & Bridges	\$ 1,737,226	\$ 1,737,226	\$ 1,646,458	\$ 90,768
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,991,671	\$ 2,991,671	\$ 2,191,158	\$ (800,513)
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (3,080,000)	\$ (3,080,000)	\$ (560,000)	\$ 2,520,000
Net Change in Fund Balances	\$ (88,329)	\$ (88,329)	\$ 1,631,158	\$ 1,719,487
Fund Balance - January 1	\$ 5,435,351	\$ 5,435,351	\$ 5,435,351	\$ -
Fund Balance - December 31	\$ 5,347,022	\$ 5,347,022	\$ 7,066,509	\$ 1,719,487

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

STARK COUNTY
Dickinson, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 822,145	\$ 822,145	\$ 1,009,378	\$ 187,233
<u>Expenditures:</u>				
Current:				
Health & Welfare	\$ 2,834,147	\$ 3,019,184	\$ 3,016,463	\$ 2,721
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,012,002)	\$ (2,197,039)	\$ (2,007,085)	\$ 189,954
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 2,000,000	\$ 2,000,000	\$ 2,030,000	\$ 30,000
Net Change in Fund Balances	\$ (12,002)	\$ (197,039)	\$ 22,915	\$ 219,954
Fund Balance - January 1	\$ 150,256	\$ 150,256	\$ 150,256	\$ -
Fund Balance - December 31	\$ 138,254	\$ (46,783)	\$ 173,171	\$ 219,954

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

STARK COUNTY
Dickinson, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 2,249,341	\$ 2,249,341	\$ 2,189,081	\$ (60,260)
Intergovernmental	1,556,013	1,556,013	607,180	(948,833)
Total Revenues	<u>\$ 3,805,354</u>	<u>\$ 3,805,354</u>	<u>\$ 2,796,261</u>	<u>\$ (1,009,093)</u>
<u>Expenditures:</u>				
Current:				
Health & Welfare	\$ 971,207	\$ 971,207	\$ 385,114	\$ 586,093
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,834,147</u>	<u>\$ 2,834,147</u>	<u>\$ 2,411,147</u>	<u>\$ (423,000)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (2,000,000)	\$ (2,000,000)	\$ (2,030,000)	\$ (30,000)
Net Change in Fund Balances	<u>\$ 834,147</u>	<u>\$ 834,147</u>	<u>\$ 381,147</u>	<u>\$ (453,000)</u>
Fund Balance - January 1	<u>\$ 1,274,662</u>	<u>\$ 1,274,662</u>	<u>\$ 1,274,662</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 2,108,809</u></u>	<u><u>\$ 2,108,809</u></u>	<u><u>\$ 1,655,809</u></u>	<u><u>\$ (453,000)</u></u>

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

STARK COUNTY
Dickinson, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 129,150	\$ 129,150	\$ 126,226	\$ (2,924)
Intergovernmental	16,578	16,578	14,532	(2,046)
Interest Income	7,500	7,500	1,152	(6,348)
Total Revenues	<u>\$ 253,228</u>	<u>\$ 253,228</u>	<u>\$ 212,395</u>	<u>\$ (40,833)</u>
<u>Expenditures:</u>				
Current:				
Culture & Recreation	<u>\$ 153,500</u>	<u>\$ 1,840,372</u>	<u>\$ 1,840,372</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 99,728</u>	<u>\$ (1,587,144)</u>	<u>\$ (1,627,977)</u>	<u>\$ (40,833)</u>
Fund Balance - January 1	<u>\$ 5,220,204</u>	<u>\$ 5,220,204</u>	<u>\$ 5,220,204</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 5,319,932</u>	<u>\$ 3,633,060</u>	<u>\$ 3,592,227</u>	<u>\$ (40,833)</u>

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

STARK COUNTY
Dickinson, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,349,000	\$ 1,349,000	\$ 1,313,308	\$ (35,692)
Intergovernmental	143,259	143,259	121,673	(21,586)
Total Revenues	<u>\$ 1,492,259</u>	<u>\$ 1,492,259</u>	<u>\$ 1,434,981</u>	<u>\$ (57,278)</u>
<u>Expenditures:</u>				
Current:				
Public Safety	<u>\$ 1,335,000</u>	<u>\$ 1,335,000</u>	<u>\$ 1,338,186</u>	<u>\$ (3,186)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 157,259</u>	<u>\$ 157,259</u>	<u>\$ 96,795</u>	<u>\$ (60,464)</u>
Fund Balance - January 1	<u>\$ 141,095</u>	<u>\$ 141,095</u>	<u>\$ 141,095</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 298,354</u>	<u>\$ 298,354</u>	<u>\$ 237,890</u>	<u>\$ (60,464)</u>

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

STARK COUNTY
Dickinson, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

NOTE 2: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2014, Stark County had the following fund expenditures in excess of budgeted amounts:

	Actual	Budget	Excess
<u>Special Revenue Funds:</u>			
General Fund	\$4,725,546	\$4,693,828	\$31,719
County Jail	1,338,186	1,335,000	3,186
Sheriff's Grant	601,718	584,415	17,303

No remedial action is anticipated or required regarding these excess expenditures.

STARK COUNTYNotes to the Required Supplementary Information - Continued

NOTE 3: BUDGET TO ACTUAL RECONCILIATION

The County entered into a capital lease for two 2015 Western Star Semis for the road department. The lease proceeds and corresponding expenditures were reported on the statement of revenues, expenditures and changes in fund balance – governmental funds, but were not reported on the budgetary comparison schedule in the County Road – Unorganized Fund. The County didn't budget for these funds and these transactions were not recorded on the County's general ledger. The differences are as follows:

County Road-Unorganized Fund	Combined Statement	Adjustment	Budget to Actual
Expenditures	\$7,962,540	\$(233,096)	\$7,729,444
Lease Proceeds	233,096	(233,096)	-

STARK COUNTY
Dickinson, North Dakota

SCHEDULE OF FUND ACTIVITY - ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2014

	Balance 1-1-14	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-14
Primary Government:						
General Fund	\$ 4,676,639.86	\$ 8,718,122.75	\$ -	\$ -	\$ 4,693,827.73	\$ 8,700,934.88
Farm to Market Road - 10 Mill	2,459,768.65	1,513,549.90	-	-	3,622,789.52	350,529.03
County Roads - Unorganized	544,118.83	7,199,887.60	904,673.51	-	8,400,787.53	247,892.41
Highway Tax Distribution	5,078,635.08	3,560,581.89	-	560,000.00	1,641,711.88	6,437,505.09
Social Services	83,305.23	1,007,343.49	2,030,000.00	-	3,019,183.63	101,465.09
County Jail	338,599.02	1,483,096.21	-	-	1,338,186.38	483,508.85
County Poor	1,499,790.05	3,010,832.93	-	2,030,000.00	420,197.82	2,060,425.16
County Park	5,238,677.01	217,211.81	-	-	1,840,371.99	3,615,516.83
Capital Improvement	4,080,233.27	2,014,110.17	-	-	264,184.00	5,830,159.44
Total Major Funds	\$ 23,999,767.00	\$ 28,724,736.75	\$ 2,934,673.51	\$ 2,590,000.00	\$ 25,241,240.48	\$ 27,827,936.78
Special Revenue Funds:						
Special Road & Bridge	\$ 678,124.70	\$ 251,541.82	\$ -	\$ -	\$ 40,508.37	\$ 889,158.15
Information Technology	550,600.47	549,739.01	-	-	303,528.49	796,810.99
Oil & Gas Infrastructure	593,609.17	-	-	344,673.51	248,935.66	-
Insurance Reserve	281,742.86	201,298.28	-	-	155,440.51	327,600.63
Comprehensive Health Care	542,134.98	583,952.18	-	-	407,809.05	718,278.11
Emergency Fund	434,256.52	15,698.58	-	-	-	449,955.10
Veterans Service Officer	227,274.95	231,140.34	-	-	115,464.42	342,950.87
Social Security	671,768.83	790,610.96	-	-	457,681.71	1,004,698.08
Advertising	78,022.68	76,104.57	-	-	66,320.93	87,806.32
County Agent	423,540.93	341,527.37	-	-	141,505.18	623,563.12
Weed Control	164,373.60	385,112.10	-	-	386,269.18	163,216.52
Emergency 911	175,366.24	344,387.08	-	-	318,875.35	200,877.97
Adult Education	5,317.45	8,085.52	-	-	5,073.07	8,329.90
Asset Forfeiture	25,796.53	11,742.00	-	-	9,826.93	27,711.60
Fingerprint Station	14,783.70	1,416.00	-	-	189.99	16,009.71
Sheriffs Grants	(141,666.69)	704,927.57	-	-	601,718.52	(38,457.64)
Security Transfer/DJS Reimburse.	-	1,356.42	-	-	1,061.16	295.26
Southwest Victim Witness Prog.	80,019.50	62,227.50	-	-	85,600.23	56,646.77
Hazardous Chem. Preparedness	23,092.96	8,775.00	-	-	824.26	31,043.70
Preservation Fee	275,800.65	58,501.25	-	-	70,529.94	263,771.96
State Reimbursements	(2,759.18)	3,677.45	-	-	1,568.27	(650.00)
Siren Contingency	24,421.09	12,036.69	-	-	16,837.93	19,619.85
ESG Funds	48,111.51	326,198.47	-	-	322,344.84	51,965.14
911 Equipment	335,443.43	64,890.78	-	-	9,443.08	390,891.13
Total Non-Major Special Revenue Funds	\$ 5,509,176.88	\$ 5,034,946.94	\$ -	\$ 344,673.51	\$ 3,767,357.07	\$ 6,432,093.24
Total Government Funds	\$ 29,508,943.88	\$ 33,759,683.69	\$ 2,934,673.51	\$ 2,934,673.51	\$ 29,008,597.55	\$ 34,260,030.02
Agency Funds:						
Fair Board	\$ 12,047.62	\$ 68,620.22	\$ -	\$ -	\$ 66,968.10	\$ 13,699.74
Domestic Violence Prevention	560.00	9,555.00	-	-	9,415.00	700.00
Estimate Tax	3,785.87	47,088.85	-	-	46,691.02	4,183.70
Game and Fish	159,734.00	339,161.00	-	-	353,746.00	145,149.00
Protest Fund	4,000.48	31,439.74	-	-	35,440.22	-
DVRCC	-	10,915.80	-	-	11,370.80	(455.00)
Judgement Execution Fund	-	108,350.43	-	-	108,350.43	-
BCI- Tack Force	-	183,620.75	-	-	309,352.83	(125,732.08)
Vector Control	33,270.13	147,597.41	-	-	137,947.86	42,919.68
Stark County Job Development	23,859.93	165,417.69	-	-	134,986.70	54,290.92
Senior Citizens	23,859.87	232,926.57	-	-	229,446.86	27,339.58
Water Commission	-	3,609.20	-	-	3,609.20	-
Southwest District Health	72,591.15	493,087.63	-	-	470,694.16	94,984.62

Continued on next page.....

STARK COUNTY
Dickinson, North Dakota

SCHEDULE OF FUND ACTIVITY - ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2014

	Balance 1-1-14	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-14
CONTINUED...						
<u>Agency Funds: (Continued):</u>						
State Tax	\$ 23,859.87	\$ 136,953.10	\$ -	\$ -	\$ 133,473.39	\$ 27,339.58
SW Water Authority	23,859.87	150,737.52	-	-	147,257.81	27,339.58
Library	29,212.45	222,672.61	-	-	217,297.02	34,588.04
Airport	7,303.08	47,655.44	-	-	46,311.47	8,647.05
Total Cities	1,119,387.35	6,667,512.39	-	-	6,624,508.98	1,162,390.76
Total Parks	253,228.82	1,410,771.57	-	-	1,410,803.71	253,196.68
Total School Districts	1,806,630.63	11,002,151.56	-	-	10,524,496.98	2,284,285.21
Richardton-Taylor Ambulance	11,521.90	85,599.02	-	-	83,323.50	13,797.42
Soil Conservation District	24,373.23	153,405.49	-	-	150,108.42	27,670.30
Total Rural Fire Prot. Districts	76,536.72	514,427.11	-	-	505,057.88	85,905.95
Payroll Deduction	31,370.90	878.97	-	-	(18,528.03)	50,777.90
Total Agency Funds	<u>\$ 3,740,993.87</u>	<u>\$ 22,234,155.07</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,742,130.31</u>	<u>\$ 4,233,018.63</u>
Total Primary Government	<u>\$ 33,249,937.75</u>	<u>\$ 55,993,838.76</u>	<u>\$ 2,934,673.51</u>	<u>\$ 2,934,673.51</u>	<u>\$ 50,750,727.86</u>	<u>\$ 38,493,048.65</u>
Total Reporting Entity	<u>\$ 33,249,937.75</u>	<u>\$ 55,993,838.76</u>	<u>\$ 2,934,673.51</u>	<u>\$ 2,934,673.51</u>	<u>\$ 50,750,727.86</u>	<u>\$ 38,493,048.65</u>

STARK COUNTY
Dickinson, North Dakota
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE:</u>		
<u>Passed through the North Dakota State Department of Health:</u>		
Violence Against Women Formula Grants	16.588	\$ 858
<u>Passed through the North Dakota Attorney Generals Office:</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 24,239
Total U.S. Department of Justice		<u>\$ 25,097</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>		
<u>Passed through the North Dakota State Department of Transportation:</u>		
State and Community Highway Safety	20.600	\$ 8,000
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	<u>20,127</u>
Total U.S. Department of Transportation		<u>\$ 28,127</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed through the North Dakota State Department of Human Services:</u>		
Promoting Safe and Stable Families	93.556	\$ 8,875
Temporary Assistance for Needy Families	93.558	** 276,740
Child Support Enforcement	93.563	8,756
Child Care and Development Block Grant	93.575	478
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	18,645
Children's Justice Grants to States	93.643	315
Stephanie Tubbs Jones Child Welfare Services Program	93.645	6,004
Foster Care-Title IV-E	93.658	** 158,814
Adoption Assistance	93.659	2,427
Children's Health Insurance Program	93.767	359
Medical Assistance Program	93.778	30,017
Maternal and Child Health Services Block Grant to the States	93.994	<u>4,443</u>
Total U.S. Department of Health and Human Services		<u>\$ 515,873</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed through the North Dakota State Division of Emergency Services:</u>		
Emergency Management Performance Grants	97.042	\$ 65,941
Homeland Security Grant Program	97.067	<u>7,559</u>
<u>Passed through the North Dakota State Game and Fish:</u>		
Boating Safety Financial Assistance	97.012	<u>\$ 2,498</u>
Total U.S. Department of Homeland Security		<u>\$ 75,998</u>
Total Expenditures of Federal Awards		<u>\$ 645,095</u>

** - Major program tested

Continued on next page....

STARK COUNTY
Dickinson, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
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CONTINUED.....

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stark County under programs of the federal government for the year ended December 31, 2014. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Stark County, it is not intended to and does not present the financial position or changes in net position of Stark County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribe Governments*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

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

Independent Auditor's Report

Board of County Commissioners
Stark County
Dickinson, 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, each major fund, and the aggregate remaining fund information of Stark County, Dickinson, North Dakota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Stark County's basic financial statements, and have issued our report thereon dated September 8, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

STARK COUNTY

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

Purpose of this Report

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
September 8, 2015

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

Independent Auditor’s Report

Board of County Commissioners
Stark County
Dickinson, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Stark County’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Stark County’s major federal programs for the year ended December 31, 2014. Stark County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Stark County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stark County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Stark County’s compliance.

Opinion on Each Major Federal Program

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

RAMSEY COUNTY

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

Report on Internal Control Over Compliance

Management of Stark County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stark County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stark County's internal control over compliance.

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

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

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

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

We have audited the financial statements of Stark County as of and for the year ended December 31, 2014, and have issued our report thereon dated September 8, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Robert R. Peterson
State Auditor

Fargo, North Dakota
September 8, 2015

STARK COUNTY
Dickinson, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

Material weakness identified?	_____ Yes	_____ <u>X</u> None noted
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None noted
Type of auditor's report issued on compliance for major programs?	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E

Dollar threshold used to distinguish between Type A and B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

STATE AUDITOR

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Board of County Commissioners
Stark County
Dickinson, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stark County, Dickinson, North Dakota, for the year ended December 31, 2014 which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 8, 2015. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated August 4, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

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

As part of obtaining reasonable assurance about whether Stark County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Stark County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on Stark County's compliance with those requirements over the major federal program. While our audit provides a reasonable basis for our opinion over compliance for the major federal program, it does not provide a legal determination on Stark County's compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Stark County are described in Note 1 to the financial statements. The requirements of GASB 65 regarding items previously reported as assets and liabilities were early implemented in the prior audit. Application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated September 8, 2015.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

OTHER AUDIT FINDINGS OR ISSUES

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

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

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
September 8, 2015

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