

**CITY OF GRAND FORKS  
GRAND FORKS, NORTH DAKOTA**

INDEPENDENT AUDITOR'S REPORTING REQUIREMENTS  
AND OTHER COMMUNICATIONS REQUIRED UNDER  
THE SINGLE AUDIT ACT

FOR THE YEAR ENDED DECEMBER 31, 2022

## TABLE OF CONTENTS

	Page
<b>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>1</b>
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>3</b>
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	13
Schedule of Prior Audit Findings	16
Corrective Action Plan	17

**INDEPENDENT AUDITOR'S 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**

To the Honorable Mayor and  
Members of the City Council  
City of Grand Forks, 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grand Forks, North Dakota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Grand Forks' basic financial statements and have issued our report thereon dated June 20, 2023.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Grand Forks' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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

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

## **City of Grand Forks' Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Grand Forks' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs and corrective action plan. The City of Grand Forks' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

June 20, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and  
Members of the City Council  
City of Grand Forks, North Dakota

## **Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited the City of Grand Forks' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City of Grand Forks' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Grand Forks' basic financial statements include the operations of the Grand Forks Airport Authority, which spent \$19,868,760 in federal awards. These awards are not included in the City's schedule during the year ended December 31, 2022. Our audit, described below, did not include the operations of the Grand Forks Airport Authority because the Authority engaged us to perform a separate audit.

In our opinion, the City of Grand Forks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Grand Forks and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Grand Forks' compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Grand Forks' federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Grand Forks' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Grand Forks' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Grand Forks' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Grand Forks' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Grand Forks' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Grand Forks' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs and corrective action plan. City of Grand Forks' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Grand Forks' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs and corrective action plan. City of Grand Forks' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grand Forks' as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 20, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The

accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

June 20, 2023



**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/ Program Title</b>	<b>Federal AL Number</b>	<b>Award Amount</b>	<b>Amounts Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Department of Transportation</b>				
<b>Federal Transit Administration</b>				
Transit Services Programs Cluster				
Pass Through NDDOT:				
NDDOT #38-210-814 Elderly & Persons with Disabilities Program	20.513	\$ 34,544	\$	22,093
NDDOT #38-211-316 Elderly & Persons with Disabilities Program	20.513	24,871		6,948
NDDOT #38-220-700 Elderly & Persons with Disabilities Program	20.513	55,549		35,250
NDDOT #38-220-701 Elderly & Persons with Disabilities Program	20.513	8,854		8,854
Total Transit Services Programs Cluster				\$ 73,145
<b>Federal Transit Cluster</b>				
Direct Programs:				
FTA Operating & Capital Assistance ND-2021-007-00	20.507	290,432		7,892
FTA Operating & Capital Assistance ND-2022-010-01	20.507	18,102		18,102
FTA Operating & Capital Assistance ND-2022-010-02	20.507	672,332		672,332
FTA Operating & Capital Assistance ND-2022-010-03	20.507	13,600		13,600
FTA Operating & Capital Assistance ND-2023-004-01	20.507	1,185,286		1,123,311
Total Federal Transit Cluster				1,835,237
<b>Federal Highway Administration</b>				
Pass Through North Dakota State Dept. of Transportation				
Highway Planning and Construction Cluster				
NHU-6-297(011)003 (Reconstruct Demers Ave from N 6th St to N 5th St)	20.205	1,027,982		16,453
SU-6-002(126)910 Mill & Overlay N 5th St from US 2 to Demers Ave	20.205	2,700,702		(3,039)
HEU-6-081(094)940 Traffic Signal and Turn Lanes for 32nd Ave (I-29- 20th St)	20.205	5,720,574		364,617
NHU-6986(131) Paving N Columbia (University Ave - BNSF Overpass)	20.205	4,376,000		681,457
TAU-6986(129) Shared Use path on S Columbia Rd (40th Ave S to 47th Ave S)	20.205	290,000		4,327
HLU-6999(042) Advanced Pedestrian Timing on Columbia Rd & 42nd St)	20.205	68,261		7,222
HEU-6986(133) Grand Forks School Flashing Beacons	20.205	633,642		633,642
UGP-6-986(132) Reconstruct N 4th St. (Demers Ave to 1st Ave N)	20.205	1,631,200		1,469,446
TAU-6-986(134) Shared Use Path on 32nd Ave S (Heartland Dr - 48th St)	20.205	236,316		147,165
CVD-6-986(135) Mill & Overlay Mill Road (Gateway - North Washington)	20.205	479,650		479,650
NHU-6-297(013)002 Rehabilitation of Demers Ave Overpass	20.205	1,732,553		1,732,553
NHU-6-081(110)942 Rehabilitation of Washington Pedestrian Underpass	20.205	273,249		232,085
Total Highway Planning and Construction Cluster				5,765,578
<b>National Highway Traffic Safety Administration</b>				
Pass Through North Dakota Dept. of Transportation				
Highway Safety Cluster				
NDDOT 12-221-347-1	20.600	35,000		2,884
NDDOT 12-211-131-1	20.600	29,500		24,019
NDDOT 12-221-347-2	20.616	24,200		2,828
NDDOT 12-211-131-2	20.616	12,000		10,026
Total Highway Safety Cluster				39,757
Pass Through North Dakota Dept. of Transportation				
NDDOT 12-211-131-3	20.608	10,000		1,489
Pass Through North Dakota Dept of Emergency Services				
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS 693JK31940043HMEP	20.703	43,900		9,556
<b>Total Department of Transportation</b>				<b>7,724,762</b>

See Notes to the Schedule of Expenditures of Federal Awards

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/ Program Title</b>	<b>Federal AL Number</b>	<b>Award Amount</b>	<b>Amounts Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Department of Housing &amp; Urban Development</b>				
<b>Community Development Block Grants -Entitlement Grants Cluster</b>				
B-20-MC-38-0002	14.218	\$ 455,668		\$ 64,810
COVID 19 - B-20-MW-38-0002	14.218	566,450		110,682
B-21-MC-38-0002	14.218	488,861		346,405
Program Income - Revolving Loan Fund	14.218			26,159
Program Income - Supplemental	14.218			352,759
Total Community Development Block Grants - Entitlement Grants Cluster			\$ 792,868	\$ 900,815
<b>Total Department of Housing &amp; Urban Development</b>				<b>900,815</b>
<b>Department of the Treasury</b>				
<b>Pass Through N.D. Department of Health</b>				
COVID 19 - State and Local Fiscal Recovery Fund	21.027	11,439,298		4,262,205
<b>Total Department of Treasury</b>				<b>4,262,205</b>
<b>Department of Health &amp; Human Services</b>				
<b>Pass Through N.D. Department of Health</b>				
<b>Maternal and Child Health Care/Nutrition</b>				
G21.607	93.994	15,000		14,979
G21.1075	93.994	15,000		3,162
Total AL 93.994				18,141
<b>Communicable Disease Control</b>				
G21.568	93.940	8,000		3,932
<b>ND Chronic Disease</b>				
G19.437	93.758	10,000		9,976
<b>Immunization Initiative Grant</b>				
COVID 19 - G19.1297	93.268	1,109,000		398,848
G21.046	93.268	28,542		18,979
G21.820	93.268	28,542		19,961
Total AL 93.268				437,788
<b>Tobacco Prevention &amp; Control</b>				
G21.204	93.283	211,021		113,913
G21.748	93.283	207,021		98,245
Total AL 93.283				212,158
<b>Emergency Preparedness &amp; Response</b>				
G21.033	93.069	217,751		111,636
G21.011	93.069	8,366		178
G21.913	93.069	217,751		68,704
G21.1142	93.069	51,066		28,186
Total AL 93.069				208,704

See Notes to the Schedule of Expenditures of Federal Awards

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/ Program Title</b>	<b>Federal AL Number</b>	<b>Award Amount</b>	<b>Amounts Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Pass Through N.D. Department of Health</b>				
Ryan White Care Grant				
G19.1259	93.917	\$ 63,000	\$ 17,364	
G19.646	93.917	59,000	25,791	
Total AL 93.917				\$ 43,155
Tuberculosis Control				
G19.1213	93.116	2,775		2,775
Tobacco Youth Compliance Checks				
G21.275A	93.U01	14,805		10,395
Women's Way Grant				
G19.1345	93.898	241,382	120,982	
G21.861	93.898	193,571	65,792	
Women's Way Community Clinical Linkages				
G19.1331	93.898	25,000	11,662	
Women's Way CRC Initiative				
G21.126	93.898	10,000	5,200	
Total AL 93.898				203,636
Health Equity				
G19.1297	93.391	125,000		60,365
Epidemiology and Laboratory Capacity for Infection Diseases				
G19.1076	93.323	528,337		283,777
<b>Pass Through N.D. Department of Human Services</b>				
Opioid STR Community Grant				
810-12447	93.U03	339,000	254,250	
810-12946	93.U03	339,000	74,941	
Total AL 93.U03				329,191
<b>Total Department of Health &amp; Human Services</b>				1,823,993
<b>Department of Interior, Fish &amp; Wildlife Service</b>				
<b>Pass Through North Dakota State Historical Society</b>				
ND-20-100026	15.904	23,540	3,064	
ND-21-10031	15.904	32,040	24,434	
ND-22-10031	15.904	28,717	5,324	
Total AL 15.904				32,822
<b>Total Department of Interior, Fish &amp; Wildlife Service</b>				32,822
<b>Executive Office of the President</b>				
<b>Pass Through ND State Office of Attorney General</b>				
HIDTA 59321-GF	95.001	127,314	119,551	
HIDTA 59322-GF	95.001	132,539	14,020	
Total AL 95.001				133,571
<b>Total Executive Office of the President</b>				133,571
<b>Department of Justice-Office of Justice Programs</b>				
<b>Pass Through ND State Office of Attorney General</b>				
Bullet Proof Vest Program	16.607			15,402
2021 BJA FY 21 Ed Byrne JAG	16.738	22,251	5,601	17,747
21212 City of Grand Forks/Light of Hope (CVIC)	16.738	18,497	12,023	12,023
Total AL 16.738				29,770

See Notes to the Schedule of Expenditures of Federal Awards

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/ Program Title</b>	<b>Federal AL Number</b>	<b>Award Amount</b>	<b>Amounts Passed Through to Subrecipients</b>	<b>Expenditures</b>
Pass Through ND Department of Health G21.388 STOP Violence Against Women	16.588	\$ 17,594	\$ 13,273	\$ 13,273
<b>Total Department of Justice</b>				<b>58,445</b>
<b>Department of Homeland Security</b>				
Pass Through GF County - Operation Stone Garden NE Regional UAS Team				
FY 19 OPSG (Pass through from GF County to Police Department)	97.067			1,337
FY 20 OPSG (Pass through from GF County to Fire Department)	97.067			1,056
FY 20 OPSG (Pass through from GF County to Police Department)	97.067			6,032
FY 21 OPSG (Pass through from GF County to Fire Department)	97.067			9,583
FY 21 OPSG (Pass through from GF County to Police Department)	97.067			10,257
Pass Through North Dakota Dept of Emergency Services				
HOMELAND SECURITY/#EMW-2021-SS-00063 PD	97.067	520,000		515,480
HOMELAND SECURITY/#EMW-2019-SS-000033-S01 - PD	97.067	39,200		8,700
HOMELAND SECURITY/#EMW-2020-SS-00073 - FIRE	97.067	130,028		73,939
HOMELAND SECURITY/#EMW-2019-SS-000033-S01 - FIRE	97.067	21,704		21,684
HOMELAND SECURITY/#EMW-2021-SS-00063 - FIRE	97.067	144,910		17,696
Total AL 97.067				665,764
COVID 19 - FEMA-4509-DR - COVID 19 Emergency Funds	97.036	1,650,995		803,866
FEMA-4475-DR - OCT '19 Snow Storm	97.036	221,044		16,841
FEMA-4553-DR - Spring '20 Flood Fight	97.036	301,693		22,986
FEMA-4660-DR - Spring '22 Flood Fight	97.036	284,606		241,915
Total AL 97.036				1,085,608
<b>Total Department of Homeland Security</b>				<b>1,751,372</b>
<b>Department of Commerce</b>				
Economic Development Cluster				
Project 05-01-06098 Tech Accelerator	11.300	1,079,646		666,605
COVID 19 - Project 05-79-05991 Revolving Loan Funds	11.307	1,514,878		1,441,507
Total Economic Development Cluster				
<b>Total Department of Commerce</b>				<b>2,108,112</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 823,765</b>	<b>\$ 18,796,097</b>

See Notes to the Schedule of Expenditures of Federal Awards

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Grand Forks under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of operations of the City of Grand Forks it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Grand Forks.

**NOTE 2 De Minimis Cost Rate**

The City of Grand Forks has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 4 Loans Outstanding**

The City of Grand Forks had the following loan balances outstanding at December 31, 2022. These loan balances outstanding, except for the current year loan expenditures for the EPA Capitalization Grant, are not included in the federal expenditures presented in the schedule, as they are not considered to have continuing compliance requirements:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Amount Outstanding</u>
North Dakota Public Finance Authority State Revolving Fund	66.468	\$ 72,750,000

**NOTE 5 Program Income**

As of December 31, 2022, the City of Grand Forks earned \$378,918 in program income from its CDBG Emergency Supplemental Appropriation and Revolving Loan Fund Grants.

**NOTE 6 Matching Costs**

The accompanying schedule of expenditures of federal awards does not include matching expenditures.

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 7   EDA Revolving Loan Funds (RLF) Grant**

The accompanying schedule of expenditures of federal awards includes \$1,441,507 reported for AL 11.307. This amount does not represent current year expenditures. See calculation below:

Balance of RLF loans outstanding at end of recipients fiscal year	\$      1,309,129
Cash available for lending	123,438
Admin expenses paid out of RLF income during recipients fiscal year	<u>8,940</u>
	1,441,507
Federal share of RLF as specified in the grant award	<u>100.00%</u>
Schedule of expenditures of federal awards amount	<u><u>\$      1,441,507</u></u>

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

    yes   x   no

Significant deficiency(ies) identified that are  
not considered to be material weaknesses?

  x   yes     none reported

Noncompliance material to financial  
statements noted?

    yes   x   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

    yes   x   no

Significant deficiency(ies) identified that are  
not considered to be material weaknesses?

  x   yes     none reported

Type of auditor's report issued on compliance  
for major programs:

Unmodified

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

  x   yes     no

Identification of major programs:

Assistance Listing (AL) Number(s) - Name of Federal Program or Cluster

20.205 – Highway Planning and Construction

21.027 – Coronavirus State and Local Fiscal Recovery Fund

93.268 – Immunization Cooperative Agreements

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

  x   yes     no

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section II-Financial Statement Findings**

**2022-001: Proposition of Journal Entries**

Criteria

The City is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were noted in order to properly reflect the financial statements in accordance with GAAP.

Cause

The City's internal controls were unable to address the specific training needs required of its personnel due to significant turnover to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect

The City's financial statements required adjustments to be properly reflected in accordance with GAAP.

Recommendation

The City should review its current internal control policies and procedures to ensure all account balances are reported properly.

Views of Responsible Officials and Planned Corrective Actions

The finance department experienced a substantial turnover of experienced employees and due to the learning curve for new employees and the workload some errors were not caught in a timely manner. The City has implemented a more intense training program and is in the process of revising its internal control procedures to provide an additional review process.



**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section III-Federal Award Findings and Questioned Costs**

2022-002 Significant Deficiency

Federal Program

Coronavirus State and Local Fiscal Recovery Funds (21.027)  
Procurement, Suspension, and Debarment

Criteria

Uniform Guidance states an entity needs to have procedures in place to ensure they do not enter into a covered transaction with a vendor that is suspended or disbarred from federal funds. During testing of vendors, we noted none were suspended or disbarred.

Condition

During testing of the City's Procurement Policy, we noted that suspension and debarment verbiage was missing.

Cause

Lack of oversight by management.

Question Costs

None

Context

Uniform Guidance states "Review the non-federal entity's procedures for verifying that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 CFR sections 200.212 and 200.318(h); 2 CFR section 180.300; 48 CFR section 52.2096)". During this review, we noted that the city does not have procedures in place for verifying that they don't enter into a covered transaction with a debarred or suspended vendor.

Effect

The City is not in compliance with requirements set by Uniform Guidance.

Repeat Finding

No

Recommendation

The City should update their Procurement Policy to include suspension and debarment verbiage.

Views of Responsible Officials

The finance department experienced a significant turnover of experienced employees and in their absence the suspension and disbarment requirement was not reviewed prior to bids being awarded in some cases. The City is in the process of updating its procurement policy to include the suspension and debarment requirement.

**CITY OF GRAND FORKS, NORTH DAKOTA**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

No prior audit findings were required to be reported.

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2022

**2022-001 FINDING**

Contact Person – Candice Stjern – Assistance Finance Director

Corrective Action Plan – The City is reviewing and updating its internal control procedures to ensure all account balances are reported properly and has implemented a more vigorous training program for new employees.

Completion Date - Immediately

**2022-002 FINDING – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

Contact Person – Maureen Storstad – Finance Director

Corrective Action Plan – The City is in the process of updating its procurement policy to include verbiage related to the suspension and debarment requirement.

Completion Date - Immediately