



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2021

City of Bismarck

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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 Board of City Commissioners
City of Bismarck
Bismarck, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bismarck, North Dakota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Bismarck’s basic financial statements, and have issued our report thereon dated June 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Bismarck’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 Bismarck’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Bismarck’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Bismarck, North Dakota'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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota
June 10, 2022



CPAs & BUSINESS ADVISORS

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report 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 Board of City Commissioners
City of Bismarck
Bismarck, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Bismarck, North Dakota’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 City of Bismarck’s major federal programs for the year ended December 31, 2021. City of Bismarck’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 Bismarck complied, in all material respects, with the 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, 2021.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Bismarck 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 City of Bismarck’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 Bismarck’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 City of Bismarck'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 GAAS, *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 Bismarck's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Bismarck'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 Bismarck'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 Bismarck'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Bismarck as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Bismarck's basic financial statements. We issued our report thereon dated June 10, 2022, 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 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.



Bismarck, North Dakota
June 10, 2022

City of Bismarck
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/ Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
<u>Department of Agriculture</u>				
Passed Through North Dakota State University - ND Forest Service Urban and Community Forestry Program	10.675	19-DG-11010000-017	\$ 1,220	\$ -
Total Department of Agriculture			<u>1,220</u>	<u>-</u>
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		242,103	195,691
Total CDBG-Entitlement Grants Cluster			<u>242,103</u>	<u>195,691</u>
Passed Through North Dakota Department of Commerce				
Community Development Block Grants	14.228	B-08-DN-38-001	44	-
Home Investment Partnerships Program	14.239	M-15(16)(18)(19)-DC(SG)-38-0001(0100)	447	-
Total Department of Housing and Urban Development			<u>242,594</u>	<u>195,691</u>
<u>Department of the Interior</u>				
Passed Through State Historical Society of North Dakota Historic Preservation Fund Grants-In-Aid	15.904	P20AF00039/ P12AF10880	45,750	-
Total Department of Interior			<u>45,750</u>	<u>-</u>
<u>Department of Justice</u>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		20,897	-
Bulletproof Vest Partnership Program	16.607		10,394	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		14,667	9,665
Passed Through North Dakota Department of Health				
Violence Against Women Formula Grants	16.588	2020-WF-AX-0050/15JOVW -21-GG-00534-STOP	26,296	26,296
Passed Through North Dakota Department of Corrections and Rehabilitations				
Juvenile Justice and Delinquency Prevention	16.540	T2-2018-101	1,093	-
Total Department of Justice			<u>73,347</u>	<u>35,961</u>
<u>Department of Labor</u>				
Passed Through North Dakota Job Service Unemployment Insurance	17.225		1,248	-
Total Department of Labor			<u>1,248</u>	<u>-</u>
<u>Department of Transportation</u>				
Airport Improvement Program	20.106		5,589,684	-
COVID-19 Airport Improvement Program	20.106		4,380,247	-
Total Airport Improvement Projects			<u>9,969,931</u>	<u>-</u>
Federal Transit Cluster				
Federal Transit Formula Grants	20.507		1,266,460	1,266,460
COVID-19 Federal Transit Formula Grants	20.507		896,953	896,953
Bus and Bus Facilities Formula Program	20.526		19,902	19,902
Passed Through North Dakota Department of Transportation				
Bus and Bus Facilities Formula Program	20.526	ND-2021-003-00	166,241	166,241
Federal Transit Cluster Total			<u>2,349,556</u>	<u>2,349,556</u>
Passed Through North Dakota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	38201400 /SHE-1-083(137)901/HEU-1-981(126) /HEU-1-981(121)/AC-NHU-1-981(119)	7,717,485	-
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ND-2020-008/ND-2021-012/ ND-2021-013/ND-2022-003	109,306	109,306
Highway Safety Cluster				
State and Community Highway Safety	20.600	69A37520(1)300004020ND0	12,330	-
National Priority Safety Programs	20.616	69A37520(1)30000405dNDM	5,984	-
Total Highway Safety Cluster			<u>18,314</u>	<u>-</u>

City of Bismarck
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/ Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Metropolitan Transportation Planning	20.505	38201400	223,354	-
Total Department of Transportation			20,387,946	2,458,862
<u>Department of Treasury</u>				
Passed Through North Dakota Job Service COVID-19 Coronavirus Relief Fund	21.019	SLT0013(79)	21,775	-
Passed Through North Dakota Department of Commerce COVID-19 Coronavirus Relief Fund	21.019	SLT0013(79)	100,000	-
Passed Through North Dakota Department of Health COVID-19 Coronavirus Relief Fund	21.019	SLT0013(79)	926,307	-
Total Department of Treasury			1,048,082	-
<u>Small Business Administration</u>				
Shuttered Venue Operators Grant Program	59.075		3,346,574	-
Total Small Business Administration			3,346,574	-
<u>Environmental Protection Agency</u>				
Passed Through North Dakota Public Finance Authority				
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	66.458	380909-02	4,437,500	-
Drinking Water State Revolving Fund Cluster Capitalization Grants for Drinking Water State Revolving Funds	66.468	0800080-02	3,087,597	-
Total Environmental Protection Agency			7,525,097	-
<u>Department of Health and Human Services</u>				
Drug-Free Communities Support Program Grants	93.276		68,812	-
Passed Through North Dakota Department of Health Public Health Emergency Preparedness	93.069	NU90TP922054/ NU90TP921920	190,619	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	NU52PS910216	41,234	-
Immunization Cooperative Agreements	93.268	NH23IP922623	114,059	5,062
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000514	128,686	89,726
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	NH75OT000095	144,693	103,591
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	NU58DP006282	348,494	-
HIV Care Formula Grants	93.917	X07HA00043-30/ X07HA00043-31	89,727	-
HIV Prevention Activities Health Department Based	93.940	NU62PS924540	1,900	-
Preventive Health and Health Services Block Grant	93.991	NB01OT009337	10,509	-
Total Department of Health and Human Services			1,138,733	198,379
<u>Department of Homeland Security</u>				
Passed Through North Dakota Department of Game and Fish Boating Safety Financial Assistance	97.012	3319FAS190138	2,725	-
Passed Through North Dakota Department of Emergency Services				
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	4509DRNP15ND500	152,427	-
Hazard Mitigation Grant	97.039	FEMA-DR-4475-ND	9,558	-
Emergency Management Performance Grants	97.042	EMD-2020(1)-EP-00005-S01 / EMD-2020-EP-00007-S01	59,859	-
Homeland Security Grant Program	97.067	EMW-2018(19)(20)-SS-00008(33)(63)(73)-S01	461,443	-
Total Department of Homeland Security			686,012	-
Total Federal Financial Assistance			\$ 34,496,603	\$ 2,888,893

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Bismarck under programs of the federal government for the year ended December 31, 2021. The information 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 the operations of the City of Bismarck, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City of Bismarck.

Note B – Summary of Significant Accounting Policies

Governmental fund types account for the majority of the City's federal grant activity, with the exception of the Airport Improvement Project grants which are recorded in the airport enterprise fund. Therefore, expenditures reported in the schedule of expenditures of federal awards are recognized on the accrual basis of accounting for the airport improvement projects, and the remaining expenditures, except for subrecipient expenditures, reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. Subrecipient expenditures are recorded on the cash basis. 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.

Note C – Indirect Cost Rate

The City does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

Note D – Loan Programs

As of December 31, 2021, the City's liability relating to the Drinking Water State Revolving Fund (SRF) Loan (CFDA #66.468) is \$5,440,841. As of December 31, 2021, the City's liability relating to the Clean Water State Revolving Fund (SRF) Loan (CFDA #66.458) is \$4,995,000.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 the Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
Airport Improvement Program	20.106
Federal Transit Cluster	20.507, 20.526
Highway Planning and Construction Cluster	20.205
Coronavirus Relief Fund	21.019
Shuttered Venue Operators Grant Program	59.075
Clean Water State Revolving Fund Cluster	66.458
Dollar threshold used to distinguish between type A and type B programs	\$1,034,898
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

There are no financial statement findings reported in the current year.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs related to the major federal award programs which are required to be reported in accordance with Section 2 CFR 200.516 of the Uniform Guidance.