



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Stark County

Dickinson, North Dakota

Audit Report for the Year Ended December 31, 2023

*Client Code: PS45000*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# STARK COUNTY

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For the Year Ended December 31, 2023

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# STARK COUNTY

County Officials  
December 31, 2023

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## COUNTY OFFICIALS

Dean Franchuk  
Neal Messer  
Paul Clarys  
Bernie March  
Cory White

Karen Richard  
Corey Lee  
Kim Kasian  
Amanda Englestad

Chairman  
Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Auditor/Treasurer  
Sheriff  
Recorder  
States Attorney

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Stark County  
Dickinson, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stark County, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Stark County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stark County, North Dakota, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial 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.

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.

**STARK COUNTY**Independent Auditor's Report – Continued

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stark County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stark County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 29, 2025

**STARK COUNTY**  
Statement of Net Position  
December 31, 2023

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Job Development Authority
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 41,907,016	\$ 1,033	\$ 19,718
Investments	4,750,000	298,000	-
Accounts Receivable	78,446	-	-
Intergovernmental Receivable	1,004,511	-	-
Taxes Receivable	154,956	-	6,993
Other Asset	831	-	-
Inventory	1,547,214	-	-
Capital Assets			
Nondepreciable	7,114,987	31,129	-
Depreciable, Net	79,273,645	-	-
Total Assets	\$ 135,831,606	\$ 330,162	\$ 26,711
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions & OPEB	\$ 6,833,204	\$ -	\$ -
Total Deferred Inflows of Resources	\$ 6,833,204	\$ -	\$ -
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,013,599	\$ -	\$ -
Salaries and Benefits Payable	201,989	814	-
Contracts Payable	503,386	-	-
Retainage Payable	193,127	-	-
Payroll Liability	8,331	-	-
Other Payable	9,562	-	-
Grants Received in Advance	1,532,346	-	-
Long-Term Liabilities			
Due Within One Year			
Compensated Absences Payable	205,772	-	-
Due After One Year			
Compensated Absences Payable	308,658	-	-
Net Pension & OPEB Liability	8,686,209	-	-
Total Liabilities	\$ 12,662,979	\$ 814	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received in Advance	\$ 2,889,584	\$ -	\$ -
Pensions & OPEB	8,154,038	-	-
Total Deferred Inflows of Resources	\$ 11,043,622	\$ -	\$ -
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 86,388,632	\$ 31,129	\$ -
Restricted for			
Highways & Bridges	7,539,467	-	-
Health & Welfare	649,478	-	-
Conservation of Nat Resources	1,798,992	298,219	-
Emergencies	535,560	-	-
Economic Development	10,644	-	26,711
Capital Projects	5,588,322	-	-
Unrestricted	16,447,114	-	-
Total Net Position	\$ 118,958,209	\$ 329,348	\$ 26,711

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

# STARK COUNTY

## Statement of Activities

For the Year Ended December 31, 2023

						Net (Expense) Revenue and		
						Changes in Net Position		
						Primary		
						Government	Component Units	
							Water	Job
						Governmental	Resource	Development
Functions/Programs	Expenses	Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Activities	District	Authority
<b>Primary Government</b>								
Government Activities								
General Government	\$ 5,614,320	\$ 350,537	\$ 40,699	\$ -		\$ (5,223,084)		
Public Safety	7,878,600	648,552	412,401	10,500		(6,807,147)		
Highways & Bridges	8,899,625	266,725	8,073,588	492,576		(66,736)		
Health & Welfare	319,175	1,739	89,500	-		(227,936)		
Economic Development	143,498	-	-	-		(143,498)		
Culture and Recreation	410,409	2,545	-	-		(407,864)		
Conserv. of Natural Resources	637,175	27,385	34,938	-		(574,852)		
Emergencies	55,866	-	-	-		(55,866)		
Interest on Long-Term Debt	2,162	-	-	-		(2,162)		
Total Primary Government	\$ 23,960,830	\$ 1,297,483	\$ 8,651,126	\$ 503,076		\$ (13,509,145)		
<b>Component Units</b>								
Water Resource District	\$ 18,997	\$ -	\$ -	\$ -		\$ -	\$ (18,997)	\$ -
Job Development Authority	519,000	-	-	-		-	-	(519,000)
Total Component Units	\$ 537,997	\$ -	\$ -	\$ -		\$ -	\$ (18,997)	\$ (519,000)
<b>General Revenues</b>								
Property Taxes						\$ 11,533,994	\$ 818	\$ 524,644
Unrestricted Grants and Contributions						5,376,367	-	-
Unrestricted Investment Earnings						1,582,032	3,029	231
Net Gain on Sale of Capital Assets						80,000	-	-
Miscellaneous Revenue						587,908	-	-
Total General Revenues						\$ 19,160,301	\$ 3,847	\$ 524,875
Change in Net Position						\$ 5,651,156	\$ (15,150)	\$ 5,875
Net Position - January 1						\$ 114,512,356	\$ 344,498	\$ 20,836
Prior Period Adjustment						\$ (1,205,303)	-	-
Net Position - January 1, Restated						\$ 113,307,053	\$ 344,498	\$ 20,836
Net Position - December 31						\$ 118,958,209	\$ 329,348	\$ 26,711

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



# STARK COUNTY

## Balance Sheet – Governmental Funds December 31, 2023

	General	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 19,343,259	\$ 16,325,351	\$ 6,238,406	\$ 41,907,016
Investments	4,750,000	-	-	\$ 4,750,000
Intergovernmental Receivable	611,487	393,024	-	1,004,511
Accounts Receivable	27,265	51,181	-	78,446
Taxes Receivable	75,510	79,446	-	154,956
Other Asset	-	832	-	832
Inventory	-	1,547,214	-	1,547,214
Total Assets	\$ 24,807,521	\$ 18,397,048	\$ 6,238,406	\$ 49,442,975
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 34,219	\$ 514,691	\$ 464,689	\$ 1,013,599
Salaries Payable	133,940	68,049	-	201,989
Other Payable	-	9,562	-	9,562
Retainage Payable	-	5,490	187,638	193,128
Contract Payable	-	503,386	-	503,386
Payroll Liabilities	8,331	-	-	8,331
Grants Received in Advance	1,532,346	-	-	1,532,346
Total Liabilities	\$ 1,708,836	\$ 1,101,178	\$ 652,327	\$ 3,462,341
<b>Deferred Inflows Of Resources</b>				
Taxes Received in Advance	\$ 1,372,648	\$ 1,516,936	\$ -	\$ 2,889,584
Taxes Receivable	75,510	79,446	-	154,956
Total Deferred Inflows of Resources	\$ 1,448,158	\$ 1,596,382	\$ -	\$ 3,044,540
Total Liabilities and Deferred Inflows of Resources	\$ 3,156,994	\$ 2,697,560	\$ 652,327	\$ 6,506,881
<b>Fund Balances</b>				
<b>Non-Spendable</b>				
Inventory	\$ -	\$ 1,547,214	\$ -	\$ 1,547,214
<b>Restricted</b>				
Public Safety	-	2,226,586	-	2,226,586
Highways & Bridges	-	8,675,959	-	8,675,959
Health & Welfare	-	649,478	-	649,478
Conservation of Natural Resources	-	2,114,478	-	2,114,478
Emergencies	-	535,560	-	535,560
Economic Development	-	10,644	-	10,644
Capital Projects	-	-	5,586,079	5,586,079
Other Purposes/General Government	-	27,790	-	27,790
<b>Unassigned</b>				
General Fund	21,650,527	-	-	21,650,527
Negative Funds	-	(88,221)	-	(88,221)
Total Fund Balances	\$ 21,650,527	\$ 15,699,488	\$ 5,586,079	\$ 42,936,094
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,807,521	\$ 18,397,048	\$ 6,238,406	\$ 49,442,975

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

## STARK COUNTY

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2023

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<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 42,936,094</b>
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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.	86,388,632
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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 inflows of resources in the funds.	154,956
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Derived from Pensions and OPEB	\$ 6,833,204	
Deferred Inflows Derived from Pensions and OPEB	<u>(8,154,038)</u>	(1,320,834)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position

Compensated Absences	\$ (514,430)	
Net Pension and OPEB Liability	<u>(8,686,209)</u>	<u>(9,200,639)</u>

<b>Total Net Position of Governmental Funds</b>	<b>\$ <u>118,958,209</u></b>
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The notes to the financial statements are an integral part of this statement.

**STARK COUNTY**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2023

	General	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 5,356,914	\$ 6,152,673	\$ -	\$ 11,509,587
Intergovernmental	4,542,231	9,498,307	-	14,040,538
Charges for Services	561,687	352,894	-	914,581
Licenses, Permits and Fees	86,248	294,110	-	380,358
Interest Income	1,582,030	-	-	1,582,030
Miscellaneous	215,240	372,668	-	587,908
Total Revenues	\$ 12,344,350	\$ 16,670,652	\$ -	\$ 29,015,002
<b>EXPENDITURES</b>				
Current				
General Government	\$ 5,012,379	\$ 33,116	\$ -	\$ 5,045,495
Public Safety	4,098,001	3,437,318	-	7,535,319
Highways & Bridges	-	7,235,013	-	7,235,013
Health & Welfare	750	228,768	-	229,518
Economic Development	143,498	-	-	143,498
Culture & Recreation	390,895	-	-	390,895
Conservation of Natural Resources	-	655,550	-	655,550
Emergencies	-	55,866	-	55,866
Capital Outlay	-	-	2,272,218	2,272,218
Debt Service				
Principal	-	74,488	-	74,488
Interest on Long-Term Debt	-	2,361	-	2,361
Total Expenditures	\$ 9,645,523	\$ 11,722,480	\$ 2,272,218	\$ 23,640,221
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 2,698,827	\$ 4,948,172	\$ (2,272,218)	\$ 5,374,781
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ 552,177	\$ 1,500,000	\$ 2,052,177
Transfers Out	(2,045,000)	(7,177)	-	(2,052,177)
Total Other Financing Sources and Uses	\$ (2,045,000)	\$ 545,000	\$ 1,500,000	\$ -
Net Change in Fund Balances	\$ 653,827	\$ 5,493,172	\$ (772,218)	\$ 5,374,781
Fund Balances - January 1	\$ 20,996,700	\$ 11,428,326	\$ 6,358,297	\$ 38,783,323
Prior Period Adjustment	\$ -	\$ (1,222,010)	\$ -	\$ (1,222,010)
Fund Balance - Jan. 1, as restated	\$ 20,996,700	\$ 10,206,316	\$ 6,358,297	\$ 37,561,313
Fund Balances - December 31	\$ 21,650,527	\$ 15,699,488	\$ 5,586,079	\$ 42,936,094

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

## STARK COUNTY

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2023

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>5,374,781</b>
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital Outlay	\$	3,219,409	
Capital Contribution		503,076	
Depreciation Expense		<u>(3,418,470)</u>	304,015

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sale of Assets			80,000
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The proceeds of debt issuances are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuance debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of Debt			74,488
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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	\$	199	
Net Change in Compensated Absences		<u>59,038</u>	59,237

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

Net Change in Net Pension & OPEB Liability	\$	4,610,654	
Net Change in Deferred Outflows of Resources		(3,519,473)	
Net Change in Deferred Inflows of Resources		<u>(1,356,954)</u>	(265,773)

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

Net Change in Taxes Receivable			<u>24,408</u>
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<b>Change in <i>Net Position</i> - Governmental Activities</b>	<b>\$</b>	<b><u>5,651,156</u></b>
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The notes to the financial statements are an integral part of this statement.

## STARK COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds  
For the Year Ended December 31, 2023

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	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 9,817,384</u>
<b>LIABILITIES</b>	
Funds Held for Other Governmental Units	\$ 162,609
Funds Held for Other Purposes	<u>580</u>
Total Liabilities	<u>\$ 163,189</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 9,654,195</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 9,817,384</u>
Total Net Position	<u>\$ -</u>

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

**STARK COUNTY**Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
December 31, 2023

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	Custodial Funds
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 54,866,374
Grant Collections for Other Governments	949,492
Miscellaneous Collections	<u>5,802</u>
Total Additions	<u>\$ 55,821,668</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 54,866,374
Grant Disbursements to Other Governments	949,492
Miscellaneous Disbursements	<u>5,802</u>
Total Deductions	<u>\$ 55,821,668</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u>\$ -</u>

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

# STARK COUNTY

Notes to the Financial Statements  
For the Year Ended December 31, 2023

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## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Reporting Entity

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

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

### Component Units

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

Discretely Presented Component Units. The component unit columns in the government wide financial statements include the financial data of the County's two component units. These component units are reported in a separate column to emphasize that it is legally separate from the County.

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

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

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor/Treasurer; 51 3<sup>rd</sup> St E, Dickinson, ND 58601.

### Basis of Presentation

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

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

## STARK COUNTY

### Notes to the Financial Statements – Continued

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to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

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

The County reports the following major governmental funds:

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

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

Capital Projects Fund - This fund accounts for financial resources that exist for capital projects. The major source of revenue is a restricted tax levy.

Additionally, the County reports the following fund type:

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

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

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

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

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

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

### Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes amounts in demand deposits and money market accounts. The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.



## STARK COUNTY

### Notes to the Financial Statements – Continued

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#### Inventories

Inventories are valued using the first in first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

#### Capital Assets

Capital assets for the primary government 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. 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.

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

Assets	Years
Land	Indefinite
Buildings	25 - 75
Vehicles/Machinery	5 - 15
Infrastructure	40
Land Improvements	30
Furniture and Equipment	5 - 20

#### Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. 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. A liability for the vested or accumulated vacation leave is reported in the statement of net position

#### Long-Term Obligations

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

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

#### Pension

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

#### Other Post-Employment Benefits (OPEB)

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

## STARK COUNTY

### Notes to the Financial Statements – Continued

#### Fund Balances

*Minimum Fund Balance Policy.* The County adopted a policy that establishes a 15-20% general fund carryover balance target to help with financial stability. The 15-20% fund balance range is a part of the budget recommendation adopted by the Board of Commissioners each fiscal year. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

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

*Non-Spendable Fund Balances.* Non-spendable fund balance is shown for inventory in the special revenue fund.

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

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

#### Net Position

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

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

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

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

#### Interfund Transactions

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

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

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

#### NOTE 2 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were necessary for the government wide statements to properly report the beginning balance of capital assets and inventory for the government wide activities. Special Revenue Fund Balance as of January 1, 2022 has also been restated for inventory. The adjustments can be seen below:

	Governmental Activities	Special Revenue Fund
Beginning Net Position/Fund Balance, as previously reported	\$ 114,512,356	\$ 11,428,326
<b>Adjustments to restate the January 1, 2022 Net Position/Fund Balance:</b>		
Inventory	(1,222,010)	(1,222,010)
Capital Assets, Net	16,707	
Net Position/Fund Balance January 1, as restated	\$ 113,307,053	\$ 10,206,316

## **STARK COUNTY**

### **Notes to the Financial Statements – Continued**

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#### **NOTE 3 DEPOSITS**

##### **Custodial Credit Risk**

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

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

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, 2023, the County's carrying amount of deposits totaled \$56,474,713 and the bank balances totaled \$51,317,500. Of the bank balances, \$46,959,065 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2023, the Water Resource District's carrying amount of deposits totaled \$299,033 and the bank balance totaled \$299,035, all of which was covered by Federal Depository Insurance.

At December 31, 2023, the Job Development Authority's carrying amount of deposits and bank balance was \$19,718, all of which was covered by Federal Depository Insurance.

#### **NOTE 4 PROPERTY TAXES**

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

**STARK COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 5 CAPITAL ASSETS****Primary Government**

The following is a summary of changes in capital assets for the year ended December 31, 2023 for the County:

	<b>Restated Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
<b>Primary Government</b>					
Capital Assets Not Being Depreciated					
Land	\$ 2,500,732	\$ -	\$ -	\$ -	\$ 2,500,732
Vehicles in Transit	-	-	-	-	-
Construction in Progress	2,951,870	3,033,448	-	(1,371,063)	4,614,255
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 5,452,602</b>	<b>\$ 3,033,448</b>	<b>\$ -</b>	<b>\$ (1,371,063)</b>	<b>\$ 7,114,987</b>
Capital Assets Being Depreciated					
Buildings	\$ 33,759,379	\$ 15,354	\$ -	\$ -	\$ 33,774,733
Vehicles and Machinery	11,871,413	648,434	168,992	-	12,350,855
Furniture and Equipment	3,759,297	105,248	-	-	3,864,545
Land Improvements	174,489	-	-	-	174,489
Infrastructure	70,067,546	-	-	1,371,063	71,438,609
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 119,632,124</b>	<b>\$ 769,036</b>	<b>\$ 168,992</b>	<b>\$ 1,371,063</b>	<b>\$ 121,603,231</b>
Less Accumulated Depreciation					
Buildings	\$ 5,819,541	\$ 646,930	\$ -	\$ -	\$ 6,466,471
Vehicles and Machinery	7,414,284	946,095	168,992	-	8,191,387
Furniture and Equipment	2,629,207	244,336	-	-	2,873,543
Land Improvements	34,897	5,816	-	-	40,713
Infrastructure	23,182,181	1,575,292	-	-	24,757,473
<b>Total Accumulated Depreciation</b>	<b>\$ 39,080,110</b>	<b>\$ 3,418,469</b>	<b>\$ 168,992</b>	<b>\$ -</b>	<b>\$ 42,329,587</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 80,552,014</b>	<b>\$ (2,649,433)</b>	<b>\$ -</b>	<b>\$ 1,371,063</b>	<b>\$ 79,273,644</b>
<b>Governmental Capital Assets, Net</b>	<b>\$ 86,004,616</b>	<b>\$ 384,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,388,631</b>

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

<b>Primary Government</b>	<b>Amounts</b>
General	\$ 510,820
Public Safety	422,553
Highways & Bridges	2,310,569
Health & Welfare	89,657
Culture & Recreation	19,514
Conservation of Natural Resources	65,357
<b>Total Depreciation Expense</b>	<b>\$ 3,418,470</b>

**Discretely Presented Component Unit**

The following is a summary of changes in capital assets for the year ended December 31, 2023 for the Water Resource District:

	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
<b>Water Resource District</b>					
Capital Assets Not Being Depreciated					
Land	\$ 31,129	\$ -	\$ -	\$ -	\$ 31,129

Depreciation expense was charged to the conservation of natural resources function.

**STARK COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 6 LONG-TERM LIABILITIES****Primary Government**

During the year ended December 31, 2023, the following changes occurred in governmental activities long-term liabilities:

<b>Primary Government</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long Term-Debt					
Leases Payable	\$ 74,488	\$ -	\$ 74,488	\$ -	\$ -
Total Long-Term Debt	\$ 74,488	\$ -	\$ 74,488	\$ -	\$ -
Compensated Absences	\$ 573,468	\$ 316,884	\$ 375,921	\$ 514,430	\$ 205,772
Net Pension and OPEB Liability *	13,296,863	-	4,610,654	8,686,209	-
Total Primary Government	\$ 13,944,819	\$ 316,884	\$ 5,061,063	\$ 9,200,639	\$ 205,772

\* The change in Net Position and OPEB Liability is shown as a net change.

**NOTE 7 PENSION PLAN****General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

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

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

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

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

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

## **STARK COUNTY**

### **Notes to the Financial Statements – Continued**

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#### ***Law Enforcement System (With prior main system service)***

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

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

#### **Death and Disability Benefits (Main and Law Enforcement Systems)**

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

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

#### **Refunds of Member Account Balance**

##### ***Main System***

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

##### ***Law Enforcement System***

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

#### **Member and Employer Contributions**

##### ***Main System***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation

**STARK COUNTY**

## Notes to the Financial Statements – Continued

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

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

**Law Enforcement System**

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

<b>Plan</b>	<b>Member contribution rate</b>	<b>Employer contribution rate</b>
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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

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

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

At December 31, 2023, the following net pension liabilities were reported:

	<b>Net Pension Liability</b>
Main System	\$ 6,467,513
Law Enforcement System	1,699,908

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2023 and reported the following pension expense for the year ended December 31, 2023:

**STARK COUNTY**

## Notes to the Financial Statements – Continued

	<b>Proportion</b>	<b>Increase (Decrease) In Proportion from June 30, 2022 Measurement</b>	<b>Pension Expense</b>
Main System	0.335408%	-0.023035%	\$ 142,987
Law Enforcement System	2.805982%	-0.078352%	(911,541)

At December 31, 2023, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

<b>Main System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 210,538	\$ 35,668
Changes of Assumptions	3,566,262	4,909,006
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	169,696	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	183,054	976,198
Employer Contributions Subsequent to the Measurement Date	162,079	-
<b>Total Main System</b>	<b>\$ 4,291,629</b>	<b>\$ 5,920,872</b>

<b>Law Enforcement System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 651,244	\$ 5,855
Changes of Assumptions	1,496,394	2,057,733
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	86,971	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	82,566
Employer Contributions Subsequent to the Measurement Date	100,501	-
<b>Total Law Enforcement System</b>	<b>\$ 2,335,110</b>	<b>\$ 2,146,154</b>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023:

Main System	\$ 162,079
Law Enforcement System	100,501

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

	<b>Main System</b>	<b>Law Enforcement System</b>
2024	\$ (587,850)	\$ 106,262
2025	(819,120)	148,297
2026	38,911	18,781
2027	(423,263)	(67,359)
2028	-	(94,577)
Thereafter	-	(22,949)



**STARK COUNTY**

## Notes to the Financial Statements – Continued

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

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	6.50%, Net of Investment Expenses
Cost-of-Living Adjustments	None

**Main and Law Enforcement System**

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

**Discount Rate (Main and Law Enforcement System)**

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate**

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

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Main System	\$ 8,917,146	\$ 6,467,513	\$ 4,435,352
Law Enforcement System	2,624,864	1,699,908	992,498

**Pension Plan Fiduciary Net Position**

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

**NOTE 8 OTHER POST EMPLOYMENT BENEFITS (OPEB)****General Information about the OPEB Plan*****North Dakota Public Employees Retirement System***

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

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

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

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly

**STARK COUNTY**

## Notes to the Financial Statements – Continued

retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

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

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

At December 31, 2023, the following net OPEB liabilities were reported:

	<b>Net OPEB Liability</b>
Main System	\$ 518,788

The net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2023 and reported the following OPEB expense for the year ended December 31, 2023:

	<b>Proportion</b>	<b>Increase (Decrease) In Proportion from June 30, 2022 Measurement</b>	<b>OPEB Expense</b>
Main System	0.518917%	0.014450%	\$ (83,267)

At December 31, 2023, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 9,760	\$ 5,937
Changes of Assumptions	110,646	42,962
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	37,471	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	17,911	38,113
Employer Contributions Subsequent to the Measurement Date	30,677	-
<b>Total</b>	<b>\$ 206,465</b>	<b>\$ 87,012</b>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023:

**STARK COUNTY**

## Notes to the Financial Statements – Continued

Main System	\$ 30,677
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

2024	23,467
2025	23,253
2026	55,097
2027	(13,041)
2028	-

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

**Discount Rate**

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

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

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

**STARK COUNTY**

## Notes to the Financial Statements – Continued

	<b>1% Decrease (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
Proportionate Share of the Net OPEB Liability	\$ 681,814	\$ 518,788	\$ 381,540

**NOTE 9 TRANSFERS**

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

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ -	\$ 2,045,000
Special Revenue Funds	552,177	7,177
Capital Projects Fund	1,500,000	-
Total Transfers	\$ 2,052,177	\$ 2,052,177

**NOTE 10 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of \$10,000,000 per occurrence for general liability and automobile, and up to \$5,692,700 for public assets/mobile equipment and portable property.

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

The County has worker's compensation with the ND Workforce Safety and Insurance.

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

**STARK COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 11 CONSTRUCTION COMMITMENTS**

The County had open constructions commitment as of December 31, 2023 as follows:

<b>County Project</b>	<b>Contract Amount</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>	<b>County Portion</b>	<b>Federal/State Portion</b>
Stark County Fairgrounds Restroom Project	\$ 416,000	\$ 146,940	\$ 7,347	\$ 276,407	\$ 276,407	\$ -
Courthouse HVAC Project	1,802,906	1,802,906	180,291	180,291	180,290	-
SC-4500(020)	1,804,271	-	-	1,804,271	384,374	1,419,897
BRP-0045(074)	558,747	543,477	5,490	20,760	-	20,760
BRP-0045(072)	946,869	-	-	946,869	243,099	703,770
BRJ-0045(076)	744,845	-	-	744,845	-	744,845
<b>Total</b>	<b>\$ 6,273,638</b>	<b>\$ 2,493,323</b>	<b>\$ 193,128</b>	<b>\$ 3,973,443</b>	<b>\$ 1,084,171</b>	<b>\$ 2,889,272</b>

**NOTE 12 JOINT VENTURES****Southwest Multi-County Correction Center**

The 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.

The following information as of and for the year ended December 31, 2022, the most current audited information available, is as follows:

	<b>Southwest Multi-County Correctional Center</b>
Total Assets	\$ 8,052,999
Total Liabilities	1,066,830
Net Position	\$ 6,986,169
Total Revenues	\$ 9,893,912
Total Expenses	9,500,642
Change in Net Position	\$ 393,270

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

**Dickinson Law Enforcement Center**

The 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.

The following information as of and for the year ended December 31, 2020, the most current audited information available, is as follows:

**STARK COUNTY**

## Notes to the Financial Statements – Continued

	<b>Dickinson Law Enforcement Center</b>
Total Assets	\$ 229,537
Total Liabilities	33,682
Net Position	\$ 195,855
Total Revenues	\$ 451,931
Total Expenses	355,805
Change in Net Position	\$ 96,126

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

**Southwest District Health Unit**

The 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.

The following unaudited information as of and for the year ended December 31, 2017, the most current information available, is as follows:

	<b>Southwest District Health Unit</b>
Total Assets	\$ 4,623,101
Total Liabilities	1,578,372
Net Position	\$ 3,044,729
Total Revenues	\$ 3,686,730
Total Expenses	3,275,295
Change in Net Position	\$ 411,435

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

**NOTE 13 CONTRACTS PAYABLE****Primary Government**

The County had contracts payable related to gravel royalties for inventory at year-end:

	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>
<b>Primary Government</b>				
Contracts Payable	\$ 572,398		\$ 69,012	\$ 503,386

**NOTE 15 CONDUIT DEBT**

In 2023, Stark County issued a bond with the Dickinson Catholic Schools which was deemed to be in the public interest. The bond is payable solely from the Dickinson Catholic Schools. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bond. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements as Stark County has a limited commitment to the conduit debt.

As of December 31, 2023, the bond had a remaining outstanding balance of \$3,747,159.

**STARK COUNTY**

## Budgetary Comparison Schedule - General Fund

December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 5,577,000	\$ 5,577,000	\$ 5,356,914	\$ (220,086)
Intergovernmental	3,985,275	3,985,275	4,542,231	556,956
Charges for Services	663,000	663,000	561,687	(101,313)
Licenses, Permits and Fees	57,600	57,600	86,248	28,648
Interest Income	200,000	200,000	1,582,030	1,382,030
Miscellaneous	406,000	406,000	215,240	(190,760)
Total Revenues	\$ 10,888,875	\$ 10,888,875	\$ 12,344,350	\$ 1,455,475
<b>EXPENDITURES</b>				
Current				
General Government	\$ 5,759,420	5,759,420	\$ 5,012,379	\$ 747,041
Public Safety	4,008,710	4,008,710	4,098,001	(89,291)
Health & Welfare	750	750	750	-
Economic Development	173,358	173,358	143,498	29,860
Culture & Recreation	483,253	483,253	390,895	92,358
Total Expenditures	\$ 10,425,491	\$ 10,425,491	\$ 9,645,523	\$ 779,968
Excess (Deficiency) of Revenues Over Expenditures	\$ 463,384	\$ 463,384	\$ 2,698,827	\$ 2,235,443
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	\$ -	\$ -	\$ (2,045,000)	\$ (2,045,000)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ (2,045,000)	\$ (2,045,000)
Net Change in Fund Balances	\$ 463,384	\$ 463,384	\$ 653,827	\$ 190,443
Fund Balance - January 1	\$ 20,996,700	\$ 20,996,700	\$ 20,996,700	\$ -
Fund Balance - December 31	\$ 42,456,784	\$ 42,456,784	\$ 21,650,527	\$ 190,443

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



**STARK COUNTY**

## Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 6,269,161	\$ 6,269,161	\$ 6,152,673	\$ (116,488)
Intergovernmental	6,966,311	6,966,311	9,498,307	2,531,996
Charges for Services	341,000	341,000	352,894	11,894
Licenses, Permits and Fees	255,000	255,000	294,110	39,110
Miscellaneous	145,400	145,400	372,668	227,268
Total Revenues	\$ 13,976,872	\$ 13,976,872	\$ 16,670,652	\$ 2,693,780
<b>EXPENDITURES</b>				
Current				
General Government	\$ -	\$ -	\$ 33,116	\$ (33,116)
Public Safety	3,214,674	3,299,815	3,437,318	(137,503)
Highways & Bridges	13,918,385	13,918,385	7,235,013	6,683,372
Health & Welfare	193,665	193,665	228,768	(35,103)
Conservation of Natural Resources	693,936	693,936	655,550	38,386
Emergencies	-	-	55,866	(55,866)
Debt Service				
Principal	-	-	74,488	(74,488)
Interest	-	-	2,361	(2,361)
Total Expenditures	\$ 18,020,660	\$ 18,105,801	\$ 11,722,480	\$ 6,383,321
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,043,788)	\$ (4,128,929)	\$ 4,948,172	\$ 9,077,101
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 552,177	\$ 552,177
Transfers Out	-	-	(7,177)	(7,177)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 545,000	\$ 545,000
Net Change in Fund Balances	\$ (4,043,788)	\$ (4,128,929)	\$ 5,493,172	\$ 9,622,101
Fund Balance - January 1	\$ 11,428,326	\$ 11,428,326	\$ 11,428,326	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ (1,222,010)	\$ (1,222,010)
Restated Fund Balance - January 1	\$ 11,428,326	\$ 11,428,326	\$ 10,206,316	\$ (1,222,010)
Fund Balance - December 31	\$ 7,384,538	\$ 7,299,397	\$ 15,699,488	\$ 8,400,091

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

**STARK COUNTY**

Schedule of Employer's Share of Net Pension and Employer Contributions  
For the Year Ended December 31, 2023

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

<b>Main System</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.335408%	\$ 6,467,513	\$ 4,101,601	157.68%	65.31%
2022	0.358443%	10,323,397	4,160,934	248.10%	54.47%
2021	0.340139%	3,545,271	3,851,703	92.04%	78.26%
2020	0.353363%	11,116,876	3,898,024	285.19%	48.91%
2019	0.575499%	6,745,265	5,986,171	112.68%	71.66%
2018	0.583938%	9,854,591	5,998,893	164.27%	62.80%
2017	0.578532%	9,298,908	5,905,904	157.45%	61.98%
2016	0.583577%	5,687,527	5,881,077	96.71%	70.46%
2015	0.558091%	3,794,924	4,971,918	76.33%	77.15%
2014	0.547798%	3,476,991	4,614,538	75.35%	77.70%

<b>Law Enforcement System</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	2.805982%	\$ 1,699,908	\$ 2,007,823	84.66%	67.61%
2022	2.884334%	2,367,949	1,867,494	126.80%	57.48%
2021	2.897799%	480,209	1,783,117	26.93%	87.10%
2020	3.583352%	2,348,812	1,626,263	144.43%	53.12%
2019	3.440655%	409,192	1,386,307	29.52%	84.95%
2018	3.876444%	903,376	1,338,190	67.51%	71.64%
2017	4.844673%	1,066,612	1,393,603	76.54%	69.86%
2016	5.126838%	587,456	1,447,096	40.60%	78.73%
2015	6.897293%	419,046	1,010,899	41.45%	83.61%
2014	8.227919%	509,040	1,075,719	47.32%	80.56%

The notes to the required supplementary information are an integral part of this statement.

**STARK COUNTY**

## Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

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

<b>Main System</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 322,760	\$ 322,772	\$ (13)	\$ 4,368,965	7.39%
2022	313,389	296,576	16,813	3,003,162	9.88%
2021	284,046	308,135	(24,089)	3,351,084	9.20%
2020	276,014	348,752	(72,738)	3,826,589	9.11%
2019	435,827	436,560	(733)	5,986,171	7.29%
2018	441,844	430,772	11,072	5,998,893	7.18%
2017	428,250	431,014	(2,764)	5,905,904	7.30%
2016	425,781	446,487	(20,706)	5,881,077	7.59%
2015	377,657	379,909	(2,252)	4,971,918	7.64%
2014	328,555	328,555	-	4,614,538	7.12%

<b>Law Enforcement System</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 201,636	\$ 201,635	\$ 1	\$ 2,055,417	9.81%
2022	187,711	187,154	557	2,460,421	7.61%
2021	158,529	185,498	(26,969)	2,252,837	8.23%
2020	173,623	153,952	19,671	1,739,826	8.85%
2019	129,448	135,936	(6,488)	1,386,307	9.81%
2018	123,101	137,920	(14,819)	1,338,190	10.31%
2017	145,599	151,165	(5,566)	1,393,603	10.85%
2016	122,229	154,250	(32,021)	1,447,096	10.66%
2015	109,179	130,443	(21,264)	1,010,899	12.90%
2014	105,528	105,528	-	1,075,719	9.81%

The notes to the required supplementary information are an integral part of this statement.

**STARK COUNTY**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
For the Year Ended December 31, 2023

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

<b>Main System</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.518917%	\$ 518,788	\$ 5,216,063	9.95%	62.74%
2022	0.504467%	605,517	5,208,141	11.63%	56.28%
2021	0.470300%	261,568	5,127,483	5.10%	76.63%
2020	0.480462%	404,163	5,477,128	7.38%	63.38%
2019	0.660701%	530,667	7,372,478	7.20%	63.13%
2018	0.670533%	528,090	7,337,083	7.20%	61.89%
2017	0.674730%	533,719	7,299,507	7.31%	59.78%

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

<b>Main System</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 61,549	\$ 61,549	\$ (0)	\$ 5,398,992	1.14%
2022	63,389	59,576	3,813	5,692,388	1.05%
2021	61,659	67,920	(6,261)	5,603,921	1.21%
2020	64,345	73,649	(9,304)	5,902,991	1.25%
2019	85,742	85,696	46	7,372,478	1.16%
2018	86,060	85,000	1,060	7,337,083	1.16%
2017	84,852	86,572	(1,720)	7,299,507	1.19%

The notes to the required supplementary information are an integral part of this statement.

## **STARK COUNTY**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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### **NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgetary Information**

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

### **NOTE 2: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

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

### **NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB**

#### **Pension**

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

#### **OPEB**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

### **NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB**

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

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

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### Independent Auditor's Report

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stark County as of and for the year ended December 31, 2023, 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 29, 2025.

### **Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. We did identify certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2023-001 through 2023-004 that we consider to be material weaknesses.

## **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

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

As part of obtaining reasonable assurance about whether Stark County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying *schedule of audit findings* as items 2023-001 and 2023-002.

### **Stark County's Response to Findings**

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

### **Purpose of this Report**

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 29, 2025

**STARK COUNTY**

## Summary of Auditor's Results

For the Year Ended December 31, 2023

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**Financial Statements**

## Type of Report Issued:

Governmental Activities

Unmodified

Aggregate Discretely Presented Component Units

Unmodified

Major Funds

Unmodified

Aggregate Remaining Fund Information

Unmodified

**Internal control over financial reporting**

Material weaknesses identified?

  X  

Yes

      

None Noted

Significant deficiencies identified not considered  
to be material weaknesses?      

Yes

  X  

None Noted

Noncompliance material to financial statements  
noted?  X  

Yes

      

None Noted



## **STARK COUNTY**

Schedule of Audit Findings

For the Year Ended December 31, 2023

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### **2023-001 – COUNTY GENERAL FUND MILL LEVY CALCULATION – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

#### **Condition**

For the 2022 tax year, a formal mill levy calculation for Stark County's general fund was performed that included all of the elements of N.D.C.C. §57-15-31(1). This calculation showed that the County had enough available funds as to not require a mill levy. Instead of levying zero mills as shown in the County's calculation, the County elected to levy 25.88 mills (\$5,429,237) which was a reduction from 35 mills (\$6,971,727) in the prior year.

#### **Effect**

Stark County levied more funds than was necessary for its general fund based on its calculation performed under N.D.C.C. §57-15-31(1).

#### **Cause**

Stark County elected to reduce the mill levy for the general fund from the year prior instead of electing to levy zero mills.

#### **Criteria**

N.D.C.C. §57-15-31(1) states, "The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes must be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance;
2. Estimated revenues from sources other than direct property taxes;
3. The total estimated collections from tax levies for previous years;
4. Expenditures that must be made from bond sources;
5. The amount of distributions received from an economic growth increment pool under section 57-15-61; and
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03."

#### **Repeat Finding**

No.

#### **Recommendation**

We recommend Stark County implement procedures to ensure its compliance with all aspects of N.D.C.C. §57-15-31(1).

#### **Stark County's Response**

We Agree. We understand that one part of NDCC would like for Stark County to drop to zero General Mills for a tax year. The Stark County Commission has chosen to either reduce the tax dollars levied or remain at the dollar levied, which reduces the mill amount yearly. This process is providing more consistency to taxpayers, without depleting the general fund balance in one to two years.

**STARK COUNTY****Schedule of Audit Findings - Continued**

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**2023-002 – COUNTY SPECIAL REVENUE FUND BUDGET & MILL LEVY CALCULATION – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE****Condition**

Stark County's special revenue funds preliminary and final budget files for 2023 did not include the 5th and 9th required elements included in N.D.C.C. §11-23-02. In addition, a formal mill levy calculation was not performed that included the cash reserve as well as the available surplus consisting of the free and unencumbered cash balance as required by N.D.C.C. §57-15-31(1).

**Effect**

The 5<sup>th</sup> and 9<sup>th</sup> elements identified in N.D.C.C. §11-23-02 as well as the attributes in N.D.C.C. §57-15-31(1) are key components in the tax levy calculation in any budget year. Thus, Stark County may have improperly calculated the special revenue fund tax levies for the 2023 preliminary and final budgets.

**Cause**

Stark County may not have procedures in place to ensure the special revenue fund preliminary budget, final budget, and mill levy calculations have supporting documentation that include all the elements required by N.D.C.C. §11-23-02 and N.D.C.C. §57-15-31(1).

**Criteria**

N.D.C.C. §11-23-02 states, " The county auditor shall prepare an annual budget for the general fund, each special revenue fund, and each debt service fund of the county in the form prescribed by the state auditor. The budget must set forth specifically:

1. The detailed breakdown of the estimated revenues and appropriations requested for each fund for the ensuing year.
2. The detailed breakdown of the revenues and expenditures for each fund for the preceding year.
3. The detailed breakdown of estimated revenues and expenditures for each fund for the current year.
4. The transfers in or out for each fund for the preceding year and the estimated transfers in or out for the current year and the ensuing year.
5. The beginning and ending balance of each fund or estimates of the balances for the preceding year, current year, and ensuing year.
6. The tax levy request for any funds levying taxes for the ensuing year.
7. The certificate of levy showing the amount levied for each fund and the total amount levied.
8. The budget must be prepared on the same basis of accounting used by the county for its annual financial reports.
9. The amount of cash reserve for the general fund and each special revenue fund, not to exceed seventy-five percent of the appropriation for the fund.

N.D.C.C. §57-15-31(1) states, "The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes must be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance;
2. Estimated revenues from sources other than direct property taxes;
3. The total estimated collections from tax levies for previous years;
4. Expenditures that must be made from bond sources;
5. The amount of distributions received from an economic growth increment pool under section 57-15-61; and
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03."

**Repeat Finding**

Yes.

**Recommendation**

We recommend Stark County implement procedures to ensure its compliance with all aspects of N.D.C.C. §11-23-02 and N.D.C.C. §57-15-31(1).

**STARK COUNTY**Schedule of Audit Findings - Continued

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**Stark County's Response**

We Agree. In response to the 5<sup>th</sup> element finding Stark County does currently have balance information listed on all special revenue fund budgets, going forward we will also add beginning fund balance information. For element 9 of this finding Stark County has already stopped levying for Veteran's Services and County Agent previously to bring their balances down before levying again. The Stark County Commission is aware of the 75% of appropriation law and has collectively chose to bring down balances yearly without an overly progressive approach of levying zero dollars for one year.

**STARK COUNTY**Schedule of Audit Findings - Continued

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**2023-003 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS****Condition**

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

**Effect**

There is an increased risk of material misstatement to Stark County's financial statements even though the errors were corrected by management during the audit.

**Cause**

Stark County may not have a proper review process in place to ensure the financial statements are complete and accurate.

**Criteria**

Stark County is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

**Repeat Finding**

Yes.

**Recommendation**

We recommend Stark County review its procedures for the preparation of the financial statements and update, if necessary, to ensure the financial statements are complete and accurate in accordance with GAAP.

**Stark County WRD Response**

We Agree. Stark County will review the adjustments needed for presentation in the financial statements.

**2023-004 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

**Condition**

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

**Effect**

There is an increased risk of material misstatement to Stark County Water Resource District's financial statements even though the errors were corrected by management during the audit.

**Cause**

Stark County Water Resource District may not have a proper review process in place to ensure the financial statements are complete and accurate.

**Criteria**

Stark County Water Resource District is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

**Repeat Finding**

Yes.

**Recommendation**

We recommend Stark County Water Resource District review its procedures for the preparation of the financial statements and update if necessary, to ensure the financial statements are complete and accurate in accordance with GAAP.

**Stark County Water Resource District's Response**

We Agree. In the event that more staff can be hired for financial purposes, the above corrections will be implemented.



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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