

AUDIT REPORT

BOWMAN COUNTY
Bowman, North Dakota

For the Years Ended December 31, 2016 and 2015

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BOWMAN COUNTY
Bowman, North Dakota

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BOWMAN COUNTY
Bowman, North Dakota

COUNTY OFFICIALS

Rick Braaten	Commission Chairman
Pine Abrahamson	Commissioner
Lynn Brackel	Commissioner
Jerry Jeffers	Commissioner
Kenneth Steiner	Commissioner
Sandi Tivis	Auditor
Christine Septon	Treasurer
Jan Werre	County Recorder/Clerk of Court
Rory Teigen	Sheriff
Stephanie Pretzer	States Attorney

Rath & Mehler, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

MAY 25 2017

Governing Board
Bowman County
Bowman, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate 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, 2016 and 2015, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bowman County, Bowman, North Dakota, as of December 31, 2016 and 2015, 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 management's discussion and analysis on pages 4 through 10, budgeting comparison information on pages 43 through 50, and the schedule of employer's share of net pension liability on page 51 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our 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 also 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 28, 2017 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

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 28, 2017

BOWMAN COUNTY

Management's Discussion and Analysis

December 31, 2016 and 2015

The Management's Discussion and Analysis (MD&A) of Bowman County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2016 and 2015. The intent of the MD&A is to look at the county's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

The MD&A is a new element of the Required Supplementary Information specified in the Government Accounting Standards Board's (GASB) Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*". Certain comparative information between the current fiscal year and the prior years is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2016 are as follows:

- * Net position of the county decreased \$994,876 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$20,280,122.
- * Total revenues from all sources were \$14,829,069.
- * Total expenses were \$15,823,944.
- * The county's general fund had \$1,660,394 in total revenues and \$1,992,532 in total expenditures. There was a total of \$130,518 paid from other financing uses. Overall, the general fund balance decreased by \$462,657 for the year ended December 31, 2016.

Key financial highlights for the year ended December 31, 2015 are as follows:

- * Net position of the county decreased \$3,640,250 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$21,274,998.
- * Total revenues from all sources were \$16,113,099.
- * Total expenses were \$19,753,349.
- * The county's general fund had \$1,407,667 in total revenues and \$1,620,280 in total expenditures. There was a total of \$28,094 received from other financing sources. Overall, the general fund balance decreased by \$184,519 for the year ended December 31, 2015.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand the county as a financial whole. The statements then proceed to provide an increasingly detailed look at financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole county, presenting both an aggregate view of the county's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the county's general fund, county road and bridge fund and mineral royalty fund with all other governmental funds presented in total in one column.

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 2016 and 2015?"

The Statement of Net Position presents information on all the county's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The Statement of Activities presents information on how the county's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and/or vacation leave).

These two statements report the county's net position and changes in that position. This change in net position is important because it tells the reader whether, for the county as a whole, the financial position of the county has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the county reports governmental activities. Governmental activities are the activities where most of the county's programs and services are reported including, but not limited to, general government, public safety, highways and public improvement, health and welfare, culture and recreation, and conservation and economic development.

REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

Balance Sheet - Governmental Funds

The county uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the county to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the county's major funds. Using the criteria established by GASB Statement No. 34, the county's general fund, county road and bridge fund and mineral royalty fund are considered "major funds".

The county's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds".

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 2016, and 2015. A comparative analysis of county-wide data is presented for both current years and prior year.

As indicated in the financial highlights above, the county's net position decreased by \$994,876 and \$3,640,250 for the years ended December 31, 2016 and 2015, respectively. Changes in net position may serve over time as a useful indicator of the county's financial position.

As of December 31, 2016 the county's net position of \$20,280,122 is segregated into three separate categories. Net investment in capital assets total \$5,542,161 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$14,392,289 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$345,672, which includes (\$1,032,082) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$1,377,754 is available to meet the county's ongoing obligations.

As of December 31, 2015 the county's net position of \$21,274,998 is segregated into three separate categories. Net investment in capital assets total \$5,861,177 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$14,631,354 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$782,467, which includes (\$1,047,227) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$1,829,694 is available to meet the county's ongoing obligations.

Table I
 Net Position
 As of December 31, 2016 and 2015
 (With comparative totals for December 31, 2014)

	2016	2015	2014
Assets			
Current Assets	15,880,347	16,565,802	20,049,450
Capital Assets (net of accumulated depreciation)	5,542,161	5,861,177	5,917,264
Total Assets	21,422,508	22,426,979	25,966,714
Deferred Outflows of Resources	264,560	140,805	98,185
Liabilities			
Current Liabilities			
Long-Term Liabilities	110,304	104,753	
Net Pension Liability	1,037,368	993,999	1,149,651
Total Liabilities	1,147,672	1,098,752	1,149,651
Deferred Inflows of Resources	259,274	194,033	
Net Position			
Net Investment in Capital Assets	5,542,161	5,861,177	5,917,264
Restricted	14,392,289	14,631,354	17,979,120
Unrestricted	345,672	782,467	1,018,865
Total Net Position	20,280,122	21,274,998	24,915,248

Table II shows the changes in net position for the fiscal years ended December 31, 2016 and 2015. A comparative analysis of county-wide data is presented for both current years and prior year.

Table II
 Changes in Net Position
 As of December 31, 2016 and 2015
 (With comparative totals for December 31, 2014)

	2016	2015	2014
Revenues			
Program Revenues:			
Charges for Services	2,780,941	523,718	1,311,485
Operating Grants and Contributions	5,125,570	7,539,182	4,139,499
General Revenues:			
Property Taxes	1,121,779	1,000,474	948,141
Other Taxes	3,839,081	4,037,210	6,728,939
Federal Aid - Unrestricted	1,353,173	2,320,032	3,594,874
State Aid - Unrestricted	426,618	537,987	536,377
Interest Earnings and Other Revenue	162,507	150,641	300,194
Gain on Trade-in/Disposal of Capital Assets	19,400	3,855	39,435
Total Revenues	14,829,069	16,113,099	17,598,943
Expenses			
General Government	1,496,420	1,582,734	1,621,031
Public Safety	652,948	700,528	623,062
Highways and Public Improve.	12,156,354	12,200,316	16,236,763
Health and Welfare	674,599	1,740,659	964,901
Culture and Recreation	149,634	272,030	505,178
Urban and Econ. Development	13,986	1,108,004	15,644
Conser. and Economic Dvlpmnt.	352,600	353,192	183,576
Other	327,404	1,795,886	1,068,597
Total Expenses	15,823,944	19,753,349	21,218,752
Net Change in Position	(994,876)	(3,640,250)	(3,619,809)

Property taxes constituted 8%, other taxes 26%, unrestricted federal aid 9%, operating grants and contributions 35%, and charges for services made up 19% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2016.

General government constituted 9%, public safety 4%, highways and public improvement 77%, and health and welfare 4% of total expenses for governmental activities during the fiscal year ended December 31, 2016.

Property taxes constituted 6%, other taxes 25%, unrestricted federal aid 14%, operating grants and contributions 47%, and charges for services made up 3% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2015.

General government constituted 8%, public safety 4%, highways and public improvement 62%, and health and welfare 9% of total expenses for governmental activities during the fiscal year ended December 31, 2015.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III

Total and Net Cost of Services
As of December 31, 2016

	Total Cost Year Ended December 31, 2016	Total Cost Year Ended December 31, 2016
General Government	1,496,420	1,240,711
Public Safety	652,948	599,161
Highways and Public Improvement	12,156,354	4,862,966
Health and Welfare	674,599	424,987
Culture and Recreation	149,634	149,634
Urban and Economic Development	13,986	13,501
Conservation and Economic Dvlpmnt.	352,600	324,115
Other	327,404	302,359
Total Expenses	15,823,944	7,917,434

Total and Net Cost of Services
As of December 31, 2015

	Total Cost Year Ended December 31, 2015	Total Cost Year Ended December 31, 2015
General Government	1,582,734	1,413,325
Public Safety	700,528	636,714
Highways and Public Improvement	12,200,316	4,787,594
Health and Welfare	1,740,659	1,472,658
Culture and Recreation	272,030	272,030
Urban and Economic Development	1,108,004	1,105,609
Conservation and Economic Dvlpmnt.	353,192	227,773
Other	1,795,886	1,774,747
Total Expenses	19,753,349	11,690,449

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$14,803,641 and expenditures of \$15,495,123 for the year ended December 31, 2016. As of December 31, 2016, the unassigned fund balance of the county's general fund was \$1,421,492. The county's governmental funds had total revenue of \$16,108,122 and expenditures of \$19,592,893 for the year ended December 31, 2015. As of December 31, 2015, the unassigned fund balance of the county's general fund was \$1,884,149 and total unassigned fund balances for all the county's governmental funds was \$1,871,843.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal year 2016, the county did not amend the general fund budget. During the course of fiscal year 2015, the county amended the general fund budget. The gross affect of these amendments was to increase appropriations by \$16,509.

Actual revenue for the year ended December 31, 2016 was \$99,966 more than budgeted. Actual expenditures for the year ended December 31, 2016 were under budget by \$293,385. This budget variance is due to the county overestimating appropriations for courthouse building and grounds, property insurance and the budget variances for the other departments included in general government.

Actual revenue for the year ended December 31, 2015 was \$887,683 less than budgeted. This budget variance was the result of the county overestimating collections for oil and gas taxes. Actual expenditures for the year ended December 31, 2015 were under budget by \$214,411. This budget variance is due to the county overestimating appropriations for courthouse building and grounds and the budget variances for the other departments included in general government.

CAPITAL ASSETS

As of December 31, 2016 and 2015, the county had \$5,542,161 and \$5,861,177, respectively, invested in capital assets. Table IV shows the balances as of December 31, 2016, 2015 and 2014.

Table IV
Capital Assets
(Net of Accumulated Depreciation)
As of December 31, 2016 and 2015
(With comparative totals for December 31, 2014)

	2016	2015	2014
Land	36,175	36,175	36,175
Buildings	3,882,761	3,944,004	4,005,247
Machinery and Vehicles	1,623,225	1,880,998	1,875,842
Total (net of depreciation)	5,542,161	5,861,177	5,917,264

As of December 31, 2016, this total represents a decrease of \$319,016 in capital assets from January 1, 2016. As of December 31, 2015, this total represents a decrease of \$56,087 in capital assets from January 1, 2015. During the years ending December 31, 2016 and 2015, the changes in machinery and vehicles were due to the purchase of machinery and vehicles for the county's highway department.

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 7 to the audited financial statements which follow this analysis.

DEBT ADMINISTRATION

As of December 31, 2016, the county had \$110,304 in outstanding debt. As of December 31, 2015, the county had \$104,753 in outstanding debt. During fiscal years 2016 and 2015, the county did not issue any new long-term debt obligations.

For a detailed breakdown of the long-term debt, readers are referred to Note 10 to the audited financial statements which follow this analysis.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the county's finances and to show the county's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Sandi Tivis, County Auditor, Bowman County, Bowman, ND 58623.

BOWMAN COUNTY
Bowman, North Dakota

Statement of Net Position
December 31, 2016

	Primary	Component Units		
	Government			
	Governmental	Water Resource	Airport	Weather
	Activities	District		Modification
ASSETS:				
Cash and Investments	14,519,678.00	234,524.44	264,110.02	168,446.05
Accounts Receivable	453,071.06			
Taxes Receivable	19,161.65	906.63	1,321.47	388.31
Advances to Other Governmental Entities	888,436.60			
Capital Assets (net of accumulated depreciation):				
Land	36,175.00		783,953.00	
Buildings and Infrastructure	3,882,761.00	396,000.00	14,595,075.00	
Machinery and Vehicles	1,623,225.00		69,009.00	
Total Capital Assets	5,542,161.00	396,000.00	15,448,037.00	
Total Assets	21,422,508.31	631,431.07	15,713,468.49	168,834.36
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	264,560.00			
LIABILITIES:				
Long-Term Liabilities:				
Due After One Year:				
Advance from Bowman County			500,000.00	
Compensated Absences Payable	110,304.01			
Net Pension Liability	1,037,368.00			
Total Liabilities	1,147,672.01		500,000.00	
DEFERRED INFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	259,274.00			
NET POSITION:				
Net Investment in Capital Assets	5,542,161.00	396,000.00	15,448,037.00	
Restricted for:				
Special Purposes	14,392,289.36			
Unrestricted	345,671.94	235,431.07	(234,568.51)	168,834.36
Total Net Position	20,280,122.30	631,431.07	15,213,468.49	168,834.36

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

BOWMAN COUNTY
Bowman, North Dakota

Statement of Net Position
December 31, 2015

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Airport	Weather Modification
ASSETS:				
Cash and Investments	16,005,992.13	284,022.78	465,282.96	175,941.91
Accounts Receivable	27,675.46			
Taxes Receivable	13,134.01	729.03	866.09	961.35
Advances to Other Governmental Entities	519,000.00			
Capital Assets (net of accumulated depreciation):				
Land	36,175.00		783,953.00	
Construction in Progress			1,734,658.00	
Buildings and Infrastructure	3,944,004.00	407,000.00	13,742,813.00	
Machinery and Vehicles	1,880,998.00		67,782.00	
Total Capital Assets	5,861,177.00	407,000.00	16,329,206.00	
Total Assets	22,426,978.60	691,751.81	16,795,355.05	176,903.26
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	140,805.00			
LIABILITIES:				
Long-Term Liabilities:				
Due After One Year:				
Advance from Bowman County			500,000.00	
Compensated Absences Payable	104,753.36			
Net Pension Liability	993,999.00			
Total Liabilities	1,098,752.36		500,000.00	
DEFERRED INFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	194,033.00			
NET POSITION:				
Net Investment in Capital Assets	5,861,177.00	407,000.00	16,329,206.00	
Restricted for:				
Special Purposes	14,631,353.91			
Unrestricted	782,467.33	284,751.81	(33,850.95)	176,903.26
Total Net Position	21,274,998.24	691,751.81	16,295,355.05	176,903.26

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, 2016

Net (Expense) Revenue and Changes in Net Position

	Program Revenues			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Gov't	Water Resource District	Airport	Weather Modification
					Governmental Activities			
<u>Functions/Programs</u>								
<u>Primary Government:</u>								
<u>Governmental Activities:</u>								
General Government	1,496,419.84	136,176.00		119,533.05	(1,240,710.79)			
Public Safety	652,948.14	6,060.04		47,727.12	(599,160.98)			
Highways and Public Improve.	12,156,354.32	2,609,735.23		4,683,653.38	(4,862,965.71)			
Health and Welfare	674,599.13			249,611.64	(424,987.49)			
Culture and Recreation	149,634.02				(149,634.02)			
Urban and Economic Development	13,985.66	485.00			(13,500.66)			
Conser. and Economic Dvlpmnt.	352,599.54	28,484.94			(324,114.60)			
Other	327,403.82			25,044.56	(302,359.26)			
Total Governmental Activities	15,823,944.47	2,780,941.21		5,125,569.75	(7,917,433.51)			
<u>Component Units:</u>								
Water Resource District	142,635.36	26,382.20				(116,253.16)		
Airport	1,197,752.17	24,607.44		4,028.52			(1,169,116.21)	
Weather Modification	106,295.14			98,027.00				(8,268.14)

<u>General Revenues:</u>			
Taxes:			
Property taxes; levied for general purposes	154,114.30	54,736.03	83,940.41
Property taxes; levied for special purposes	967,664.33		
Homestead tax credit	6,075.77		
Financial institution taxes	1,971.68		
Telecommunication taxes	4,645.62		
Coal severance taxes	2,958.32		
Oil and gas production taxes	3,823,429.85		
Federal aid not restricted to specific program:			
Federal payments in lieu of taxes	14,389.00		
Federal mineral royalties	1,338,784.22		
State aid not restricted to specific program:			
State aid distribution	426,617.65		
Earnings on investments and other revenue	162,506.83	1,196.39	3,289.24
Gain on trade-in of capital assets	19,400.00		
			22.88
Total General Revenues	6,922,557.57	55,932.42	87,229.65
	(994,875.94)	(60,320.74)	(1,081,886.56)
Change in Net Position			(8,068.90)
Net Position - January 1	21,274,998.24	691,751.81	16,295,355.05
Net Position - December 31	20,280,122.30	631,431.07	15,213,468.49
			168,834.36

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, 2015

Net (Expense) Revenue and Changes in Net Position

	Program Revenues			Component Units			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Gov't	Water Resource District	Airport	Weather Modification
Expenses							
1,582,734.15	106,731.77	62,677.75		(1,413,324.63)			
700,527.95	4,762.86	59,051.46		(636,713.63)			
12,200,315.91	306,268.09	7,106,453.97		(4,787,593.85)			
1,740,659.29		268,001.21		(1,472,658.08)			
272,029.81				(272,029.81)			
1,108,004.16	2,395.00			(1,105,609.16)			
353,191.96	103,559.87	21,859.39		(227,772.70)			
1,795,886.10		21,138.70		(1,774,747.40)			
19,753,349.33	523,717.59	7,539,182.48		(11,690,449.26)			

Total Governmental Activities		Component Units	
19,753,349.33	523,717.59	7,539,182.48	(11,690,449.26)
125,432.18	17,764.00		(107,668.18)
1,503,782.34	17,200.00	3,980,110.55	2,493,528.21
104,451.00	10,010.00		(94,441.00)

Functions/Programs
Primary Government:
Governmental Activities:
 General Government
 Public Safety
 Highways and Public Improve.
 Health and Welfare
 Culture and Recreation
 Urban and Economic Development
 Conser. and Economic Dvlpmnt.
 Other

<u>General Revenues:</u>				
Taxes:				
Property taxes; levied for general purposes	142,162.13	70,338.94	87,123.40	90,475.08
Property taxes; levied for special purposes	858,311.43			
Homestead tax credit	5,136.25			
Telecommunication taxes	4,645.62			
Coal severance taxes	5,584.33			
Oil and gas production taxes	3,948,506.15			
Emergency 911 taxes	73,337.96			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	14,238.00			
Federal mineral royalties	2,305,794.42			
State aid not restricted to specific program:				
State aid distribution	537,986.84			
Earnings on investments and other revenue	150,640.88	2,432.88	1,078.32	35.58
Gain on trade-in of capital assets	3,855.00			
Total General Revenues	8,050,199.01	72,771.82	88,201.72	90,510.66
Change in Net Position	(3,640,250.25)	(34,896.36)	2,581,729.93	(3,930.34)
Net Position - January 1	25,966,714.49	726,648.17	13,713,625.12	180,833.60
Prior Period Adjustment, See Note 16	(1,051,466.00)			
Net Position - January 1, as restated	24,915,248.49			
Net Position - December 31	21,274,998.24	691,751.81	16,295,355.05	176,903.26

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

BOWMAN COUNTY
Bowman, North Dakota

Balance Sheet
Governmental Funds
December 31, 2016

Major Funds					
	General	County Road and Bridge	Mineral Royalty	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash	1,421,491.74	7,279,505.63	3,355,148.10	2,463,532.53	14,519,678.00
Accounts Receivable		453,071.06			453,071.06
Taxes Receivable	2,883.76	4,521.21		11,756.68	19,161.65
Advances to Other Govt. Entities			869,436.60	19,000.00	888,436.60
<hr/>					
Total Assets	1,424,375.50	7,737,097.90	4,224,584.70	2,494,289.21	15,880,347.31
<hr/>					
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Deferred Inflows of Resources:					
Unavailable Revenue	2,883.76	4,521.21		11,756.68	19,161.65
<hr/>					
Fund Balances:					
Nonspendable:					
Advances to Other Govt. Entities			869,436.60	19,000.00	888,436.60
Restricted for:					
General Government				47,663.04	47,663.04
Public Safety				160,933.33	160,933.33
Highways and Public Improve.		7,732,576.69		1,137,643.55	8,870,220.24
Public Facilities and Public Services			3,355,148.10	293,797.53	3,648,945.63
Health and Welfare				204,545.82	204,545.82
Culture and Recreation				51.37	51.37
Urban and Economic Development				2,228.78	2,228.78
Conser. and Econ. Dvlpmnt.				159,618.74	159,618.74
Emergency				58,320.34	58,320.34
Other Purposes				398,730.03	398,730.03
Unassigned	1,421,491.74				1,421,491.74
<hr/>					
Total Fund Balances	1,421,491.74	7,732,576.69	4,224,584.70	2,482,532.53	15,861,185.66
<hr/>					
Total Deferred Inflows of Resources and Fund Balances	1,424,375.50	7,737,097.90	4,224,584.70	2,494,289.21	15,880,347.31
<hr/>					

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

BOWMAN COUNTY
Bowman, North Dakota

Balance Sheet
Governmental Funds
December 31, 2015

	Major Funds				Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty	Other Governmental Funds	
ASSETS:					
Cash	1,871,842.80	8,014,174.24	3,600,087.70	2,519,887.39	16,005,992.13
Accounts Receivable		27,675.46			27,675.46
Taxes Receivable	1,914.04	1,822.73		9,397.24	13,134.01
Advances to Other Govt. Entities			500,000.00	19,000.00	519,000.00
Interfund Receivables	12,305.71				12,305.71
<hr/>					
Total Assets	1,886,062.55	8,043,672.43	4,100,087.70	2,548,284.63	16,578,107.31
<hr style="border-top: 1px dashed black;"/>					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Interfund Paybles				12,305.71	12,305.71
<hr/>					
Deferred Inflows of Resources:					
Unavailable Revenue	1,914.04	1,822.73		9,397.24	13,134.01
<hr/>					
Total Liabilities and Deferred Inflows of Resources	1,914.04	1,822.73		21,702.95	25,439.72
<hr/>					
Fund Balances:					
Nonspendable:					
Advances to Other Govt. Entities			500,000.00	19,000.00	519,000.00
Restricted for:					
General Government				39,964.96	39,964.96
Public Safety				150,081.42	150,081.42
Highways and Public Improve.		8,041,849.70		1,092,008.06	9,133,857.76
Public Facilities and Public Services			3,600,087.70	298,896.47	3,898,984.17
Health and Welfare				303,534.01	303,534.01
Culture and Recreation				3,194.23	3,194.23
Urban and Economic Development				1,743.78	1,743.78
Conser. and Econ. Dvlpmnt.				177,125.46	177,125.46
Emergency				58,320.34	58,320.34
Other Purposes				395,018.66	395,018.66
Unassigned	1,884,148.51			(12,305.71)	1,871,842.80
<hr/>					
Total Fund Balances	1,884,148.51	8,041,849.70	4,100,087.70	2,526,581.68	16,552,667.59
<hr/>					
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,886,062.55	8,043,672.43	4,100,087.70	2,548,284.63	16,578,107.31
<hr style="border-top: 1px dashed black;"/>					

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, 2016

Total Fund Balances for Governmental Funds		15,861,185.66
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Total net position reported for government activities in the statement of net position is different because:

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

Cost of Capital Assets	8,764,628.00	
Less Accumulated Depreciation	(3,222,467.00)	
		5,542,161.00
Net Capital Assets		5,542,161.00

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.		19,161.65
---	--	-----------

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	264,560.00	
Total Deferred Inflows of Resources	(259,274.00)	
		5,286.00
Net Deferred Outflows/Inflows of Resources		5,286.00

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. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2016 are:

Compensated Absences Payable	(110,304.01)	
Net Pension Liability	(1,037,368.00)	
		(1,147,672.01)
Total Long-Term Liabilities		(1,147,672.01)

Total Net Position of Governmental Activities		20,280,122.30
		=====

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, 2015

Total Fund Balances for Governmental Funds	16,552,667.59
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Total net position reported for government activities in the statement of net position is different because:

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

Cost of Capital Assets	8,721,838.00	
Less Accumulated Depreciation	(2,860,661.00)	
Net Capital Assets		5,861,177.00

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.	13,134.01
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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	140,805.00	
Total Deferred Inflows of Resources	(194,033.00)	
Net Deferred Outflows/Inflows of Resources		(53,228.00)

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. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2015 are:

Compensated Absences Payable	(104,753.36)	
Net Pension Liability	(993,999.00)	
Total Long-Term Liabilities		(1,098,752.36)

Total Net Position of Governmental Activities	21,274,998.24

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, 2016

	Major Funds				Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty	Other Governmental Funds	
Revenues:					
Taxes	153,144.58	275,335.22		687,271.19	1,115,750.99
Licenses, Permits and Fees	1,300.00			14,130.50	15,430.50
Intergovernmental	1,249,096.10	6,982,133.01	1,338,784.22	1,174,428.53	10,744,441.86
Charges for Services	189,782.48	2,547,243.29		28,484.94	2,765,510.71
Miscellaneous	67,070.58	3,334.64	5,576.43	86,525.18	162,506.83
Total Revenues	1,660,393.74	9,808,046.16	1,344,360.65	1,990,840.34	14,803,640.89
Expenditures:					
Current:					
General Government	1,423,052.12			25,360.12	1,448,412.24
Public Safety	321,654.80		115,835.00	192,483.89	629,973.69
Highways and Public Improve.		11,174,801.38	69,000.00	578,605.51	11,822,406.89
Health and Welfare				672,751.84	672,751.84
Culture and Recreation	94,952.00			54,682.02	149,634.02
Urban and Economic Development	13,985.66				13,985.66
Conser. and Economic Dvlpmnt.	98,027.00			247,637.66	345,664.66
Other	40,860.55		30,028.65	256,514.62	327,403.82
Capital Outlay		84,890.00			84,890.00
Total Expenditures	1,992,532.13	11,259,691.38	214,863.65	2,028,035.66	15,495,122.82
Excess (Deficiency) of Revenues Over Expenditures	(332,138.39)	(1,451,645.22)	1,129,497.00	(37,195.32)	(691,481.93)
Other Financing Sources (Uses):					
Transfers In	11,853.83	1,142,372.21		59,263.34	1,213,489.38
Transfers Out	(142,372.21)		(1,005,000.00)	(66,117.17)	(1,213,489.38)
Total Other Financing Sources (Uses)	(130,518.38)	1,142,372.21	(1,005,000.00)	(6,853.83)	
Net Change in Fund Balances	(462,656.77)	(309,273.01)	124,497.00	(44,049.15)	(691,481.93)
Fund Balance - January 1	1,884,148.51	8,041,849.70	4,100,087.70	2,526,581.68	16,552,667.59
Fund Balance - December 31	1,421,491.74	7,732,576.69	4,224,584.70	2,482,532.53	15,861,185.66

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, 2015

	Major Funds				Total Governmental Funds
	General	County Road and Bridge	Mineral Royalty	Other Governmental Funds	
Revenues:					
Taxes	141,911.86	135,170.31		795,606.97	1,072,689.14
Licenses, Permits and Fees	1,055.00			14,993.50	16,048.50
Intergovernmental	1,017,431.29	9,646,818.04	2,305,794.42	1,391,030.34	14,361,074.09
Charges for Services	198,810.43	205,298.79		103,559.87	507,669.09
Miscellaneous	48,458.38	9,307.39	10,169.33	82,705.78	150,640.88
Total Revenues	1,407,666.96	9,996,594.53	2,315,963.75	2,387,896.46	16,108,121.70
Expenditures:					
Current:					
General Government	1,253,806.20		2,500.00	244,007.42	1,500,313.62
Public Safety	295,719.48		208,387.26	153,250.23	657,356.97
Highways and Public Improve.		11,012,004.11	43,475.59	762,646.88	11,818,126.58
Health and Welfare			1,000,000.00	710,527.27	1,710,527.27
Culture and Recreation			184,500.00	87,529.81	272,029.81
Urban and Economic Development	13,645.20		1,094,358.96		1,108,004.16
Conser. and Economic Dvlpmnt.				343,754.46	343,754.46
Other	57,108.92		955,000.00	783,777.18	1,795,886.10
Capital Outlay		353,094.00		33,800.00	386,894.00
Total Expenditures	1,620,279.80	11,365,098.11	3,488,221.81	3,119,293.25	19,592,892.97
Excess (Deficiency) of Revenues Over Expenditures	(212,612.84)	(1,368,503.58)	(1,172,258.06)	(731,396.79)	(3,484,771.27)
Other Financing Sources (Uses):					
Transfers In	28,094.14	4,494,427.73		308,853.55	4,831,375.42
Transfers Out			(4,000,000.00)	(831,375.42)	(4,831,375.42)
Total Other Financing Sources (Uses)	28,094.14	4,494,427.73	(4,000,000.00)	(522,521.87)	
Net Change in Fund Balances	(184,518.70)	3,125,924.15	(5,172,258.06)	(1,253,918.66)	(3,484,771.27)
Fund Balance - January 1	2,068,667.21	4,915,925.55	9,272,345.76	3,780,500.34	20,037,438.86
Fund Balance - December 31	1,884,148.51	8,041,849.70	4,100,087.70	2,526,581.68	16,552,667.59

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, 2016

Net Change in Fund Balances - Total Governmental Funds (691,481.93)

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	84,890.00	
Current Year Depreciation Expense	(423,306.00)	(338,416.00)

Some expenses reported on 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	(5,550.65)	
Net Decrease to Pension Expense	15,145.00	9,594.35

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		6,027.64
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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, 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.

19,400.00

Change in Net Position of Governmental Activities

(994,875.94)

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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, 2015

Net Change in Fund Balances - Total Governmental Funds (3,484,771.27)

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	386,894.00	
Current Year Depreciation Expense	(446,836.00)	(59,942.00)

Some expenses reported on 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	(104,753.36)	
Net Decrease to Pension Expense	4,239.00	(100,514.36)

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		1,122.38
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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, 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.

3,855.00

Change in Net Position of Governmental Activities		(3,640,250.25)
		=====

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

BOWMAN COUNTY
Bowman, North Dakota

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

	Agency Funds
<u>Assets:</u>	
Cash	1,052,925.80 =====
<u>Liabilities:</u>	
Due to Other Governments	1,052,925.80 =====

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

BOWMAN COUNTY
Bowman, North Dakota

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2015

	Agency Funds
<u>Assets:</u>	
Cash	1,107,274.36 =====
<u>Liabilities:</u>	
Due to Other Governments	1,107,274.36 =====

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

BOWMAN COUNTY
Bowman, North Dakota

Notes to the Financial Statements
December 31, 2016 and 2015

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. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the county to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on 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 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 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 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:

Agency Funds. These funds account for assets held by the county in a custodial capacity as an agent on behalf of others. The county's agency 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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 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
Machinery and Vehicles	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 employees 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 city 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 city 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 investments 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, 2016 the county's carrying amount of deposits was \$17,107,593 and the bank balance was \$17,569,058. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$17,319,058 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2015 the county's carrying amount of deposits was \$15,570,998 and the bank balance was \$15,766,398. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$15,516,398 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.

Concentration of Credit Risk

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

Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts on open account due the highway department for roadwork performed for cities, townships and individuals. No allowance has been established for estimated uncollectible accounts receivable.

Note 4 TAXES RECEIVABLE

Taxes receivable represents 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 and State Aid funds to various local governmental entities. These funds are to be repaid per the terms of the loan agreements. At December 31, the following advances were outstanding:

	<u>2016</u>	<u>2015</u>
<u>Mineral Royalty Fund</u>		
Bowman County Airport Authority	500,000.00	500,000.00
Bowman County Development Corporation	224,436.60	
City of Rhame	145,000.00	
Total	<u>869,436.60</u>	<u>500,000.00</u>
<u>State Aid Fund</u>		
Bowman County Fair Assoc.	19,000.00	19,000.00
Total Advances	<u>888,436.60</u> =====	<u>519,000.00</u> =====

Note 6 INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables are created by a negative cash balance in the Law Enforcement Impact Grant Fund. The amount shown as an interfund payable represents the amount of negative cash in this fund. Interfund receivables/payables for the year ended December 31, 2015 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	12,305.71	
Law Enforcement Impact Grants		12,305.71

Note 7 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2016 and 2015:

Primary Government

December 31, 2016

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	36,175			36,175
Capital assets being depreciated:				
Buildings	4,593,250			4,593,250
Machinery & Vehicles	4,092,413	114,990	72,200	4,135,203
Total	8,685,663	114,990	72,200	8,728,453
Less accumulated depreciation for:				
Buildings	649,246	61,243		710,489
Machinery & Vehicles	2,211,415	362,063	61,500	2,511,978
Total	2,860,661	423,306	61,500	3,222,467
Total capital assets being depreciated, net	5,825,002	(308,316)	10,700	5,505,986
Governmental Activities Capital Assets, Net	5,861,177	(308,316)	10,700	5,542,161

December 31, 2015

	Balance <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>December 31</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	36,175			36,175
<hr/>				
<i>Capital assets being depreciated:</i>				
Buildings	4,593,250			4,593,250
Machinery & Vehicles	3,727,824	407,489	42,900	4,092,413
Total	8,321,074	407,489	42,900	8,685,663
<hr/>				
<i>Less accumulated depreciation for:</i>				
Buildings	588,003	61,243		649,246
Machinery & Vehicles	1,851,982	385,593	26,160	2,211,415
Total	2,439,985	446,836	26,160	2,860,661
<hr/>				
Total capital assets being depreciated, net	5,881,089	(39,347)	16,740	5,825,002
<hr/>				
Governmental Activities				
Capital Assets, Net	5,917,264	(39,347)	16,740	5,861,177
<hr/> <hr/>				

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

	<u>2016</u>	<u>2015</u>
General Government	61,298	61,298
Public Safety	22,270	24,470
Highways and Public Improve.	334,314	355,643
Conser. and Economic Dvlpmnt.	5,424	5,425
Total Depreciation Expense	423,306	446,836
<hr/> <hr/>		

The following is a summary of changes in capital assets for the years ended December 31, 2016 and 2015:

Component Units

December 31, 2016

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities: Capital assets not being depreciated:				
Land	783,953			783,953
Construction in Progress	1,734,658	50,650	1,785,308	
Total	<u>2,518,611</u>	<u>50,650</u>	<u>1,785,308</u>	<u>783,953</u>
Capital assets being depreciated:				
Buildings and Infrastructure	15,441,349	1,785,308		17,226,657
Machinery & Vehicles	81,980	8,600		90,580
Total	<u>15,523,329</u>	<u>1,793,908</u>		<u>17,317,237</u>
Less accumulated depreciation for:				
Buildings and Infrastructure	1,291,536	944,046		2,235,582
Machinery & Vehicles	14,198	7,373		21,571
Total	<u>1,305,734</u>	<u>951,419</u>		<u>2,257,153</u>
Total capital assets being depreciated, net	<u>14,217,595</u>	<u>842,489</u>		<u>15,060,084</u>
Governmental Activities Capital Assets, Net	<u>16,736,206</u>	<u>893,139</u>	<u>1,785,308</u>	<u>15,844,037</u>

December 31, 2015

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities: Capital assets not being depreciated:				
Land	783,953			783,953
Construction in Progress	12,630,995	3,720,012	14,616,349	1,734,658
Total	<u>13,414,948</u>	<u>3,720,012</u>	<u>14,616,349</u>	<u>2,518,611</u>
Capital assets being depreciated:				
Buildings and Infrastructure	1,089,000	14,616,349	264,000	15,441,349
Machinery & Vehicles	7,900	74,080		81,980
Total	<u>1,096,900</u>	<u>14,690,429</u>	<u>264,000</u>	<u>15,523,329</u>
Less accumulated depreciation for:				
Buildings and Infrastructure	481,720	1,073,816	264,000	1,291,536
Machinery & Vehicles	7,900	6,298		14,198
Total	<u>489,620</u>	<u>1,080,114</u>	<u>264,000</u>	<u>1,305,734</u>
Total capital assets being depreciated, net	<u>607,280</u>	<u>13,610,315</u>		<u>14,217,595</u>
Governmental Activities Capital Assets, Net	<u>14,022,228</u>	<u>17,330,327</u>	<u>14,616,349</u>	<u>16,736,206</u>

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

	<u>2016</u>	<u>2015</u>
Airport	940,419	1,069,114
Water Resource District	11,000	11,000
Total Depreciation Expense	<u>951,419</u>	<u>1,080,114</u>

Note 8 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consist 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 9 OPERATING LEASE

The county has entered into a two year rental agreement with John Deere for a 624K wheel loader. This agreement is considered, for accounting purposes, to be an operating lease. Lease expenditures were \$17,649.29 and \$14,396.44 for the years ending December 31, 2016 and 2015, respectively. The future lease payment for the year ending December 31, 2017 is \$17,649.29.

Note 10 LONG TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2016 and 2015, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2016</u>				
	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Compensated Absences *	104,753	5,551	-0-	110,304	-0-

	<u>2015</u>				
	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Compensated Absences *	-0-	104,753	-0-	104,753	-0-

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

Component Unit Debt

Changes in Long-Term Liabilities. During the year ended December 31, 2015, the following changes occurred in liabilities reported in the long-term liabilities - Component Unit:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Contract Payable	103,700	-0-	103,700	-0-	-0-

Note 11 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2016</u>		
General Fund	11,853.83	
Social Security		11,853.83
To close fund.		
County Road and Bridge	1,142,372.21	
General Fund		142,372.21
Mineral Royalty		1,000,000.00
Emergency 911	50,263.34	
911 Slope County Reimb.		5,000.00
911 Wireless		45,263.34
Homeland Security	9,000.00	
Emergency 911		4,000.00
Mineral Royalty		5,000.00
To subsidize expenditures.		
<u>December 31, 2015</u>		
General Fund	13,094.14	
Emergency Mgmt. Grants		13,094.14
To close fund.		
General Fund	15,000.00	
Zoning		15,000.00
County Road and Bridge	4,494,427.73	
Mineral Royalty		4,000,000.00
Unorganized Roads		87,491.64
Oil and Gas Infrastructure		406,936.09
Unorganized Roads	78,436.83	
Oil and Gas Infrastructure		78,436.83
Emergency 911	30,416.72	
911 Slope County Reimb.		5,000.00
911 Wireless		25,416.72
Building	200,000.00	
General Aid for Taxing Districts		200,000.00
To subsidize expenditures.		

Note 12 DEFICIT FUND BALANCES

The following funds had deficit balances at December 31:

	<u>2016</u>	<u>2015</u>
<u>Special Revenue Fund</u>		
Law Enforcement Impact Grants		(12,305.71)
<u>Agency Fund</u>		
Payroll Deduction Holding Fund	(64.68)	

The county plans to eliminate these deficit fund balances with future revenue collections and/or transfers from other funds.

Note 13 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Bowman County Senior Citizens and Bowman County Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2016 and 2015, the county remitted \$49,440.11 and \$56,184.12 to the senior citizens and \$8,437.73 and \$8,764.50 to the historical society, respectively.

Note 14 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 \$3,615,237 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 15 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 seven 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; and one member elected by the retired public employees.

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. 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.

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

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

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

At December 31, 2016, Bowman County reported a liability of \$1,037,368 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015 the county's proportion was .152558 percent, which was a decrease of .004046 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016 the county recognized pension expense of \$93,852. At December 31, 2016 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources -----	Deferred Inflows of Resources -----
Differences between expected and actual experience	30,095	
Changes in assumptions		92,425
Net difference between projected and actual earnings on pension plan investments	119,866	141,765
Changes in proportion and differences between employer contributions and proportionate share of contributions		25,084
County contributions subsequent to the measurement date (see below)	114,599	
Total	<u>264,560</u> =====	<u>259,274</u> =====

\$114,599 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, 2017.

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

Year ended June 30: -----	
2017	(33,123)
2018	(33,123)
2019	(33,123)
2020	12,128
2021	(22,068)
Thereafter	0

Actuarial assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, 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 Morality Table with ages set back one year for males (not set back for females).

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, 2015, 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, 2015. 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Equity Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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 8 percent, 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 (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
	-----	-----	-----
The county's proportionate share of the net pension liability	1,590,752	1,037,368	584,600

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 16 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the Governmental Activities. This adjustment was made to account for the county's net pension liability less its deferred outflows of resources at December 31, 2014.

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	215,400.00	215,400.00	153,144.58	(62,255.42)
Licenses, Permits and Fees	1,300.00	1,300.00	1,300.00	
Intergovernmental	1,121,478.00	1,121,478.00	1,249,096.10	127,618.10
Charges for Services	128,750.00	128,750.00	189,782.48	61,032.48
Miscellaneous	93,500.00	93,500.00	67,070.58	(26,429.42)
Total Revenues	1,560,428.00	1,560,428.00	1,660,393.74	99,965.74
Expenditures:				
Current:				
General Government	1,695,160.59	1,695,160.59	1,423,052.12	272,108.47
Public Safety	297,293.00	297,293.00	321,654.80	(24,361.80)
Culture and Recreation	96,880.00	96,880.00	94,952.00	1,928.00
Urban and Economic Development			13,985.66	(13,985.66)
Conser. and Economic Dvlpmnt.	196,583.76	196,583.76	98,027.00	98,556.76
Other			40,860.55	(40,860.55)
Total Expenditures	2,285,917.35	2,285,917.35	1,992,532.13	293,385.22
Excess (Deficiency) of Revenues Over Expenditures	(725,489.35)	(725,489.35)	(332,138.39)	393,350.96
Other Financing Sources (Uses):				
Transfers In			11,853.83	11,853.83
Transfers Out	(60,000.00)	(60,000.00)	(142,372.21)	(82,372.21)
Total Other Financing Sources (Uses)	(60,000.00)	(60,000.00)	(130,518.38)	(70,518.38)
Net Change in Fund Balances	(785,489.35)	(785,489.35)	(462,656.77)	322,832.58
Fund Balance - January 1	1,884,148.51	1,884,148.51	1,884,148.51	
Fund Balance - December 31	1,098,659.16	1,098,659.16	1,421,491.74	322,832.58

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	142,275.00	142,275.00	141,911.86	(363.14)
Licenses, Permits and Fees	1,400.00	1,400.00	1,055.00	(345.00)
Intergovernmental	1,909,200.00	1,909,200.00	1,017,431.29	(891,768.71)
Charges for Services	191,775.00	191,775.00	198,810.43	7,035.43
Miscellaneous	50,700.00	50,700.00	48,458.38	(2,241.62)
Total Revenues	2,295,350.00	2,295,350.00	1,407,666.96	(887,683.04)
Expenditures:				
Current:				
General Government	1,438,899.00	1,455,408.00	1,253,806.20	201,601.80
Public Safety	358,822.00	358,822.00	295,719.48	63,102.52
Urban and Economic Development	20,461.00	20,461.00	13,645.20	6,815.80
Other			57,108.92	(57,108.92)
Total Expenditures	1,818,182.00	1,834,691.00	1,620,279.80	214,411.20
Excess (Deficiency) of Revenues Over Expenditures	477,168.00	460,659.00	(212,612.84)	(673,271.84)
Other Financing Sources (Uses):				
Transfers In			28,094.14	28,094.14
Transfers Out	(162,275.00)	(162,275.00)		162,275.00
Total Other Financing Sources (Uses)	(162,275.00)	(162,275.00)	28,094.14	190,369.14
Net Change in Fund Balances	314,893.00	298,384.00	(184,518.70)	(482,902.70)
Fund Balance - January 1	2,068,667.21	2,068,667.21	2,068,667.21	
Fund Balance - December 31	2,383,560.21	2,367,051.21	1,884,148.51	(482,902.70)

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	300,000.00	300,000.00	275,335.22	(24,664.78)
Intergovernmental	8,600,000.00	8,600,000.00	6,982,133.01	(1,617,866.99)
Charges for Services	50,000.00	50,000.00	2,547,243.29	2,497,243.29
Miscellaneous			3,334.64	3,334.64
Total Revenues	8,950,000.00	8,950,000.00	9,808,046.16	858,046.16
Expenditures:				
Current:				
Highways and Public Improvement	5,980,000.00	11,174,733.00	11,174,801.38	(68.38)
Capital Outlay	167,000.00	84,890.00	84,890.00	
Total Expenditures	6,147,000.00	11,259,623.00	11,259,691.38	(68.38)
Excess (Deficiency) of Revenues Over Expenditures	2,803,000.00	(2,309,623.00)	(1,451,645.22)	857,977.78
Other Financing Sources:				
Transfers In	1,000,000.00	1,000,000.00	1,142,372.21	142,372.21
Net Change in Fund Balances	3,803,000.00	(1,309,623.00)	(309,273.01)	1,000,349.99
Fund Balance - January 1	8,041,849.70	8,041,849.70	8,041,849.70	
Fund Balance - December 31	11,844,849.70	6,732,226.70	7,732,576.69	1,000,349.99

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	135,500.00	135,500.00	135,170.31	(329.69)
Intergovernmental	3,920,000.00	3,920,000.00	9,646,818.04	5,726,818.04
Charges for Services	50,000.00	50,000.00	205,298.79	155,298.79
Miscellaneous			9,307.39	9,307.39
Total Revenues	4,105,500.00	4,105,500.00	9,996,594.53	5,891,094.53
Expenditures:				
Current:				
Highways and Public Improvement	8,651,930.00	11,012,004.11	11,012,004.11	
Capital Outlay	380,000.00	353,094.00	353,094.00	
Total Expenditures	9,031,930.00	11,365,098.11	11,365,098.11	
Excess (Deficiency) of Revenues Over Expenditures	(4,926,430.00)	(7,259,598.11)	(1,368,503.58)	5,891,094.53
Other Financing Sources:				
Transfer In	4,000,000.00	4,000,000.00	4,494,427.73	494,427.73
Net Change in Fund Balances	(926,430.00)	(3,259,598.11)	3,125,924.15	6,385,522.26
Fund Balance - January 1	4,915,925.55	4,915,925.55	4,915,925.55	
Fund Balance - December 31	3,989,495.55	1,656,327.44	8,041,849.70	6,385,522.26

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
Mineral Royalty Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	1,000,000.00	1,000,000.00	1,338,784.22	338,784.22
Miscellaneous			5,576.43	5,576.43
Total Revenues	1,000,000.00	1,000,000.00	1,344,360.65	344,360.65
Expenditures:				
Current:				
Public Safety	428,200.00	428,200.00	115,835.00	312,365.00
Highways and Public Improvement	792,170.00	792,170.00	69,000.00	723,170.00
Urban and Economic Development	813,580.00	813,580.00		813,580.00
Other	107,050.00	107,550.00	30,028.65	77,521.35
Total Expenditures	2,141,000.00	2,141,500.00	214,863.65	1,926,636.35
Excess (Deficiency) of Revenues Over Expenditures	(1,141,000.00)	(1,141,500.00)	1,129,497.00	2,270,997.00
Other Financing (Uses):				
Transfer Out			(1,005,000.00)	(1,005,000.00)
Net Change in Fund Balances	(1,141,000.00)	(1,141,500.00)	124,497.00	1,265,997.00
Fund Balance - January 1	4,100,087.70	4,100,087.70	4,100,087.70	
Fund Balance - December 31	2,959,087.70	2,958,587.70	4,224,584.70	1,265,997.00

BOWMAN COUNTY
Bowman, North Dakota

Budgetary Comparison Schedule
Mineral Royalty Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	3,200,000.00	3,200,000.00	2,305,794.42	(894,205.58)
Miscellaneous			10,169.33	10,169.33
Total Revenues	3,200,000.00	3,200,000.00	2,315,963.75	(884,036.25)
<u>Expenditures:</u>				
Current:				
General Government	3,106.88	3,106.88	2,500.00	606.88
Public Safety	258,974.00	258,974.00	208,387.26	50,586.74
Highways and Public Improvement	54,029.44	54,029.44	43,475.59	10,553.85
Health and Welfare	1,242,753.54	1,242,753.54	1,000,000.00	242,753.54
Culture and Recreation	229,288.03	229,288.03	184,500.00	44,788.03
Urban and Economic Development	1,360,018.47	1,360,018.47	1,094,358.96	265,659.51
Other	1,186,829.64	1,186,829.64	955,000.00	231,829.64
Total Expenditures	4,335,000.00	4,335,000.00	3,488,221.81	846,778.19
Excess (Deficiency) of Revenues Over Expenditures	(1,135,000.00)	(1,135,000.00)	(1,172,258.06)	(37,258.06)
<u>Other Financing (Uses):</u>				
Transfer Out			(4,000,000.00)	(4,000,000.00)
Net Change in Fund Balances	(1,135,000.00)	(1,135,000.00)	(5,172,258.06)	(4,037,258.06)
Fund Balance - January 1	9,272,345.76	9,272,345.76	9,272,345.76	
Fund Balance - December 31	8,137,345.76	8,137,345.76	4,100,087.70	(4,037,258.06)

BOWMAN COUNTY
Bowman, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2016 and 2015

Note 1 SUMMARY OF SIGNIFICANT BUDGET 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 budgets for the years ending:

December 31, 2016

	Original Budget	Amendment	Amended Budget
<u>Appropriations</u>			
<u>Special Revenue Funds</u>			
County Road and Bridge	6,147,000	5,112,623	11,259,691
911 Wireless	5,000	330	5,330
Homeland Security	15,000	5,144	20,144

December 31, 2015

	Original Budget	Amendment	Amended Budget
<u>Appropriations</u>			
General Fund	1,818,182	16,509	1,834,691
<u>Special Revenue Funds</u>			
County Road and Bridge	9,031,930	2,333,168	11,365,098
Human Services	733,806	40,912	774,718
Weed Control	167,037	85,543	252,580
Building	725,000	8,675	733,675

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<u>Special Revenue Funds</u>		
County Road and Bridge	68.38	
Veterans Service Officer	422.77	
** Unorganized Roads	77,962.50	
** Social Security	4.22	
* County Insurance		2,048.74
* State Aid		155,863.33
Multicounty Jail	8,249.53	
* Oil and Gas Infrastructure		188,262.10
Weed Control		8.95
County Library	1,799.08	12,446.13
* 911 Wireless		3,227.20
Building		43,896.26
** County Park	3,445.21	
** General Aid for		
Taxing District	5,098.94	
Senior Citizens	19,440.11	28,184.12
* Law Enforcement Impact		
Grants		12,305.71

** A budget was not prepared for these funds for the year ended December 31, 2016.

* A budget was not prepared for these funds for the year ended December 31, 2015.

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*

	2015	2016
County's proportion of the net pension liability	0.156604%	0.152558%
County's proportionate share of the net pension liability	993,999	1,037,368
County's covered-employee payroll	1,350,529	1,446,294
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.60%	71.73%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	77.15%

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

	2015	2016
Statutorily required contribution	89,673	102,976
Contributions in relation to the statutorily required contribution	(89,673)	(102,976)
Contribution deficiency (excess)	0	0
County's covered-employee payroll	1,350,529	1,446,294
Contributions as a percentage of covered-employee payroll	6.64%	7.12%

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

- For changes of assumptions, see Note 15 to the financial statements.

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Major Governmental Funds:						
General Fund	1,884,148.51	1,660,393.74	11,853.83	142,372.21	1,992,532.13	1,421,491.74
County Road and Bridge	8,014,174.24	9,382,650.56	1,142,372.21		11,259,691.38	7,279,505.63
Mineral Royalty	3,600,087.70	1,344,360.65		1,005,000.00	584,300.25	3,355,148.10
Total Major Governmental Funds	13,498,410.45	12,387,404.95	1,154,226.04	1,147,372.21	13,836,523.76	12,056,145.47
Non-Major Governmental Funds:						
Human Services	303,534.01	573,763.65			672,751.84	204,545.82
Highway Tax Distribution	629,811.70	430,973.01			500,643.01	560,141.70
Emergency Fund	58,320.34					58,320.34
Veterans Service Officer	4,466.77	11,042.05			12,701.21	2,807.61
Unorganized Roads	452,068.38	215,249.80		11,853.83	77,962.50	577,501.85
Social Security	11,528.05	354.02			4.22	11,877.85
State Aid	350,559.41	174,699.85			189,274.36	335,984.90
Multicounty Jail	42,427.82	100,583.52			110,415.76	32,595.58
County Agent	20,670.95	82,487.05			79,653.22	23,504.78
Weed Control	156,454.51	147,643.89			167,984.44	136,113.96
County Library		42,799.08			42,799.08	
Zoning	1,743.78	485.00				2,228.78
County Park	3,194.23	302.35			3,445.21	51.37
Emergency 911	99,823.53	34,159.29	50,263.34	4,000.00	56,594.25	123,651.91
911 Slope County Reimbursements		5,000.00		5,000.00		
911 Wireless	10,127.98	40,465.01		45,263.34	5,329.65	
Building	39,992.48	39,003.72			19,058.68	59,937.52
General Aid for Taxing District	298,896.47				5,098.94	293,797.53
Senior Citizens		49,440.11			49,440.11	
County Historical Society		8,437.73			8,437.73	
Document Preservation	28,436.91	13,645.50			6,297.22	35,785.19
Law Enforcement Impact Grants	(12,305.71)	12,305.71				
Homeland Security	7,830.07	8,000.00	9,000.00		20,144.23	4,685.84
Total Non-Major Governmental Funds	2,507,581.68	1,990,840.34	59,263.34	66,117.17	2,028,035.66	2,463,532.53
Total Governmental Funds	16,005,992.13	14,378,245.29	1,213,489.38	1,213,489.38	15,864,559.42	14,519,678.00
Agency Funds:						
State Medical		28,806.39			28,671.75	134.64
County Fair		367.52			367.52	
Game and Fish	27,093.00	6,495.00			33,588.00	
NDSU	6,062.50	860.00			1,848.76	5,073.74
Estimated Taxes		6,179.56			6,179.56	
Southwest Water Authority		33,787.55			33,787.55	
Soil Conservation		51,920.57			51,920.57	

(continued)

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2016
(continued)

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Agency Funds (continued):						
Health District Fund		112,893.20			112,893.20	
Water Resource District		54,767.17			54,767.17	
Airport		83,836.00			83,836.00	
Weather Modification		664.78			664.78	
Hazardous Chemical Preparedness	5,224.59	4,050.00			454.25	8,820.34
State General Fees		595.00			525.00	70.00
Payroll Deduction Holding Fund	63.66	717.66			846.00	(64.68)
Victim Witness Fees	851.00	1,725.00			1,800.00	776.00
State Sales Tax		2,079.20			1,485.77	593.43
Bowman County Ambulance Service		82,046.99			82,046.99	
Marmarth Ambulance Service		13,425.25			13,425.25	
Rural Ambulance District Building		500.00				500.00
Total Cities		419,343.68			419,343.68	
Total Park Districts		190,659.62			190,659.62	
Total School Districts		2,220,414.01			2,220,414.01	
Total Townships		706,802.62			706,802.62	
Total Rural Fire Districts		74,770.14			74,770.14	
Prepaid Taxes	1,067,979.61	1,037,022.33			1,067,979.61	1,037,022.33
CDBG #3760-CD13-H		1,606.00			1,606.00	
CDBG #4071-CD15-PF		24,083.80			24,083.80	
Total Agency Funds	1,107,274.36	5,160,419.04			5,214,767.60	1,052,925.80
Total Primary Government	17,113,266.49	19,538,664.33	1,213,489.38	1,213,489.38	21,079,327.02	15,572,603.80
Discretely Presented						
Component Units:						
Water Resource District	284,022.78	82,137.02			131,635.36	234,524.44
Airport	465,282.96	115,410.23			316,583.17	264,110.02
Weather Modification	175,941.91	98,799.28			106,295.14	168,446.05
Total Discretely Presented Component Units	925,247.65	296,346.53			554,513.67	667,080.51
Total Reporting Entity	18,038,514.14	19,835,010.86	1,213,489.38	1,213,489.38	21,633,840.69	16,239,684.31

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
Major Governmental Funds:						
General Fund	2,068,667.21	1,407,666.96	28,094.14		1,620,279.80	1,884,148.51
County Road and Bridge	4,865,880.35	10,018,964.27	4,494,427.73		11,365,098.11	8,014,174.24
Mineral Royalty	9,272,345.76	2,315,963.75		4,000,000.00	3,988,221.81	3,600,087.70
Total Major Governmental Funds	16,206,893.32	13,742,594.98	4,522,521.87	4,000,000.00	16,973,599.72	13,498,410.45
Non-Major Governmental Funds:						
Human Services	305,875.74	708,185.54			710,527.27	303,534.01
Highway Tax Distribution	654,289.37	495,441.15			519,918.82	629,811.70
Emergency Fund	58,320.34					58,320.34
Veterans Service Officer	4,871.57	10,398.87			10,803.67	4,466.77
Unorganized Roads	278,106.92	237,482.23	78,436.83	87,491.64	54,465.96	452,068.38
Social Security	47,362.99	37,597.87			73,432.81	11,528.05
County Insurance	2,048.74				2,048.74	
State Aid	267,905.97	238,516.77			155,863.33	350,559.41
Multicounty Jail	58,384.47	72,587.33			88,543.98	42,427.82
County Agent	41,658.28	70,178.18			91,165.51	20,670.95
Oil and Gas Infrastructure	673,635.02			485,372.92	188,262.10	
Weed Control	174,783.44	234,260.02			252,588.95	156,454.51
County Library		52,446.13			52,446.13	
Zoning	14,348.78	2,395.00		15,000.00		1,743.78
County Park	1,463.17	28,050.24			26,319.18	3,194.23
Emergency 911	84,014.09	34,516.06	30,416.72		49,123.34	99,823.53
911 Slope County Reimbursements		5,000.00		5,000.00		
911 Wireless		38,821.90		25,416.72	3,277.20	10,127.98
Building	573,091.69	44,472.05	200,000.00		777,571.26	39,992.48
General Aid for Taxing District	498,896.47			200,000.00		298,896.47
Senior Citizens		56,184.12			56,184.12	
County Historical Society		8,764.50			8,764.50	
Document Preservation	20,519.08	12,598.50			4,680.67	28,436.91
Law Enforcement Impact Grants					12,305.71	(12,305.71)
Homeland Security	7,830.07					7,830.07
Emergency Management Grants	13,094.14			13,094.14		
Total Non-Major Governmental Funds	3,780,500.34	2,387,896.46	308,853.55	831,375.42	3,138,293.25	2,507,581.68
Total Governmental Funds	19,987,393.66	16,130,491.44	4,831,375.42	4,831,375.42	20,111,892.97	16,005,992.13
Agency Funds:						
State Medical		28,079.83			28,079.83	
County Fair		52,521.87			52,521.87	
Game and Fish	22,340.00	42,567.00			37,814.00	27,093.00
NDSU	5,523.23	1,715.78			1,176.51	6,062.50

(continued)

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2015
(continued)

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
Agency Funds (continued):						
Estimated Taxes	19.28	2,904.98			2,924.26	
Southwest Water Authority		35,089.42			35,089.42	
Soil Conservation		68,263.33			68,263.33	
Health District Fund		115,835.18			115,835.18	
Job Development	53.95				53.95	
Water Resource District		70,184.83			70,184.83	
Airport		86,893.54			86,893.54	
Weather Modification		89,733.30			89,733.20	
Hazardous Chemical Preparedness	3,837.71	3,425.00			2,038.12	5,224.59
State General Fees		560.00			560.00	
Payroll Deduction Holding Fund	146.59				82.93	63.66
Victim Witness Fees	3,201.00	1,650.00			4,000.00	851.00
State Sales Tax		2,773.26			2,773.26	
Bowman County Ambulance Service		92,697.79			92,697.79	
Marmarth Ambulance Service		12,185.63			12,185.63	
Total Cities		403,610.91			403,610.91	
Total Park Districts		171,929.45			171,929.45	
Total School Districts		2,190,558.54			2,190,558.54	
Total Townships		766,901.62			766,901.62	
Total Rural Fire Districts		71,150.94			71,150.94	
Prepaid Taxes	939,915.92	1,067,979.61			939,915.92	1,067,979.61
CDBG #3760-CD13-H		105,912.00			105,912.00	
Total Agency Funds	975,037.68	5,485,123.81			5,352,887.03	1,107,274.36
Total Primary Government	20,962,431.34	21,615,615.25	4,831,375.42	4,831,375.42	25,464,780.00	17,113,266.49
Discretely Presented						
Component Units:						
Water Resource District	413,984.00	90,408.57			220,369.79	284,022.78
Airport	108,759.73	4,585,283.57			4,228,760.34	465,282.96
Weather Modification	179,909.57	100,483.34			104,451.00	175,941.91
Total Discretely Presented Component Units	702,653.30	4,776,175.48			4,553,581.13	925,247.65
Total Reporting Entity	21,665,084.64	26,391,790.73	4,831,375.42	4,831,375.42	30,018,361.13	18,038,514.14

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2016 and 2015

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Expenditures	
			2016	2015
<u>U.S. Department of Defense</u>				
Passed Through ND State Treasurer:				
Payments to States in Lieu of Real Estate Taxes	12.112		212.29	258.29
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through the State Division of Community Services:				
Community Development Block Grant/State's Program	14.228	4071-CD15-PF 3760-CD13-H	24,083.80 1,606.00	105,912.00
Total U.S. Department of Housing and Urban Development			25,689.80	105,912.00
<u>U.S. Department of the Interior</u>				
Direct Program:				
Payments in Lieu of Taxes (PILT)	15.226		14,389.00	14,238.00
Passed Through ND State Treasurer:				
Distribution of Receipts to State and Local Governments (Taylor Grazing)	15.227		3,532.87	2,683.10
Minerals Leasing Act	15.437		1,338,784.22	2,305,794.42
Total Passed Through ND State Treasurer			1,342,317.09	2,308,477.52
Passed Through ND State Game and Fish:				
Wildlife Restoration and Basic Hunter Education	15.611			1,082.90
Total U.S. Department of the Interior			1,356,706.09	2,323,798.42
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106	3-38-0005-009-2009 3-38-0083-001-2012 3-38-0083-002-2013 3-38-0083-003-2014		2,850.00 131,106.50 437,956.95 1,935,692.81
Total U.S. Department of Transportation				2,507,606.26

(continued)

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2016 and 2015
(continued)

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Expenditures	
			2016	2015
<u>U.S. Department of Health and Human Services</u>				
Passed Through State Dept. of Human Services:				
Promoting Safe and Stable Families	93.556		842.90	948.36
Temporary Assistance for Needy Families	93.558		38,620.74	35,785.42
Child Care Mandatory and Matching Funds	93.596		2,974.82	2,998.20
Child Welfare Services - State Grant	93.645		1,431.98	3,729.93
Foster Care - Title IV-E	93.658		39,823.41	42,338.51
Adoption Assistance	93.659		736.09	400.99
Maternal & Child Health Services Block Grant	93.994		616.33	551.21
Total U.S. Department of Health and Human Services			85,046.27	86,752.62
<u>U.S. Department of Homeland Security</u>				
Passed Through State Department of Emergency Services:				
Emergency Management Performance Grants	97.042		27,421.41	30,801.46
Total Expenditures of Federal Awards			1,495,075.86	5,055,129.05

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 aggregate 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, 2016 and 2015, 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 28, 2017.

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. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 audits, 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*.

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

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 28, 2017

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, 2016 and 2015. 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 county's major federal programs based on our audits 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 years ended December 31, 2016 and 2015.

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

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 28, 2017

BOWMAN COUNTY
Bowman, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2016 and 2015

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 No
* Significant deficiency(ies) identified? Yes None Reported
Noncompliance Material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

* Material weakness(es) identified? Yes No
* Significant deficiency(ies) identified? Yes 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 No

Identification of major program(s):

<u>CFDA Number</u>	<u>Name of Federal Program</u>
15.437	Minerals Leasing Act

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS:

No matters were reported

SECTION III - FEDERAL AWARD FINDINGS AND RESPONSES

No matters were reported