

**CITY OF MANDAN
MANDAN, NORTH DAKOTA**

FEDERAL AWARDS REPORT IN ACCORDANCE
WITH THE UNIFORM GUIDANCE

FOR THE YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| 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> | 1 |
| 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 | 3 |
| Schedule of Expenditures of Federal Awards | 6 |
| Notes to the Schedule of Expenditures of Federal Awards | 7 |
| Schedule of Findings and Questioned Costs | 8 |
| Schedule of Prior Year Findings and Questioned Costs | 11 |
| Corrective Action Plan | 12 |

**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
City Commissioners
City of Mandan
Mandan, 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, each major fund, and the aggregate remaining fund information of the City of Mandan, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Mandan's basic financial statements and have issued our report thereon dated June 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Mandan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Mandan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Mandan'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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City of Mandan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mandan's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Mandan's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.
BISMARCK, NORTH DAKOTA**

June 26, 2025

**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
City Commissioners
City of Mandan
Mandan, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mandan's 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, 2024. The City of Mandan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Mandan, North Dakota 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, 2024.

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 Mandan, North Dakota 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 Mandan, North Dakota's 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 Mandan, North Dakota's 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 the City of Mandan, North Dakota's 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 Mandan, North Dakota's 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 Mandan, North Dakota's 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 Mandan, North Dakota's 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 Mandan, North Dakota's 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, each major fund, and the aggregate remaining fund information of City of Mandan, North Dakota as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Mandan, North Dakota's basic financial statements. We issued our report thereon, dated June 26, 2025, 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 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 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.
BISMARCK, NORTH DAKOTA**

June 26, 2025

CITY OF MANDAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

| Federal Grantor / Pass-Through Grantor / Program Title | Pass-Through Grant Number | Federal AL Number | Federal Expenditures |
|--|--|--------------------------|-----------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through ND Forestry Service Cooperative Forestry Assistance | 2023S-ATB-TP008 | 10.664 | \$ 7,583 |
| Total U.S. Department of Agriculture | | | 7,583 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Passed through ND Department of Public Instruction COVID-19: Elementary and Secondary School Emergency Relief Fund | S425U210007 | 84.425U | 20,000 |
| Total U.S. Department of Education | | | 20,000 |
| U.S. DEPARTMENT OF ENERGY | | | |
| Energy Efficiency and Conservation Block Grant Program | | 81.128 | 75,790 |
| Total U.S. Department of Energy | | | 75,790 |
| U.S. DEPARTMENT OF THE TREASURY | | | |
| Passed through ND Department of Public Instruction COVID-19: Coronavirus State and Local Fiscal Recovery Funds | S425U210007 | 21.027 | 597,291 |
| Total U.S. Department of The Treasury | | | 597,291 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | | 16.590 | 147,658 |
| Bulletproof Vest Partnership Program | | 16.607 | 329 |
| Passed through ND Office of Attorney General Edward Byrne Memorial Justice Assistance | CY23404 / CY24404 / SN25003 / 23207 | 16.738 | 179,364 |
| Total U.S. Department of Justice | | | 327,351 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Airport Improvement Program | | 20.106 | 179,530 |
| Passed through ND Department of Transportation: Highway Planning and Construction Cluster: | | | |
| Highway Planning and Construction | TAU-1-988(046) TAU-1-006(029)066 SU-1-988(048) | 20.205 | 1,947,964 |
| Total Highway Planning and Construction Cluster | | | 1,947,964 |
| Total U.S. Department of Transportation | | | 2,127,494 |
| ENVIRONMENTAL PROTECTION AGENCY | | | |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements | 95815010 | 66.818 | 133,100 |
| Passed through ND Environmental Quality: Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds | 3000596-09 / 3000596-10 | 66.468 | 389,538 |
| Total Environmental Protection Agency | | | 522,638 |
| EXECUTIVE OFFICE OF THE PRESIDENT | | | |
| Passed through ND Attorney General: High Intensity Drug Trafficking Areas Program | 59422 / 59423 | 95.001 | 133,163 |
| Total Executive Office of the President | | | 133,163 |
| DEPARTMENT OF HOMELAND SECURITY | | | |
| Assistance to Firefighters Grant Program | | 97.044 | 78,965 |
| Passed through ND Department of Emergency Services Hazard Mitigation Grant (HMGP) | FEMA-DR-4553-ND | 97.039 | 122,545 |
| Total Department of Homeland Security | | | 201,510 |
| Total Federal Expenses | | | \$ 4,012,820 |

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF MANDAN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

The City of Mandan 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 Schedule includes the federal award grant activity of the City of Mandan under programs of the federal government for the year ended December 31, 2024. 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 Mandan it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Mandan.

CITY OF MANDAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

| | | | |
|---|-------------------|-----------------------------|--|
| Type of auditor’s report issued: | <u>Unmodified</u> | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | <u> </u> yes | <u> x </u> no | |
| Significant deficiency(ies) identified? | <u> x </u> yes | <u> </u> none reported | |
| Noncompliance material to financial statements noted? | <u> </u> yes | <u> x </u> no | |

Federal Awards

| | | | |
|--|-------------------|----------------------------|--|
| Internal control over major programs: | | | |
| Material weakness(es) identified? | <u> </u> yes | <u> x </u> no | |
| Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> none reported | |
| Type of auditor’s report issued on compliance for major programs: | <u>Unmodified</u> | | |
| Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)? | <u> </u> yes | <u> x </u> no | |

| | |
|---------------------|---|
| <u>AL Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| 21.027 | COVID-19: Coronavirus State and Local Fiscal Recovery Funds |
| 20.205 | Highway Planning and Construction |

| | |
|--|-----------------------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$750,000</u> |
| Auditee qualified as a low-risk auditee? | <u> </u> yes <u> x </u> no |

CITY OF MANDAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2024

Section II – Financial Statement Findings

2024-001: Segregation of Duties – Airport – Significant Deficiency

Condition

The Airport has a lack of segregation of duties due to a limited number of employees.

Criteria

An effective system of internal control depends on an adequate segregation of duties with respect to the execution and recording of transactions, as well as the custody of an entity's assets. Accordingly, an effective system of internal control will be designed such that these functions are performed by different employees, so that no one individual handles a transaction from its inception to its completion.

Cause

The limited number of employees at the Airport prevents a proper segregation of accounting functions necessary to ensure effective internal control.

Effect

The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Recommendation

We recommend the Airport review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Views of Responsible Officials

The Airport's board has implemented some mitigating controls and also has a CPA that sits on the board that assists in the review of the financial functions of the Airport. City staff reviews the financials of the Airport throughout the year and at year end. Any concerns or discrepancies are brought to the Airport's attention.

Indication of Repeat Finding

This is a repeat finding of prior year finding 2023-001.

CITY OF MANDAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2024

2024-002: Preparation of Financial Statements– Significant Deficiency

Criteria

An appropriate system of internal controls requires that the City make a determination that financial statements and underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America.

Condition

The City's auditors prepared the financial statements, including all note disclosures, as of December 31, 2024.

Cause

The City elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatement or omission of material disclosures to the City's financial statements.

Recommendation

We recommend the City consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the City should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

Due to the cost benefit, the City has elected to have the auditors prepare the financial statements. The City has one CPA on staff who keeps current with the new accounting standards. City staff currently review the financial statements and schedules prior to finalization of the financial statements.

Current Status:

This is a repeat finding of prior year finding 2023-002.

Section III – Federal Award Findings and Questioned Costs

There were no findings to be reported under this section.

CITY OF MANDAN
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2023-001 Segregation of Duties – Airport – Significant Deficiency

Condition

The Airport has a lack of segregation of duties due to a limited number of employees.

Criteria

An effective system of internal control depends on an adequate segregation of duties with respect to the execution and recording of transactions, as well as the custody of an entity's assets. Accordingly, an effective system of internal control will be designed such that these functions are performed by different employees, so that no one individual handles a transaction from its inception to its completion.

Current Status: Finding was repeated during the current fiscal year as 2024-001.

2023-002: Preparation of Financial Statements– Significant Deficiency

Condition

The City's auditors prepared the financial statements, including all note disclosures, as of December 31, 2023.

Criteria

An appropriate system of internal controls requires that the City make a determination that financial statements and underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America.

Current Status: Finding was repeated during the current fiscal year as 2024-002.

2023-003: Material Adjusting Journal Entry – Material Weakness

Condition

The City's auditor's posted material journal entries to the financial statements as of December 31, 2023.

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.

Current Status: Finding was not repeated during the current fiscal year.



CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024

2024-001

Contact Person – Lindsay Gerhardt, Airport Manager

Corrective Action Plan – The Airport’s board has implemented some mitigating controls and also has a CPA that sits on the board that assists in the review of the financial functions of the Airport. City staff reviews the financials of the Airport throughout the year and at year end. Any concerns or discrepancies are brought to the Airport’s attention.

Completion Date – Ongoing

2024-002

Contact Person – Greg Welch, Finance Director

Corrective Action Plan – Due to the cost benefit, the City has elected to have the auditors prepare the financial statements. The City has one CPA on staff who keeps current with the new accounting standards. City staff currently review the financial statements and schedules prior to finalization of the financial statements.

Completion Date – Ongoing