

**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, 2023

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**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, 2023, 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 14, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 14, 2024

**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, 2023. 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 \$22,258,468 in federal awards. These awards are not included in the City's schedule during the year ended December 31, 2023. 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, 2023.

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 the 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.

Report on 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 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 14, 2024, 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 14, 2024

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Program Title	Federal AL Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Department of Transportation				
Federal Transit Administration				
Transit Services Programs Cluster				
Pass Through NDDOT:				
NDDOT #38-220-689 Elderly & Persons with Disabilities Program	20.513	\$ 58,607		\$ 58,182
NDDOT #38-210-813 Elderly & Persons with Disabilities Program	20.513	121,012		117,209
NDDOT #38-220-700 Elderly & Persons with Disabilities Program	20.513	55,549		20,299
NDDOT #38-231-180 Elderly & Persons with Disabilities Program	20.513	67,112		47,679
Total Transit Services Programs Cluster				<u>\$ 243,369</u>
Federal Transit Cluster				
Direct Programs:				
COVID-19 FTA Operating & Capital Assistance ND-2021-001-02	20.507	3,372,110		12,923
FTA Operating & Capital Assistance ND-2023-004-00	20.507	1,197,259		88,717
FTA Operating & Capital Assistance ND-2023-005-00	20.507	1,698,122		1,576,495
Bus and Bus Facilities Formula & Discretionary Programs ND-2023-013	20.526	7,768,742		4,249,163
Total Federal Transit Cluster				<u>5,927,298</u>
Federal Highway Administration				
Pass Through North Dakota State Dept. of Transportation				
Highway Planning and Construction				
SU-6-002(126)910 Mill & Overlay N 5th St from US 2 to Demers Ave	20.205	2,700,702		(28,018)
TAU-6-986(126) 17th Ave S Shared Use Path	20.205	213,920		-
HEU-6081(094)940 Traffic Signal and Turn Lanes for 32nd Ave (I-29- 20th St)	20.205	5,720,574		185,094
NHU-NH-6-081 (098)943 Washington St - 5th Ave S to 1st Ave N	20.205	15,747,677		1,793,735
NHU-6986(131) Paving N Columbia (University Ave - BNSF Overpass)	20.205	4,376,000		129,890
UGP-6-986(132) Reconstruct N 4th St. (Demers Ave to 1st Ave N)	20.205	1,631,200		114,266
CVD-SU-6-002(138)910 N 5th St (US 2 to Demers Ave)	20.205	81,940		71,526
SU-6-986(136) City Wide Urban Traffic Signal Rehab	20.205	3,110,000		1,157,206
NHU-6-297(013)002 Rehabilitation of Demers Ave Overpass	20.205	1,732,553		207,797
NHU-6-081(110)942 Rehabilitation of Washington Pedestrian Underpass	20.205	273,249		45,128
NHU-6-081(111)940 32nd Ave S (I-29 to Washington St) Rehabilitation	20.205	2,285,345		2,128,798
BRC-BRS-BRU-0099(015) - Bridge Inspections and Load Rating	20.205	N/A		19,957
BRC-BRS-BRU-NB23(003) - Underwater Bridge Inspections	20.205	N/A		7,580
UGP-6986(139) Intersection of Belmont Road & South 5th Street	20.205	1,312,480		89,354
Total Highway Planning and Construction				<u>5,922,313</u>
National Highway Traffic Safety Administration				
Pass Through North Dakota Dept. of Transportation				
Highway Safety Cluster				
NDDOT 12-221-347-1	20.600	35,000		31,842
NDDOT 12-221-347-2	20.616	24,200		16,372
NDDOT 12-231-108-1	20.600	50,400		8,753
Total Highway Safety Cluster				<u>56,967</u>
NDDOT 12-231-108-2	20.608	19,600		1,900
Pass Through North Dakota Dept of Emergency Services				
Hazardous Materials Emergency Preparedness 693JK32240028HMEP	20.703	4,320		3,819
Hazardous Materials Emergency Preparedness 693JK31940043HMEP	20.703	35,120		18,653
Total AL 20.703				<u>22,472</u>
Total Department of Transportation				<u>12,174,319</u>

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, 2023

Federal Grantor/ Program Title	Federal AL Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Department of Housing & Urban Development				
Community Development Block Grants -Entitlement Grants Cluster				
COVID 19 - B-20-MW-38-0002	14.218	\$ 566,450		\$ 703
B-23-MC-38-0002	14.218	460,333		10,500
Program Income - Supplemental	14.218	N/A	\$ 532,042	645,839
Total Community Development Block Grants - Entitlement Grants Cluster				<u>\$ 657,042</u>
Total Department of Housing & Urban Development				<u>657,042</u>
Department of the Treasury				
Pass Through N.D. Department of Health				
COVID 19 - State and Local Fiscal Recovery Fund	21.027	11,439,298		<u>5,863,489</u>
Total Department of Treasury				<u>5,863,489</u>
Department of Health & Human Services				
Pass Through N.D. Department of Health				
Maternal and Child Health Care/Nutrition				
G21.1075	93.994	15,000		11,801
Communicable Disease Control				
G21.1210	93.940	8,000		8,000
ND Chronic Disease				
G21.1129	93.758	10,000		9,692
Immunization Initiative Grant				
COVID 19 - G19.1297	93.268	1,109,000		242,944
G21.820	93.268	28,542		8,820
G23.067	93.268	28,542		19,067
Total AL 93.268				<u>270,831</u>
Tobacco Prevention & Control				
G21.748	93.283	207,021		108,776
G23.196	93.283	212,310		101,172
Total AL 93.283				<u>209,948</u>
Emergency Preparedness & Response				
G21.854	93.069	200,000		137,282
G23.373	93.069	199,897		30,955
G21.913	93.069	217,751		139,066
G21.1142	93.069	51,066		22,880
G21.876	93.069	8,366		3,045
G23.005	93.069	51,066		22,880
Total AL 93.069				<u>356,108</u>
Ryan White Care Grant				
G19.646	93.917	63,000		19,268
G21.1275	93.917	99,000		76,049
Total AL 93.917				<u>95,317</u>
Tuberculosis Control				
G19.1213	93.116	18,050		12,756
Tobacco Youth Compliance Checks				
G21.275A	93.U01	14,805		4,410
G23.244	93.U01	3,465		3,465
Total AL 93.U01				<u>7,875</u>
Women's Way Grant				
G21.861	93.898	236,746		170,955
G21.1311	93.898	174,966		74,166
Women's Way Community Clinical Linkages				
G21.1225	93.898	25,000		25,000
Total AL 93.898				<u>270,121</u>

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, 2023

Federal Grantor/ Program Title	Federal AL Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
Pass Through N.D. Department of Health				
Health Equity				
G19.1297	93.391	\$ 182,700		\$ 62,470
Epidemiology and Laboratory Capacity for Infection Diseases				
G19.1076	93.323	761,337		43,737
Pass Through N.D. Department of Human Services				
Opioid STR Community Grant				
810-12946	93.U03	299,763	\$ 224,822	
810-13580	93.U03	332,140	158,800	
Total AL 93.U03				<u>383,622</u>
Total Department of Health & Human Services				<u>1,742,278</u>
Department of Interior, Fish & Wildlife Service				
Pass Through North Dakota State Historical Society				
ND-23-10031	15.904	35,616		3,690
ND-21-10031	15.904	32,040		3,053
ND-22-10031	15.904	28,717		<u>21,816</u>
Total AL 15.904				<u>28,559</u>
Total Department of Interior, Fish & Wildlife Service				<u>28,559</u>
Executive Office of the President				
Pass Through ND State Office of Attorney General				
HIDTA 59323 -GF	95.001	132,539		395
HIDTA 59322-GF	95.001	142,568		<u>125,945</u>
Total AL 95.001				<u>126,340</u>
Total Executive Office of the President				<u>126,340</u>
Department of Justice-Office of Justice Programs				
Pass Through ND State Office of Attorney General				
Bullet Proof Vest Program	16.607	152,830		17,045
FY 2022 COPS Hiring Grant	16.710	750,000		300,836
2022 BJA FY 22 Ed Byrne JAG	16.738	20,580	\$ 5,145	15,435
22212 City of Grand Forks/Light of Hope (CVIC JAG)	16.738	21,050	13,683	<u>13,683</u>
Total AL 16.738				<u>29,118</u>
Total Department of Justice				<u>346,999</u>
Department of Homeland Security				
Pass Through GF County - Operation Stone Garden NE Regional UAS Team				
FY 20 OPSG (Pass through from GF County to Police Department)	97.067	N/A		1,656
FY 21 OPSG (Pass through from GF County to Fire Department)	97.067	N/A		8,546
FY 21 OPSG (Pass through from GF County to Police Department)	97.067	N/A		17,823
FY 22 OPSG (Pass through from GF County to Police Department)	97.067	N/A		4,616
Pass Through North Dakota Dept of Emergency Services				
HOMELAND SECURITY/#EMW-2022-SS-000076 PD - SWAT	97.067	35,200		30,321
HOMELAND SECURITY/#EMW-2022-SS-000076 PD - BOMB	97.067	50,000		41,874
HOMELAND SECURITY/#EMW-2022-SS-000076-S01 - FIRE	97.067	136,000		12,181
HOMELAND SECURITY/#EMW-2021-SS-000063 - FIRE	97.067	144,910		<u>131,551</u>
Total AL 97.067				<u>248,568</u>

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, 2023

Federal Grantor/ Program Title	Federal AL Number	Award Amount	Amounts Passed Through to Subrecipients	Expenditures
SLCGP #EMW-2022-CY-00014-S01	97.137	61,110		\$ 60,088
FEMA-4717-DR - Spring '23 Flood Fight	97.036	8,100		8,100
Total Department of Homeland Security				<u>316,756</u>
Department of Commerce				
Economic Development Cluster				
Project 05-01-06098 Tech Accelerator	11.300	1,079,646		154,576
COVID 19 - Project 05-79-05991 Revolving Loan Funds	11.307	1,514,878		<u>1,456,149</u>
Total Economic Development Cluster				<u>1,610,725</u>
Total Department of Commerce				<u>1,610,725</u>
Environmental Protection Agency				
Pass Through North Dakota Public Finance Authority				
Drinking Water State Revolving Fund Cluster				
EPA Capitalization Grant Loan	66.468	66,000,000		\$ 12,775,454
DWSRF	66.468	209,214		<u>212,074</u>
Total Drinking Water State Revolving Fund Cluster				<u>12,987,528</u>
Total Environmental Protection Agency				<u>12,987,528</u>
Total Expenditures of Federal Awards			<u>\$ 550,870</u>	<u>\$ 35,854,035</u>

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, 2023

NOTE 1 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 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 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, 2023. 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 4 PROGRAM INCOME

As of December 31, 2023, the City of Grand Forks earned \$645,839 in program income from its CDBG Emergency Supplemental Appropriation and Revolving Loan Fund Grants.

NOTE 5 MATCHING COSTS

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

NOTE 6 EDA REVOLVING LOAN FUNDS (RLF) GRANT

The accompanying schedule of expenditures of federal awards includes \$1,456,149 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	\$ 1,207,666
Cash available for lending	226,664
Admin expenses paid out of RLF income during recipients fiscal year	21,819
	<hr/> 1,456,149
Federal share of RLF as specified in the grant award	100.00%
Schedule of expenditures of federal awards amount	<hr/> <hr/> \$ 1,456,149

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 ☒ no

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

☐ yes ☒ none reported

Noncompliance material to financial
statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

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

☐ 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)?

☐ yes ☒ no

Identification of major programs:

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

20.507; 20.526 – Federal Transit Cluster

21.027 – Coronavirus State and Local Fiscal Recovery Fund

66.468 – Drinking Water State Revolving Fund Cluster

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

\$ 1,075,621

Auditee qualified as low-risk auditee?

☒ yes ☐ no

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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.

Corrective Action Taken

The City rectified the issue, and no problems were found during testing in the current year.

CITY OF GRAND FORKS, NORTH DAKOTA
SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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 debarment 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.

Corrective Action Taken

The City rectified the issue, and no problems were found during testing in the current year.