



Federal Awards
December 31, 2011
City of Bismarck

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 with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	9
Summary Schedule of Prior Audit Findings	10
Schedule of Findings and Questioned Costs	11



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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*

The Honorable Mayor and Board of
City Commissioners
City of Bismarck
Bismarck, North Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 6, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

Management of the City of Bismarck, North Dakota, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Bismarck, North Dakota's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bismarck, North Dakota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Sallee LLP

Bismarck, North Dakota
June 6, 2012



Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Mayor and Board of
City Commissioners
City of Bismarck
Bismarck, North Dakota

Compliance

We have audited the City of Bismarck, North Dakota's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City of Bismarck, North Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Bismarck, North Dakota's management. Our responsibility is to express an opinion on the City of Bismarck, North Dakota's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bismarck, North Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Bismarck, North Dakota's compliance with those requirements.

In our opinion, the City of Bismarck, North Dakota complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

Management of the City of Bismarck, North Dakota is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bismarck, North Dakota's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bismarck's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota as of and for the year ended December 31, 2011, and have issued our report thereon dated June 6, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Bismarck, North Dakota
June 6, 2012

City of Bismarck
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2011

<u>Grantor Passed Through Program</u>	<u>Pass-Through Grant Number</u>	<u>CFDA #</u>	<u>Expenditures</u>
Housing and Urban Development			
Direct Community Development Block Grants		14 218	\$ 323,394
ND Department of Commerce			
Neighborhood Stabilization Program	2485-NSP09	14 228	128,117
Home Investment Partnerships Program	2806-M1011-10	14 239	<u>317,761</u>
Total U S Department of Housing & Urban Development			<u>769,272</u>
Department of Justice			
Direct Public Safety Partnership and Community Policing Grants		16 710	739,927
Direct Public Safety Partnership and Community Policing Grants - ARRA		16 710	<u>52,264</u>
			<u>792,191</u>
Direct Edward Byrne Memorial Justice Assistance Grant		16 738	54,275
Direct Edward Byrne Memorial Justice Assistance Grant - ARRA		16 804	<u>35,418</u>
JAG Program Cluster			<u>89,693</u>
Direct Edward Byrne - Abused Adult Resource Center		16 579	7,120
Direct Grants to Encourage Arrest Policies		16 590	144,515
Direct Bullet Proof Vest/Armor		16 607	5,407
ND Highway Patrol			
Enforcing Underage Drinking Laws	2011-1	16 727	3,516
Bureau of Criminal Investigation			
Project Safe Neighborhoods	10701	16 609	<u>8,780</u>
Total Department of Justice			<u>1,051,222</u>
Department of Transportation			
Direct Airport Improvement Projects		20 106	<u>7,227,626</u>
Direct Federal Transit - Capital Investment Grants		20 500	1,629,424
Direct Federal Transit - Formula Grants		20 507	<u>1,365,022</u>
Federal Transit Cluster			<u>2,994,446</u>
North Dakota Department of Transportation			
Highway Planning and Construction Cluster			
MPO - Highway Planning and Construction	38-178-1210 SHE1094148161 & SU1981085095	20 205	458,469
Highway Planning and Construction	NHU-1810(021)002 & NHU-1094(110)925	20 205	5,512,931
Highway Planning and Construction	FAR0016969 & FAR0014379	20 205	2,313,298
Highway Planning and Construction Cluster Total			<u>49,941</u> <u>8,334,639</u>

City of Bismarck
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2011

Grantor Passed Through Program	Pass-Through Grant Number	CFDA #	Expenditures
State Highway Department			
Highway Safety Cluster			
State and Community Highway Safety		20 600	3,797
Alcohol Impaired Driving Countermeasures Incentive Grants		20 601	8,371
Cluster Total			<u>12,168</u>
Total Department of Transportation			<u>18,568,879</u>
Environmental Protection Agency			
Public Finance Authority			
Capitalization Grants for Drinking Water State Revolving Funds		66 468	1,062,711
Total Environmental Protection Agency			<u>1,062,711</u>
Department of Energy			
Direct Energy Efficiency and Conservation Block - ARRA		81 128	131,031
Total Department of Commerce			<u>131,031</u>
Department of Health & Human Services			
North Dakota Department of Health			
Public Health Emergency Preparedness	COBIOTERROR /DEPTOFHEALTH	93 069	79,198
Project Grants and Cooperative Agreements for Tuberculosis Immunization Grants	180-165-3240 IMMUNIZATION	93 116 93 268	6,300 34,956
HIV Care Formula Grants	RYANWHITE	93 917	13,077
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	WOMENSWAY	93 919	63,117
AIDS and HIV Infection in Selection Population Groups	180-165-3240	93 943	5,785
Maternal and Child Health Services Block Grant to States	180-165-3240	93 994	87,605
Preventive Health and Health Services Block Grant	HEALTHTRACKS	93 991	179,610
Total Department of Health & Human Services			<u>469,648</u>
Department of Homeland Security			
North Dakota Department of Emergency Management			
Disaster Grants - Public Assistance (FEMA)	FEMA2011	97 036	13,784,582
Emergency Management Performance Grant	135-056-3230/FIDES	97 042	30,386
Buffer Zone Protection Program	DEPTEMSERVICE	97 078	34,004
Homeland Security Cluster			
Homeland Security - Fire	A0120-001-2009-HQRR & 002-2009-HTRR	97 067	150,788
Homeland Security - Fire	A0120-001-2010-SARQ	97 067	1,017
Homeland Security - Emergency Management	A0120-001-2012-HMEPT & 2011-HMEPT	97 067	20,357
Homeland Security - Law Enforcement	A0077-002-2009-HT, 001-2009-HQ, 2008-HQRR	97 067	54,768
Homeland Security - Public Health	A0120-001-2009-RP	97 067	1,430
Homeland Security - Roads & Streets	A093-001-2009-RP	97 067	12,610
Cluster Total			<u>240,970</u>
Total Department of Homeland Security			<u>14,089,942</u>
Total			<u>\$ 36,142,705</u>

City of Bismarck
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

Subrecipients

Of the federal awards presented in the schedule, the City of Bismarck provided federal awards to subrecipients as follows:

<u>Federal Grantor/Program Title</u>	<u>CFDA#</u>	<u>Amount Provided to Subrecipients</u>
Department of Transportation		
Federal Transit - Capital Investment Grants	20 500	1,629,424
Federal Transit - Formula Grants	20 507	1,365,022
Department of Justice		
Edward Byrne - Abused Adult Resource Center	16 579	7,120

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting.

Note 2 - Agency Or Pass-Through Number

The programs without agency or pass-through numbers are programs where the federal funds are direct therefore agency and pass-through numbers are not required for all programs.

None

A. Summary of Audit Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency	None reported
Noncompliance material to financial Statements noted	No

Federal Awards

Internal control over federal programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance with major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA number</u>
Public Safety Partnership and Community Policing Grants - ARRA	16.710
Airport Improvement Projects	20.106
Disaster Grants – Public Assistance (FEMA)	97.036
Dollar threshold used to distinguish between Type A and Type B programs	\$1,084,281
Auditee qualified as low-risk auditee	No

B. Findings - Financial Statement Audit

None

C. Findings - Major Federal Award Programs Audit

None