

AUDIT REPORT

BOWMAN COUNTY
Bowman, North Dakota

For the Years Ended December 31, 2020 and 2019

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BOWMAN COUNTY
Bowman, North Dakota

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BOWMAN COUNTY
Bowman, North Dakota

COUNTY OFFICIALS

Lynn Brackel	Commission Chairman
Pine Abrahamson	Commissioner
Rick Braaten	Commissioner
Josh Buchmann	Commissioner
Jerry Jeffers	Commissioner
Sandi Tivis	Auditor
Anita McLaughlin	Treasurer
Jan Werre	County Recorder/Clerk of Court
Frank Eberle	Sheriff
Andrew Weiss	States Attorney
Anita McLaughlin	Superintendent of Schools

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
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Todd Goehring, CPA

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Bowman County
Bowman, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Bowman County, Bowman, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Bowman County, Bowman, North Dakota, as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgeting comparison information on pages 37 through 44, and the schedules of employer's share of net pension liability on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.


Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.


Rath and Mehrer, P.C.

Bismarck, North Dakota

April 30, 2021

BOWMAN COUNTY
Bowman, North Dakota

Statement of Net Position
December 31, 2020

	Primary	Component Units		
	Government			
	Governmental	Water Resource	Airport	Weather
	Activities	District		Modification
ASSETS:				
Cash and Investments	14,387,695.44	149,576.58	393,265.09	88,873.44
Due from State Government	24,971.79			
Taxes Receivable	24,989.89	480.04	1,690.61	
Advances to Other Governmental Entities	351,436.60			
Capital Assets (net of accumulated depreciation):				
Land	36,175.00		783,953.00	
Buildings and Infrastructure	3,637,789.00	352,000.00	10,862,891.00	
Machinery and Vehicles	1,000,473.00		126,842.00	
Total Capital Assets	4,674,437.00	352,000.00	11,773,686.00	-
Total Assets	19,463,530.72	502,056.62	12,168,641.70	88,873.44
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	790,801.00			
LIABILITIES:				
Long-Term Liabilities:				
Due After One Year:				
Compensated Absences Payable	58,520.26			
Net Pension Liability	1,775,596.00			
Total Liabilities	1,834,116.26	-	-	-
DEFERRED INFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	915,261.00			
NET POSITION:				
Net Investment in Capital Assets	4,674,437.00	352,000.00	11,773,686.00	
Restricted for:				
Special Purposes	12,470,774.66			
Unrestricted	359,742.80	150,056.62	394,955.70	88,873.44
Total Net Position	17,504,954.46	502,056.62	12,168,641.70	88,873.44

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Net Position
December 31, 2019

	Primary	Component Units		
	Government			
	Governmental	Water Resource	Airport	Weather
	Activities	District		Modification
ASSETS:				
Cash and Investments	18,056,142.52	265,734.84	298,406.15	96,880.05
Due from State Government	390,436.60			
Taxes Receivable	21,896.44	1,089.28	1,698.51	
Capital Assets (net of accumulated depreciation):				
Land	36,175.00		783,953.00	
Buildings and Infrastructure	3,699,032.00	363,000.00	11,795,937.00	
Machinery and Vehicles	875,337.00		78,390.00	
Total Capital Assets	4,610,544.00	363,000.00	12,658,280.00	-
Total Assets	23,079,019.56	629,824.12	12,958,384.66	96,880.05
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	1,055,712.00			
LIABILITIES:				
Long-Term Liabilities:				
Due After One Year:				
Compensated Absences Payable	48,843.47			
Net Pension Liability	2,554,838.00			
Total Liabilities	2,603,681.47	-		-
DEFERRED INFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	171,443.00			
NET POSITION:				
Net Investment in Capital Assets	4,610,544.00	363,000.00	12,658,280.00	
Restricted for:				
Special Purposes	16,662,449.47			
Unrestricted	86,613.62	266,824.12	300,104.66	96,880.05
Total Net Position	21,359,607.09	629,824.12	12,958,384.66	96,880.05

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues		Primary Government Governmental Activities	Water Resource District	Airport	Weather Modification
		Charges for Services	Operating Grants and Contributions				
Primary Government:							
<u>Governmental Activities:</u>							
General Government	1,828,308.79	157,270.28	94,398.12	(1,576,640.39)			
Public Safety	586,801.58	93,686.75	24,003.58	(469,111.25)			
Highways and Public Improvement	7,273,087.83	218,724.28	380,678.96	(6,673,684.59)			
Health and Welfare	8,745.83		202,762.24	194,016.41			
Culture and Recreation	208,623.46			(208,623.46)			
Conservation and Economic Development	322,436.49			(322,436.49)			
Other	303,414.74			(303,414.74)			
Total Governmental Activities	10,531,418.72	469,681.31	701,842.90	(9,359,894.51)			
Component Units:							
Water Resource District	176,076.92	28,852.71			(147,224.21)		
Airport	1,045,860.18	26,158.00	97,747.71			(921,954.47)	
Weather Modification	126,177.52		118,045.00				(8,132.52)
General Revenues:							
Taxes:							
Property Taxes; levied for general purposes				302,886.82	18,401.44	113,547.82	
Property taxes; levied for special purposes				677,336.10			
Homestead tax credit				5,236.32			
Disabled veterans tax credit				101.86			
Telecommunications taxes				4,817.67			
Coal severance taxes				3,902.88			
Oil and gas production taxes				2,580,535.90			
Federal aid not restricted to specific programs:							
Federal payments in lieu of taxes				15,816.00			
Federal mineral royalties				1,061,074.78			
State aid not restricted to specific program:							
State aid distribution				360,839.99			
Earnings on investments and other revenue				420,802.56	1,055.27	18,663.69	125.91
Gain on trade-in of capital assets				71,891.00			
Total General Revenues				5,505,241.88	19,456.71	132,211.51	125.91
Change in Net Position				(3,854,652.63)	(127,767.50)	(789,742.96)	(8,006.61)
Net Position - January 1				21,359,607.09	629,824.12	12,958,384.66	96,880.05
Net Position - December 31				17,504,954.46	502,056.62	12,168,641.70	88,873.44

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Airport
Primary Government:						
Governmental Activities:						
General Government	1,801,050.27	155,432.67	56,149.50	(1,589,468.10)		
Public Safety	689,793.78	89,256.65	17,285.64	(583,251.49)		
Highways and Public Improvement	10,186,120.55	728,522.97	4,215,333.30	(5,242,264.28)		
Health and Welfare	667,935.12		618,349.06	(49,586.06)		
Culture and Recreation	174,547.99			(174,547.99)		
Conservation and Economic Development	332,180.79			(332,180.79)		
Other	389,256.03			(389,256.03)		
Total Governmental Activities	14,240,884.53	973,212.29	4,907,117.50	(8,360,554.74)		
Component Units:						
Water Resource District	83,077.45	14,601.27		(68,476.18)		
Airport	1,491,711.49	25,408.00	367,590.13		(1,098,713.36)	
Weather Modification	128,043.03		117,753.00			(10,290.03)
General Revenues:						
Taxes:						
Property Taxes; levied for general purposes			239,970.67	58,326.65	92,892.89	
Property taxes; levied for special purposes			640,287.43			
Homestead tax credit			5,015.64			
Telecommunications taxes			4,817.67			
Coal severance taxes			5,354.91			
Oil and gas production taxes			3,429,857.64			
Federal aid not restricted to specific programs:						
Federal payments in lieu of taxes			15,421.00			
Federal mineral royalties			1,669,733.04			
State aid not restricted to specific programs:						
State aid distribution			413,885.68			
Earnings on investments and other revenue			486,484.76	853.18	5,830.73	375.77
Gain on trade-in of capital assets			21,749.00			
Total General Revenues			6,932,577.44	59,179.83	98,723.62	375.77
Change in Net Position			(1,427,977.30)	(9,296.35)	(999,989.74)	(9,914.26)
Net Position - January 1			22,787,584.39	639,120.47	13,958,374.40	106,794.31
Net Position - December 31			21,359,607.09	629,824.12	12,958,384.66	96,880.05

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Balance Sheet
Governmental Funds
December 31, 2020

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty		
ASSETS:					
Cash and Investments	2,254,169.17	3,977,292.37	5,582,010.46	2,574,223.44	14,387,695.44
Due from State Government	24,971.79				24,971.79
Taxes Receivable	13,163.55	4,027.97		7,798.37	24,989.89
Advances to Other Governmental Entities			351,436.60		351,436.60
Interfund Receivables	2,266.40				2,266.40
Total Assets	2,294,570.91	3,981,320.34	5,933,447.06	2,582,021.81	14,791,360.12
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Interfund Payables				2,266.40	2,266.40
Deferred Inflows of Resources:					
Unavailable Revenue	13,163.55	4,027.97	-	7,798.37	24,989.89
Total Liabilities and Deferred Inflows of Resources	13,163.55	4,027.97	-	10,064.77	27,256.29
Fund Balances:					
Nonspendable:					
Advances to Other Governmental Entities			-		-
Restricted for:					
General Government				51,027.48	51,027.48
Public Safety				229,642.54	229,642.54
Highways and Public Improvements		3,977,292.37	5,933,447.06	1,569,157.73	11,479,897.16
Public Facilities and Public Services				272,073.03	272,073.03
Urban and Economic Development				117,280.47	117,280.47
Emergency				58,320.34	58,320.34
Other Purposes				274,455.45	274,455.45
Unassigned	2,281,407.36				2,281,407.36
Total Fund Balances	2,281,407.36	3,977,292.37	5,933,447.06	2,571,957.04	14,764,103.83
Total Liabilities, Deferred Inflows of Resources and Fund Balances	2,294,570.91	3,981,320.34	5,933,447.06	2,582,021.81	14,791,360.12

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty		
ASSETS:					
Cash and Investments	1,724,486.92	7,893,311.30	5,701,096.36	2,737,247.94	18,056,142.52
Taxes Receivable	10,600.33	2,173.13		9,122.98	21,896.44
Advances to Other Governmental Entities			390,436.60		390,436.60
Total Assets	1,735,087.25	7,895,484.43	6,091,532.96	2,746,370.92	18,468,475.56
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Deferred Inflows of Resources:					
Unavailable Revenue	10,600.33	2,173.13	-	9,122.98	21,896.44
Fund Balances:					
Nonspendable:					
Advances to Other Governmental Entities			390,436.60		390,436.60
Restricted for:					
General Government				41,072.88	41,072.88
Public Safety				234,320.93	234,320.93
Highways and Public Improvements		7,893,311.30	5,701,096.36	1,693,424.72	15,287,832.38
Public Facilities and Public Services				268,597.53	268,597.53
Health and Welfare				6,137.67	6,137.67
Urban and Economic Development				93,797.70	93,797.70
Emergency				58,320.34	58,320.34
Other Purposes				341,576.17	341,576.17
Unassigned	1,724,486.92				1,724,486.92
Total Fund Balances	1,724,486.92	7,893,311.30	6,091,532.96	2,737,247.94	18,446,579.12
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,735,087.25	7,895,484.43	6,091,532.96	2,746,370.92	18,468,475.56

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2020

Total Fund Balances for Governmental Funds		14,764,103.83
<p>Total net position reported for governmental activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets		9,231,715.00
Less Accumulated Depreciation		<u>(4,557,278.00)</u>
Net Capital Assets		4,674,437.00
<p>Property taxes 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 unavailable revenue in the funds.</p>		
		24,989.89
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources		790,801.00
Total Deferred Inflows of Resources		<u>(915,261.00)</u>
Net Deferred Outflows/Inflows of Resources		(124,460.00)
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2020 are:</p>		
Compensated Absences Payable		(58,520.26)
Net Pension Liability		<u>(1,775,596.00)</u>
Total Long-Term Liabilities		<u>(1,834,116.26)</u>
Total Net Position of Governmental Activities		<u><u>17,504,954.46</u></u>

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2019

Total Fund Balances for Governmental Funds	18,446,579.12
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Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of Capital Assets	8,969,496.00
Less Accumulated Depreciation	<u>(4,358,952.00)</u>
Net Capital Assets	4,610,544.00

Property taxes 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 unavailable revenue in the funds.	21,896.44
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The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources	1,055,712.00
Total Deferred Inflows of Resources	<u>(171,443.00)</u>
Net Deferred Outflows/Inflows of Resources	884,269.00

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2019 are:

Compensated Absences Payable	(48,843.47)
Net Pension Liability	<u>(2,554,838.00)</u>
Total Long-Term Liabilities	<u>(2,603,681.47)</u>

Total Net Position of Governmental Activities	<u>21,359,607.09</u>
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The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty		
Revenues:					
Taxes	300,323.60	293,694.95		382,940.08	976,958.63
Licenses, Permits and Fees	1,440.00			18,588.60	20,028.60
Intergovernmental	1,932,811.25	1,035,028.72	1,022,074.78	744,424.39	4,734,339.14
Charges for Services	137,241.68	218,724.28		93,686.75	449,652.71
Miscellaneous	205,755.92	24,864.87	118,710.39	71,471.38	420,802.56
Total Revenues	2,577,572.45	1,572,312.82	1,140,785.17	1,311,111.20	6,601,781.64
Expenditures:					
Current:					
General Government	1,478,258.02			60,314.64	1,538,572.66
Public Safety	324,964.57			249,007.66	573,972.23
Highways and Public Improvement		6,245,376.75	238,871.07	507,944.71	6,992,192.53
Health and Welfare				8,745.83	8,745.83
Culture and Recreation	132,902.48			75,720.98	208,623.46
Conservation and Economic Development	119,969.51			191,640.97	311,610.48
Other	34,057.43			269,357.31	303,414.74
Capital Outlay		347,125.00			347,125.00
Total Expenditures	2,090,152.01	6,592,501.75	238,871.07	1,362,732.10	10,284,256.93
Excess of Revenues Over (Under) Expenditures	487,420.44	(5,020,188.93)	901,914.10	(51,620.90)	(3,682,475.29)
Other Financing Sources (Uses)					
Transfers In	69,500.00	1,104,170.00		82,277.05	1,255,947.05
Transfers Out			(1,060,000.00)	(195,947.05)	(1,255,947.05)
Total Other Financing Sources (Uses)	69,500.00	1,104,170.00	(1,060,000.00)	(113,670.00)	-
Net Change in Fund Balances	556,920.44	(3,916,018.93)	(158,085.90)	(165,290.90)	(3,682,475.29)
Fund Balance - January 1	1,724,486.92	7,893,311.30	6,091,532.96	2,737,247.94	18,446,579.12
Fund Balance - December 31	2,281,407.36	3,977,292.37	5,933,447.06	2,571,957.04	14,764,103.83

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty		
Revenues:					
Taxes	236,226.49	286,039.01		368,964.27	891,229.77
Licenses, Permits and Fees	1,440.00			7,533.60	8,973.60
Intergovernmental	1,182,664.57	6,039,355.32	1,669,733.04	1,559,868.01	10,451,620.94
Charges for Services	146,459.07	728,522.97		89,256.65	964,238.69
Miscellaneous	204,807.98	13,462.44	58,318.68	209,477.80	486,066.90
Total Revenues	1,771,598.11	7,067,379.74	1,728,051.72	2,235,100.33	12,802,129.90
Expenditures:					
Current:					
General Government	1,462,584.09			25,493.27	1,488,077.36
Public Safety	336,875.48			341,074.37	677,949.85
Highways and Public Improvement		9,317,583.72	33,086.43	484,792.53	9,835,462.68
Health and Welfare				699,272.21	699,272.21
Culture and Recreation	112,203.75			62,344.24	174,547.99
Conservation and Economic Development	118,842.02			209,365.90	328,207.92
Other	32,260.65			356,995.38	389,256.03
Capital Outlay		60,276.00		24,795.00	85,071.00
Total Expenditures	2,062,765.99	9,377,859.72	33,086.43	2,204,132.90	13,677,845.04
Exes (Deficiency) of Revenues over Expenditures	(291,167.88)	(2,310,479.98)	1,694,965.29	30,967.43	(875,715.14)
Other Financing Sources (Uses):					
Transfers In	69,893.78	1,503,600.00		77,104.90	1,650,598.68
Transfers Out			(1,560,000.00)	(90,598.68)	(1,650,598.68)
Total Other Financing Sources (Uses)	69,893.78	1,503,600.00	(1,560,000.00)	(13,493.78)	-
Net Change in Fund Balances	(221,274.10)	(806,879.98)	134,965.29	17,473.65	(875,715.14)
Fund Balance - January 1	1,945,761.02	8,700,191.28	5,956,567.67	2,719,774.29	19,322,294.26
Fund Balance - December 31	1,724,486.92	7,893,311.30	6,091,532.96	2,737,247.94	18,446,579.12

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds (3,682,475.29)

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

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

Current Year Capital Outlay	347,125.00	
Current Year Depreciation Expense	<u>(355,123.00)</u>	(7,998.00)

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 Increase in Compensated Absences	(9,676.79)	
Net Increase to Pension Expense	<u>(229,487.00)</u>	(239,163.79)

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 Increase in Taxes Receivable		3,093.45
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In the statement of activities, only the gain on the trade-in/disposal of capital assets is reported, whereas in the governmental funds, the result of this transaction has no effect on financial resources. Thus, the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.

	<u>71,891.00</u>	
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Change in Net Position of Governmental Activities (3,854,652.63)

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds (875,715.14)

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

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

Current Year Capital Outlay	85,071.00	
Current Year Depreciation Expense	<u>(399,555.00)</u>	(314,484.00)

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 Decrease in Compensated Absences	51,432.51	
Net Increase to Pension Expense	<u>(299,988.00)</u>	(248,555.49)

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 Decrease in Taxes Receivable		(10,971.67)
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In the statement of activities, only the gain on the trade-in/disposal of capital assets is reported, whereas in the governmental funds, the result of this transaction has no effect on financial resources. Thus, the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.

21,749.00

Change in Net Position of Governmental Activities (1,427,977.30)

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2020

	<u>Custodial Funds</u>
<u>Assets:</u>	
Cash and Investments	<u><u>1,595,658.17</u></u>
<u>Liabilities:</u>	
Due to Other Governments	<u><u>1,595,658.17</u></u>

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2019

	<u>Custodial Funds</u>
<u>Assets:</u>	
Cash and Investments	<u>1,333,052.88</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>1,333,052.88</u>

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2020

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	5,743,518.17
State medical levy collections	29,296.03
Assessments charges to patrons/businesses	4,533.92
Payments made for the purpose of public service/public safety	<u>5,156.73</u>
Total Additions	<u>5,782,504.85</u>
<u>Deductions:</u>	
Payments of property tax to other governments	5,009,320.55
Payments of state aid to other governments	474,789.14
Payments made for the purpose of public service/public safety	3,103.49
Collections remitted to ND state treasurer	<u>32,686.38</u>
Total Deductions	<u>5,519,899.56</u>
Net Change in Assets and Liabilities	<u>262,605.29</u>
Assets and Liabilities - January 1	<u>1,333,052.88</u>
Assets and Liabilities - December 31	<u><u>1,595,658.17</u></u>

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2019

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	5,836,589.38
State medical levy collections	28,323.85
Assessments charges to patrons/businesses	1,944.87
Payments made for the purpose of public service/public safety	<u>5,784.74</u>
Total Additions	<u>5,872,642.84</u>
<u>Deductions:</u>	
Payments of property tax to other governments	5,298,954.70
Payments of state aid to other governments	548,072.12
Payments made for the purpose of public service/public safety	1,516.90
Collections remitted to ND state treasurer	<u>34,415.67</u>
Total Deductions	<u>5,882,959.39</u>
Net Change in Assets and Liabilities	<u>(10,316.55)</u>
Assets and Liabilities - January 1	<u>1,343,369.43</u>
Assets and Liabilities - December 31	<u><u>1,333,052.88</u></u>

The accompanying notes are an integral part of these financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Notes to the Financial Statements
December 31, 2020 and 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The accompanying financial statements present the activities of the county. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include 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 Bowman County.

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

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the county's three component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

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

Bowman County Airport Authority: The Bowman County Airport Authority's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the airport authority budget. The airport authority has the authority to issue its own debt.

Bowman County Weather Modification Authority: The Bowman County Weather Modification Authority's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the weather modification authority budget. The weather modification authority has the authority to issue its own debt.

The financial statements of each of the three discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Bowman County Auditor; 104 First Street NW, Bowman, ND 58623.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Bowman 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 nonexchange 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 to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The county reports the following major governmental funds:

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

County Road and Bridge. This fund is the county's primary road maintenance fund. It accounts for a special levy and all financial resources related to highway maintenance, except those required to be accounted for in another fund.

Mineral Royalty. This fund accounts for funds received from the Bureau of Land Management for federal mineral royalties that are required to be used by the county for planning, construction and maintenance of public facilities and provision of public service.

The county reports the following fund type:

Custodial Funds. These funds account for assets held by the county in a custodial capacity as an agent on behalf of others. The county's custodial funds are used to account for various deposits of other governments.

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

Government-wide and Fiduciary Fund Financial Statements: The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. These 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. Nonexchange 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. Revenues from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	75 years
Vehicles and Equipment	5 to 10 years

F. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. County employees will be compensated up to a total of 240 hours of accumulated vacation leave at the employee's current hourly wage. Compensated absences represent the liability of the county for these employee benefits.

Vested or accumulated sick leave is not reported in the government-wide statement of net position as it is not eligible for carryover.

G. Long-Term Obligations

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

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

H. Pension

For purposes of measuring 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); 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.

I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the county is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the county or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the county commission through the adoption of a resolution. The county commission also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The county reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the county’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the county’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the county has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

J. 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.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

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

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions 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 any 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 other securities approved by the banking board.

At December 31, 2020 the county's carrying amount of deposits was \$15,980,309 and the bank balance was \$16,258,698. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$16,008,698 was collateralized with securities held by the pledging financial institution's agent in the government's name

At December 31, 2019 the county's carrying amount of deposits was \$19,386,912 and the bank balance was \$19,639,118. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$19,389,118 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2020, the county held certificates of deposit in the amount of \$3,000,000 which are all considered deposits.

At December 31, 2019, the county held certificates of deposit in the amount of \$3,000,000 which are all considered deposits.

Concentration of Credit Risk

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

Note 3 DUE FROM STATE GOVERNMENT

The amount due from state government consists of the December 2020 Coronavirus Relief Fund reimbursement due at December 31, 2020, but received subsequent to that date.

Note 4 TAXES RECEIVABLE

Taxes receivable represent the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes and special assessment receivables.

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

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all

taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

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

Note 5 ADVANCES TO OTHER GOVERNMENTAL ENTITIES/ADVANCE FROM BOWMAN COUNTY

The county has provided loans from the Mineral Royalty fund to various local governmental entities. These funds are to be repaid per the terms of the loan agreements. The amounts shown as interfund payables represent the amount of negative cash in each fund. At December 31, the following advances were outstanding:

	<u>2020</u>	<u>2019</u>
<u>Mineral Royalty Fund</u>		
Bowman County Development Corporation	224,436.60	224,436.60
City of Rhame	87,000.00	116,000.00
Bowman County Fair Association	40,000.00	50,000.00
Total Advances	<u>351,436.60</u>	<u>390,436.60</u>

Note 6 CAPITAL ASSETS

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

	<u>2020</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	36,175			36,175
<i>Capital assets being depreciated:</i>				
Buildings	4,593,250			4,593,250
Machinery and Vehicles	4,340,071	439,858	177,639	4,602,290
Total	<u>8,933,321</u>	<u>439,858</u>	<u>177,639</u>	<u>9,195,540</u>
<i>Less accumulated depreciation for:</i>				
Buildings	894,218	61,243		955,461
Machinery and Vehicles	3,464,734	293,880	156,797	3,601,817
Total	<u>4,358,952</u>	<u>355,123</u>	<u>156,797</u>	<u>4,557,278</u>
Total capital assets being depreciated, net	<u>4,574,369</u>	<u>84,735</u>	<u>20,842</u>	<u>4,638,262</u>
Governmental Activities Capital Assets, Net	<u>4,610,544</u>	<u>84,735</u>	<u>20,842</u>	<u>4,674,437</u>

	<u>2019</u>			
	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	36,175			36,175
<i>Capital assets being depreciated:</i>				
Buildings	4,593,250			4,593,250
Machinery and Vehicles	4,268,601	108,420	36,950	4,340,071
Total	8,861,851	108,420	36,950	8,933,321
<i>Less accumulated depreciation for:</i>				
Buildings	832,975	61,243		894,218
Machinery and Vehicles	3,161,772	338,312	35,350	3,464,734
Total	3,994,747	399,555	35,350	4,358,952
Total capital assets being depreciated, net	4,867,104	(291,135)	1,600	4,574,369
Governmental Activities Capital Assets, Net	4,903,279	(291,135)	1,600	4,610,544

Depreciation expense was charged to functions/programs of the county as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
General Government	56,167	66,200
Public Safety	10,044	15,586
Highways and Public Improvement	268,152	306,282
Conservation and Economic Development	9,152	9,152
Total Depreciation Expense	343,515	397,220

Component Units

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

	<u>2020</u>			
	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	783,953			783,953

Capital assets being depreciated:

Buildings and Infrastructure	17,226,657			17,226,657
Machinery and Vehicles	125,580	65,917		191,497
Total	<u>17,352,237</u>	<u>65,917</u>	<u>-</u>	<u>17,418,154</u>

Less accumulated depreciation for:

Buildings and Infrastructure	5,067,720	944,046		6,011,766
Machinery and Vehicles	47,190	17,465		64,655
Total	<u>5,114,910</u>	<u>961,511</u>	<u>-</u>	<u>6,076,421</u>

Total capital assets being depreciated, net	<u>12,237,327</u>	<u>(895,594)</u>	<u>-</u>	<u>11,341,733</u>
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Discretely Presented Component Units Capital Assets, Net	<u>13,021,280</u>	<u>(895,594)</u>	<u>-</u>	<u>12,125,686</u>
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2019

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
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Capital assets not being depreciated:

Land	<u>783,953</u>			<u>783,953</u>
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Capital assets being depreciated:

Buildings and Infrastructure	17,226,657			17,226,657
Machinery and Vehicles	90,580	35,000		125,580
Total	<u>17,317,237</u>	<u>35,000</u>	<u>-</u>	<u>17,352,237</u>

Less accumulated depreciation for:

Buildings and Infrastructure	4,123,674	944,046		5,067,720
Machinery and Vehicles	36,317	10,873		47,190
Total	<u>4,159,991</u>	<u>954,919</u>	<u>-</u>	<u>5,114,910</u>

Total capital assets being depreciated, net	<u>13,157,246</u>	<u>(919,919)</u>	<u>-</u>	<u>12,237,327</u>
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Discretely Presented Component Units Capital Assets, Net	<u>13,941,199</u>	<u>(919,919)</u>	<u>-</u>	<u>13,021,280</u>
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Depreciation expense was charged to functions /programs of the county's component units as follows for the years ending December 31:

	<u>2020</u>	<u>2019</u>
Airport	950,511	943,919
Water Resource District	<u>11,000</u>	<u>11,000</u>
	<u>961,511</u>	<u>954,919</u>

Note 7 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivable.

Note 8 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2020 and 2019, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

	<u>2020</u>			<u>Balance December 31</u>	<u>Due Within One Year</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Compensated Absences *	48,843	9,677		58,520	
	<u>2019</u>			<u>Balance December 31</u>	<u>Due Within One Year</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Compensated Absences *	100,276		51,433	48,843	

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of increases and decreases.

Note 9 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2020</u>		
Capital Outlay	20,000.00	
Building		20,000.00
Contribution to Reserve Fund.		
Emergency 911	62,277.05	
911 Slope County Reimbursement		6,000.00
911 Wireless		56,277.05
County Road and Bridge	110,170.00	
Unorganized Roads		110,170.00
General	69,500.00	
County Road and Bridge	994,000.00	
Zoning		3,500.00
Mineral Royalty		1,060,000.00
To subsidize expenditures.		

December 31, 2019

Capital Outlay	10,000.00	
Building		10,000.00
Contribution to Reserve Fund.		
Emergency 911	67,104.90	
911 Slope County Reimbursement		8,000.00
911 Wireless		59,104.90
County Road and Bridge	9,600.00	
Unorganized Roads		9,600.00
General	69,893.78	
County Road and Bridge	1,494,000.00	
Zoning		3,893.78
Mineral Royalty		1,560,000.00
To subsidize expenditures.		

Note 10 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Bowman County Senior Citizens and the Bowman County Historical Society. However, the county's accountability does not extend beyond levying the tax. In 2020 and 2019, the county remitted \$52,406.28 and \$52,684.71 to the Senior Citizens, \$9,135.89 and \$9,456.26 to the Historical Society, respectively.

Note 11 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (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 public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$3,436,966 for public assets.

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 \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a 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 Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 12 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 NDPERS plan is financed by investment income and contributions.

Responsibility for administration of the NDPERS benefits program 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 active membership of the NDPERS system; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members 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 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55 – 64 with three or more years of service.

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

Death and Disability Benefits

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

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

benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

- 1 to 12 months of service -
Greater of one percent of monthly salary or \$25

- 13 to 24 months of service -
Greater of two percent of monthly salary or \$25

- 25 to 36 months of service -
Greater of three percent of monthly salary or \$25

- Longer than 36 months of service -
Greater of four percent of monthly salary or \$25

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

At December 31, 2020, Bowman County reported a liability of \$1,775,596 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2019 the county's proportion was .151492 percent, which was an increase of .000104 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the county recognized pension expense of \$1,147,076. At December 31, 2020 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	1,052	322,237
Changes in assumptions	663,493	569,667
Net difference between projected and actual earnings on pension plan investments	30,935	
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,415	23,357
County contributions subsequent to the measurement date (see below)	<u>84,906</u>	
Total	<u>790,801</u>	<u>915,261</u>

\$84,906 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

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

<u>Year ended June 30:</u>	
2020	52,295
2021	17,384
2022	(66,397)
2023	(161,990)
2024	(50,658)
Thereafter	0

Actuarial assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.50%

Salary increases

Service at Beginning of Year	Increase Rate
0	15.00%
1	10.00%
2	8.00%
Age *	
Under 30	10.00%
30 - 39	7.50%
40 - 49	6.75%
50 - 59	6.50%
60+	5.25%

* Age-based salary increase rates apply for employees with three or more years of service.

Investment rate of return 7.50%, net of investment expenses
 Cost-of-living adjustments None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with ages set back one year for males (not setback for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2019 funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2019. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Equity Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

Discount rate. For PERS, GASB 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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

Sensitivity of the county's proportionate share of the net pension liability to changes in the discount rate. The following presents the county's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
The county's proportionate share of the net pension liability	2,545,822	1,775,596	1,128,471

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

Note 13 OTHER POSTEMPLOYMENT BENEFITS

The county is required to implement GASB Statement No. 75, Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions. The effect of this statement is not material to the county's financial statements.

Note 14 TAX ABATEMENTS

The county has not entered into any tax abatement agreements that would reduce the county's tax revenues for the year ended December 31, 2020.

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	299,818.00	299,818.00	300,323.60	505.60
Licenses, Permits and Fees	1,300.00	1,300.00	1,440.00	140.00
Intergovernmental	1,312,900.00	1,312,900.00	1,907,839.46	594,939.46
Charges for Services	134,900.00	134,900.00	137,241.68	2,341.68
Miscellaneous	171,708.00	171,708.00	205,755.92	34,047.92
Total Revenues	1,920,626.00	1,920,626.00	2,552,600.66	631,974.66
<u>Expenditures:</u>				
Current:				
General Government	1,744,043.63	1,744,043.63	1,478,258.02	265,785.61
Public Safety	318,279.00	318,279.00	324,964.57	(6,685.57)
Culture and Recreation	103,902.48	103,902.48	132,902.48	(29,000.00)
Conservation and Economic Development	137,445.00	137,445.00	119,969.51	17,475.49
Other	54,817.00	54,817.00	34,057.43	20,759.57
Total Expenditures	2,358,487.11	2,358,487.11	2,090,152.01	268,335.10
Excess (Deficiency) of Revenues over Expenditures	(437,861.11)	(437,861.11)	462,448.65	900,309.76
<u>Other Financing Sources:</u>				
Transfers In	-	-	69,500.00	69,500.00
Net Change in Fund Balances	(437,861.11)	(437,861.11)	531,948.65	969,809.76
Fund Balance - January 1	1,724,486.92	1,724,486.92	1,724,486.92	
Fund Balance - December 31	1,286,625.81	1,286,625.81	2,256,435.57	969,809.76

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	238,835.00	238,835.00	236,226.49	(2,608.51)
Licenses, Permits and Fees	1,300.00	1,300.00	1,440.00	140.00
Intergovernmental	1,308,200.00	1,308,200.00	1,182,664.57	(125,535.43)
Charges for Services	120,200.00	120,200.00	146,459.07	26,259.07
Miscellaneous	190,760.00	190,760.00	204,807.98	14,047.98
Total Revenues	1,859,295.00	1,859,295.00	1,771,598.11	(87,696.89)
<u>Expenditures:</u>				
Current:				
General Government	1,680,704.51	1,680,704.51	1,412,584.09	268,120.42
Public Safety	355,287.00	355,287.00	336,875.48	18,411.52
Culture and Recreation	97,053.75	97,053.75	112,203.75	(15,150.00)
Conservation and Economic Development	134,203.00	134,203.00	118,842.02	15,360.98
Other	53,354.00	53,354.00	32,260.65	21,093.35
Total Expenditures	2,320,602.26	2,320,602.26	2,012,765.99	307,836.27
Excess (Deficiency) of Revenues over Expenditures	(461,307.26)	(461,307.26)	(241,167.88)	220,139.38
<u>Other Financing Sources:</u>				
Transfers In	-	-	69,893.78	69,893.78
Net Change in Fund Balances	(461,307.26)	(461,307.26)	(171,274.10)	290,033.16
Fund Balance - January 1	1,945,761.02	1,945,761.02	1,945,761.02	
Fund Balance - December 31	1,484,453.76	1,484,453.76	1,774,486.92	290,033.16

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	280,000.00	280,000.00	293,694.95	13,694.95
Intergovernmental	2,112,500.00	2,112,500.00	1,035,028.72	(1,077,471.28)
Charges for Services			218,724.28	218,724.28
Miscellaneous	50,000.00	50,000.00	24,864.87	(25,135.13)
Total Revenues	2,442,500.00	2,442,500.00	1,572,312.82	(870,187.18)
Expenditures:				
Current:				
Highways and Public Improvements	3,316,213.00	6,471,593.64	6,245,376.75	226,216.89
Capital Outlay	347,125.00	347,125.00	347,125.00	-
Total Expenditures	3,663,338.00	6,818,718.64	6,592,501.75	226,216.89
Excess (Deficiency) of Revenues over Expenditures	(1,220,838.00)	(4,376,218.64)	(5,020,188.93)	(643,970.29)
Other Financing Sources:				
Transfers In			1,104,170.00	1,104,170.00
Net Change in Fund Balances	(1,220,838.00)	(4,376,218.64)	(3,916,018.93)	460,199.71
Fund Balance - January 1	7,893,311.30	7,893,311.30	7,893,311.30	
Fund Balance - December 31	6,672,473.30	3,517,092.66	3,977,292.37	460,199.71

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	250,000.00	250,000.00	286,039.01	36,039.01
Intergovernmental	2,775,000.00	2,775,000.00	6,039,355.32	3,264,355.32
Charges for Services	520,000.00	520,000.00	728,522.97	208,522.97
Miscellaneous	30,000.00	30,000.00	13,462.44	(16,537.56)
Total Revenues	3,575,000.00	3,575,000.00	7,067,379.74	3,492,379.74
<u>Expenditures:</u>				
Current:				
Highways and Public Improvements	11,086,742.00	11,086,742.00	9,317,583.72	1,769,158.28
Capital Outlay	60,276.00	60,276.00	60,276.00	-
Total Expenditures	11,147,018.00	11,147,018.00	9,377,859.72	1,769,158.28
Excess (Deficiency) of Revenues over Expenditures	(7,572,018.00)	(7,572,018.00)	(2,310,479.98)	5,261,538.02
<u>Other Financing Sources:</u>				
Transfers In			1,503,600.00	1,503,600.00
Net Change in Fund Balances	(7,572,018.00)	(7,572,018.00)	(806,879.98)	6,765,138.02
Fund Balance - January 1	8,700,191.28	8,700,191.28	8,700,191.28	
Fund Balance - December 31	1,128,173.28	1,128,173.28	7,893,311.30	6,765,138.02

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
Mineral Royalty Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental			1,061,074.78	1,061,074.78
Miscellaneous			118,710.39	118,710.39
Total Revenues	-	-	1,179,785.17	1,179,785.17
<u>Expenditures:</u>				
Current:				
General Government	85,000.00	85,000.00		85,000.00
Highways and Public Improvements	150,000.00	150,000.00	238,871.07	(88,871.07)
Other	5,000.00	5,000.00		5,000.00
Total Expenditures	240,000.00	240,000.00	238,871.07	1,128.93
Excess (Deficiency) of Revenues over Expenditures	(240,000.00)	(240,000.00)	940,914.10	1,180,914.10
<u>Other Financing Sources:</u>				
Transfers Out	(1,560,000.00)	(1,560,000.00)	(1,060,000.00)	500,000.00
Net Change in Fund Balances	(1,800,000.00)	(1,800,000.00)	(119,085.90)	1,680,914.10
Fund Balance - January 1	5,701,096.36	5,701,096.36	5,701,096.36	
Fund Balance - December 31	3,901,096.36	3,901,096.36	5,582,010.46	1,680,914.10

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
Mineral Royalty Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental			1,669,733.04	1,669,733.04
Miscellaneous			58,318.68	58,318.68
Total Revenues	-	-	1,728,051.72	1,728,051.72
<u>Expenditures:</u>				
Current:				
Other	255,000.00	255,000.00	83,086.43	171,913.57
Excess (Deficiency) of Revenues over Expenditures	(255,000.00)	(255,000.00)	1,644,965.29	1,899,965.29
<u>Other Financing Sources:</u>				
Transfers Out	(1,560,000.00)	(1,560,000.00)	(1,560,000.00)	-
Net Change in Fund Balances	(1,815,000.00)	(1,815,000.00)	84,965.29	1,899,965.29
Fund Balance - January 1	5,956,567.67	5,956,567.67	5,956,567.67	
Fund Balance - December 31	4,141,567.67	4,141,567.67	6,041,532.96	1,899,965.29

BOWMAN COUNTY
Bowman, North Dakota.

Notes to the Budgetary Comparison Schedules
December 31, 2020 and 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Annually, the board of county commissioners provides each office a department budget. The departments complete their budget and file it with the county auditor. Based upon the departmental budget requests and other financial information, the county auditor prepares the preliminary county budget. The budget is prepared for the general and special revenue funds on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The board of county commissioners holds a public hearing where any taxpayer may testify in favor or against any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before the October meeting, the board adopts the final budget and shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. No expenditure shall be made or liability incurred in excess of the total appropriation by fund, except for transfers as authorized by the North Dakota Century Code Section 11-23-07. However, the board of county commissioners may amend the budget, except for property taxes, during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board approved the following amendments to the county's budget for the year ending:

	<u>Original Budget</u>	<u>2020 Amendment</u>	<u>Amended Budget</u>
		<u>Appropriations</u>	
<u>Special Revenue Fund</u>			
County Road and Bridge	3,663,338	2,955,381	6,618,719
		<u>2019</u>	
	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
		<u>Appropriations</u>	
<u>Special Revenue Funds</u>			
Veteran's Service Officer	12,552	6,120	18,672
Multi-County Jail	178,749	54,445	233,194
Weed Control	168,050	3,613	171,663

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ended December 31:

<u>Special Revenue Funds</u>	<u>2020</u>	<u>2019</u>
Veteran's Service Officer	(9.86)	
* Human Services		(8,745.83)
Homeland Security		(14,684.73)
* Unorganized Townships	(61,097.03)	(103,123.40)
* State Aid	(250,528.36)	(199,529.75)
Multi-County Jail	(165.07)	
Weed Control	(111.25)	
County Library	(18,037.98)	(8,985.09)
Senior Citizens	(853.71)	(861.28)
* Zoning	(2,250.00)	
Building	(5,177.50)	
* General Aid for Taxing District	(35,100.00)	
* Document Preservation	(8,065.77)	(5,134.00)
Capital Outlay		(16,524.50)
* K-9 Donation - Sheriff	(12,239.92)	(1,634.22)

* A budget was not prepared for this fund.

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

BOWMAN COUNTY
Bowman, North Dakota

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

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.151492%	0.151388%	0.151383%	0.156176%	0.152558%	0.156604%
County's proportionate share of the net pension liability	1,775,596	2,554,838	2,433,222	1,522,087	1,037,368	993,999
County's covered employee payroll	1,636,780	1,593,155	1,568,725	1,569,092	1,446,294	1,350,529
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.48%	160.36%	155.11%	97.00%	71.73%	73.60%
Plan fiduciary net position as a percentage of the total pension liability	62.80%	62.80%	61.98%	70.46%	77.15%	77.70%

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

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	116,539	113,433	111,693	111,719	102,976	89,673
Contributions in relation to the statutorily required contributions	(116,539)	(113,433)	(111,693)	(111,719)	(102,976)	(89,673)
Contribution deficiency (excess)	0	0	0	0	0	0
County's covered-employee payroll	1,636,780	1,593,155	1,568,725	1,569,092	1,446,294	1,350,529
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%	7.12%	7.12%	6.64%

* Complete date for this schedule is not available prior to 2015.

- For changes of assumptions, see Note 12 to the financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020

	Balance 1/1/2020	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2020
Major Governmental Funds						
General Fund	1,724,486.92	2,552,600.66	69,500.00		2,090,152.01	2,256,435.57
County Road and Bridge	7,893,311.30	1,572,312.82	1,104,170.00		6,592,501.75	3,977,292.37
Mineral Royalty	5,701,096.36	1,179,785.17		1,060,000.00	238,871.07	5,582,010.46
Total Major Governmental Funds	15,318,894.58	5,304,698.65	1,173,670.00	1,060,000.00	8,921,524.83	11,815,738.40
Non-Major Governmental Funds						
Human Services	6,137.67	2,608.16			8,745.83	-
Highway Tax Distribution	629,473.53	415,670.93			388,571.31	656,573.15
Emergency Fund	58,320.34					58,320.34
Veteran's Service Officer	516.90	25,121.26			17,421.28	8,216.88
Unorganized Roads	1,063,951.19	61,926.79		110,170.00	103,123.40	912,584.58
Homeland Security		17,418.33			19,684.73	(2,266.40)
State Aid	261,381.57	178,410.21			199,529.75	240,262.03
Multicounty Jail	128,978.44	127,224.19			116,153.59	140,049.04
County Agent	40,966.35	58,143.76			65,726.53	33,383.58
Weed Control	52,831.35	156,979.98			125,914.44	83,896.89
County Library	-	66,585.09			66,585.09	-
Zoning	-	3,500.00		3,500.00		-
Emergency 911	81,696.86	32,684.70	62,277.05		111,535.12	65,123.49
911 Slope County Reimbursement	-	6,000.00		6,000.00		-
911 Wireless	9,139.30	61,002.05		56,277.05		13,864.30
Building	79,677.70	21,204.98		20,000.00	54,906.14	25,976.54
General Aid for Taxing Districts	208,597.53					208,597.53
Senior Citizens	-	52,406.28			52,406.28	-
County Historical Society	-	9,135.89			9,135.89	-
Document Preservation	41,072.88	15,088.60			5,134.00	51,027.48
Capital Outlay	60,000.00		20,000.00		16,524.50	63,475.50
K-9 Donation Campaign - Sheriff	14,506.33				1,634.22	12,872.11
Total Non-Major Governmental Funds	2,737,247.94	1,311,111.20	82,277.05	195,947.05	1,362,732.10	2,571,957.04
Total Governmental Funds	18,056,142.52	6,615,809.85	1,255,947.05	1,255,947.05	10,284,256.93	14,387,695.44
Fiduciary Fund						
Custodial Funds						
State Medical	76.68	29,296.03			29,146.52	226.19
Game and Fish	-	51.38			51.38	-
NDSU	6,592.04	118.00			140.00	6,570.04
Estimated Taxes	-	8,970.63			8,970.63	-
Southwest Water Authority	-	36,598.12			36,598.12	-
Soil Conservation	-	73,474.42			73,474.42	-
Health District Fund	-	138,878.31			138,878.31	-

(continued)

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020
(continued)

	Balance 1/1/2020	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2020
<u>Custodial Funds (continued)</u>						
Airport		113,970.21			113,970.21	-
Hazardous Chemical Preparedness	8,335.32	3,579.50			1,171.44	10,743.38
State General Fees		525.00			525.00	-
Payroll Deduction Holding Fund	1,132.90	1,407.85			2,071.92	468.83
Civil Asset Forfeiture		2,517.00			467.36	2,049.64
2018 Homicide Trial					156.50	(156.50)
Victim Witness Fees	585.00	1,000.00			1,425.00	160.00
State Sales Tax	495.72	1,016.92			1,159.75	352.89
Bowman County Ambulance Service		81,717.43			81,717.43	-
Marmoth Ambulance Service		11,028.11			11,028.11	-
Rural Ambulance District Building	3,589.70	3,000.00			60.00	6,529.70
Total Cities		482,941.18			482,941.18	-
Total Park Districts		190,460.20			190,460.20	-
Total School Districts		2,534,718.25			2,534,718.25	-
Total Townships		410,432.28			410,432.28	-
Total Rural Fire Districts	4.17	69,027.49			69,031.66	-
Prepaid Taxes	1,312,241.35	1,568,714.00			1,312,241.35	1,568,714.00
Total Custodial Funds	1,333,052.88	5,782,504.85	-	-	5,519,899.56	1,595,658.17
Total Primary Government	19,389,195.40	12,398,314.70	1,255,947.05	1,255,947.05	15,804,156.49	15,983,353.61
<u>Discretely Presented Component Units:</u>						
Water Resource District	265,734.84	48,918.66			165,076.92	149,576.58
Airport	298,406.15	256,125.12			161,266.18	393,265.09
Weather Modification	96,880.05	118,170.91			126,177.52	88,873.44
Total Discretely Presented Component Units	661,021.04	423,214.69	-	-	452,520.62	631,715.11
Total Reporting Entity	20,050,216.44	12,821,529.39	1,255,947.05	1,255,947.05	16,256,677.11	16,615,068.72

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2019

	Balance 1/1/2019	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2019
<u>Major Governmental Funds</u>						
General Fund	1,945,761.02	1,771,598.11	69,893.78		2,062,765.99	1,724,486.92
County Road and Bridge	8,700,191.28	7,067,379.74	1,503,600.00		9,377,859.72	7,893,311.30
Mineral Royalty	5,616,131.07	1,728,051.72		1,560,000.00	83,086.43	5,701,096.36
Total Major Governmental Funds	16,262,083.37	10,567,029.57	1,573,493.78	1,560,000.00	11,523,712.14	15,318,894.58
<u>Non-Major Governmental Funds</u>						
Human Services	71,700.00	633,709.88			699,272.21	6,137.67
Highway Tax Distribution	593,518.73	459,650.30			423,695.50	629,473.53
Emergency Fund	58,320.34					58,320.34
Veteran's Service Officer	9,042.10	10,157.11			18,682.31	516.90
Unorganized Roads	933,341.88	201,306.34		9,600.00	61,097.03	1,063,951.19
State Aid	308,924.74	202,985.19			250,528.36	261,381.57
Multicounty Jail	149,870.91	212,466.07			233,358.54	128,978.44
County Agent	27,867.96	75,485.53			62,387.14	40,966.35
Weed Control	57,982.95	166,622.16			171,773.76	52,831.35
County Library		52,887.98			52,887.98	-
Zoning	3,368.78	2,775.00		3,893.78	2,250.00	-
Emergency 911	75,793.42	34,274.45	67,104.90		95,475.91	81,696.86
911 Slope County Reimbursement	8,000.00			8,000.00		-
911 Wireless	13,262.00	54,982.20		59,104.90		9,139.30
Building	70,702.90	34,152.30		10,000.00	15,177.50	79,677.70
General Aid for Taxing Districts	243,697.53				35,100.00	208,597.53
Senior Citizens		52,684.71			52,684.71	-
County Historical Society		9,456.26			9,456.26	-
Document Preservation	44,380.05	4,758.60			8,065.77	41,072.88
Capital Outlay	50,000.00		10,000.00			60,000.00
K-9 Donation Campaign - Sheriff		26,746.25			12,239.92	14,506.33
Total Non-Major Governmental Funds	2,719,774.29	2,235,100.33	77,104.90	90,598.68	2,204,132.90	2,737,247.94
Total Governmental Funds	18,981,857.66	12,802,129.90	1,650,598.68	1,650,598.68	13,727,845.04	18,056,142.52
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
State Medical	293.50	28,323.85			28,540.67	76.68
Game and Fish	175.00	(122.99)			52.01	-
NDSU	6,828.54	1,009.39			1,245.89	6,592.04
Estimated Taxes		16,177.64			16,177.64	-
Southwest Water Authority		37,794.53			37,794.53	-
Soil Conservation		94,466.57			94,466.57	-
Health District Fund		104,238.90			104,238.90	-
Water Resource District		59,075.30			59,075.30	-

(continued)

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2019
(continued)

	Balance 1/1/2019	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2019
<u>Custodial Funds (continued)</u>						
Airport		92,105.03			92,105.03	-
Hazardous Chemical Preparedness	5,697.21	3,740.50			1,102.39	8,335.32
State General Fees		350.00			350.00	-
Payroll Deduction Holding Fund	(117.19)	1,250.09				1,132.90
Job Development		74,403.63			74,403.63	-
Victim Witness Fees	1,860.00	1,125.00			2,400.00	585.00
State Sales Tax	842.81	819.87			1,166.96	495.72
Bowman County Ambulance Service		73,667.03			73,667.03	-
Marmoth Ambulance Service		9,950.28			9,950.28	-
Rural Ambulance District Building	4,977.45	2,500.00			3,887.75	3,589.70
Total Cities	(248.75)	464,014.05			463,765.30	-
Total Park Districts	(95.71)	176,960.83			176,865.12	-
Total School Districts		2,499,496.32			2,499,496.32	-
Total Townships	(22.89)	749,357.68			749,334.79	-
Total Rural Fire Districts		69,790.24			69,786.07	4.17
Prepaid Taxes	1,323,179.46	1,312,241.35			1,323,179.46	1,312,241.35
Total Custodial Funds	1,343,369.43	5,872,735.09	-	-	5,883,051.64	1,333,052.88
Total Primary Government	20,325,227.09	18,674,864.99	1,650,598.68	1,650,598.68	19,610,896.68	19,389,195.40
<u>Discretely Presented Component Units:</u>						
Water Resource District	262,994.26	74,818.03			72,077.45	265,734.84
Airport	389,815.23	491,383.41			582,792.49	298,406.15
Weather Modification	106,794.31	118,128.77			128,043.03	96,880.05
Total Discretely Presented Component Units	759,603.80	684,330.21	-	-	782,912.97	661,021.04
Total Reporting Entity	21,084,830.89	19,359,195.20	1,650,598.68	1,650,598.68	20,393,809.65	20,050,216.44

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2020 and 2019

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	
			2020	2019
<u>U.S. Department of Defense</u>				
Passed Through North Dakota State Treasurer:				
Payments to States in Lieu of Real Estate Taxes	12.112		1,063.22	1,121.17
<u>U.S. Department of the Interior</u>				
Direct Program:				
Payments in Lieu of Taxes (PILT)	15.226		15,816.00	15,421.00
Passed Through North Dakota State Treasurer:				
Distribution of Receipts to State and Local Governments (Taylor Grazing)	15.227		712.03	4,478.17
Minerals Leasing Act	15.437		1,061,074.78	1,669,733.04
Total Passed Through North Dakota State Treasurer			1,061,786.81	1,674,211.21
Passed Through North Dakota State Game and Fish:				
Wildlife Restoration and Basic Hunter Education	15.611		2,112.27	2,092.51
Total U.S. Department of the Interior			1,079,715.08	1,691,724.72
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106		46,795.04	364,594.06
<u>U.S. Department of Treasury</u>				
Passed Through North Dakota State Treasurer:				
Coronavirus Relief Fund	21.019		225,331.21	
<u>U.S. Department of Homeland Security</u>				
Passed Through State Department of Emergency Services:				
Emergency Management Performance Grants	97.042		24,003.58	17,248.14
Total Expenditures of Federal Awards			1,376,908.13	2,074,688.09

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

The de minimis indirect cost rate was not used.

Rath & Mehrer, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Bowman County
Bowman, 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 discretely presented component units, each major fund and the aggregate remaining fund information of Bowman County, Bowman, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the county's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the county's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

County's Response to Findings

The county's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Responses*. The county's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 county's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rath and Mehrer, P.C.

Bismarck, North Dakota

April 30, 2021

Rath & Mehrer, P.C.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Bowman County
Bowman, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Bowman County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the county's major federal programs for the years ended December 31, 2020 and 2019. The county's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the district's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audits do not provide a legal determination of the county's compliance.

Opinion on Each Major Federal Program

In our opinion, the county complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020 and 2019.

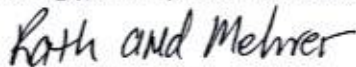
Report on Internal Control Over Compliance

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

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

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

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

April 30, 2021

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2020 and 2019

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified
Discretely Presented Component Units	Unmodified
Major Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ X Yes _____ None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for major program(s):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major program(s):

Federal Assistance Listing Number

15.437

Name of Federal Program

Minerals Leasing Act

Dollar threshold used to distinguish between type A and type B Programs:

\$750,000

Auditee qualified as a low-risk auditee?

_____ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiency

1. 2020-001- Financial Statement Preparation

Criteria: A good system of internal controls requires the county to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the county must maintain knowledge of current accounting principles and required financial statement disclosures.

Condition: The county's financial statements, including the accompanying note disclosures, are prepared by the county's external auditors.

Cause: The county feels that it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

Effect: Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation: We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to external distribution.

Views of Responsible officials: The county will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.

Repeat Finding from Prior Year: No

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No matters were reported



BOARD OF COMMISSIONERS

104 First Street NW, Suite One • Bowman, ND 58623 • Phone: 701-523-3130

BOWMAN COUNTY
Bowman, North Dakota

Corrective Action Plan
For the Years Ended December 31, 2020 and 2019

1. Finding No. 2020-001: Financial Statement Preparation

Contact Person: Mindy Schumacher, Auditor

Corrective Action Plan: The county feels that it is more cost effective to have their external auditors prepare the financial statements and note disclosures.

Completion Date: Bowman County will implement when it becomes cost effective.