



Schedule of Expenditures of Federal Awards  
December 31, 2011



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**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 and the Minnesota Legal Compliance Audit Guide***

The Honorable Mayor and City Council  
City of Moorhead  
Moorhead, Minnesota

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 Moorhead, Minnesota (the City), 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 5, 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. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters that are reported upon separately for Moorhead Public Service (Electric and Water major proprietary funds) and the Moorhead Public Housing Agency (discretely presented component unit).

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 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.

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'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 that are required to be reported under *Government Auditing Standards*.

## **Minnesota Legal Compliance**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

The Minnesota Legal Compliance Audit Guide for Local Government contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and Tax Increment Financing. Our study included all of the listed categories. The results of our tests disclosed no instances of noncompliance that are required to be reported under the Minnesota Legal Compliance Audit Guide for Local Government.

This report is intended solely for the information and use of management, the City Council, other within the City, state agencies 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.

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

Fargo, North Dakota  
June 5, 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 City Council  
City of Moorhead  
Moorhead, Minnesota

**Compliance**

We have audited the compliance of the City of Moorhead, Minnesota (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (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'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's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Moorhead Public Housing Agency (discretely presented component unit) which received \$1,094,539 in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2011. Our audit, described below, did not include the operations of the Moorhead Public Housing Agency because the component unit has a separately issued audit in accordance with OMB Circular A-133.

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'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's compliance with those requirements.

In our opinion, the City 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 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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's internal control over compliance.

*A deficiency in internal control over compliance* 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 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 the 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 the 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 a material weakness, as defined above.

## **Schedule of Expenditures of Federal Awards**

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 Moorhead, Minnesota as of and for the year ended December 31, 2011, and have issued our report thereon dated June 5, 2012. Our audit was performed for the purpose of forming our 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 OMB 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 related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing 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 management, the City Council, other within the City, state agencies 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.



Fargo, North Dakota  
June 5, 2012

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

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures	
<b>DEPARTMENT OF COMMERCE</b>				
Passed through the Headwaters Regional Development Commission: Public Safety Interoperable Communications Grant Program	N/A	11.555		\$ 47,140
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs: Community Development Block Grant	N/A	14.218		271,363
<b>DEPARTMENT OF JUSTICE</b>				
Direct Programs: Community Capacity Development Office - Police Overtime	N/A	16.595		33,840
BJA Bulletproof Vest Partnership Program	N/A	16.607		4,446
Passed through the Minnesota Institute of Public Health: Enforcing Underage Drinking Laws - Compliance Checks	460-5000-081	16.727	1,200	
Enforcing Underage Drinking Laws - Alternate Underage Drinking Enforcement	460-5000-114	16.727	<u>1,733</u>	
Total CFDA #16.727				<u>2,933</u>
Total Department of Justice				41,219
<b>DEPARTMENT OF TRANSPORTATION</b>				
Direct Programs: Federal Transit Administration				
Capital - ARRA	N/A	20.500	54,098	
Operating	N/A	20.507	297,112	
Capital - non-ARRA	N/A	20.507	132,383	
Planning	N/A	20.507	<u>17,540</u>	
Total CFDA #20.500/20.507 cluster				501,133
Passed through the State of Minnesota: MNDOT Formula Grant, Non-Urbanized Area (RTAP)	T79-4100	20.509		1,857
New Freedom Program	97907	20.521		18,249
Airport Improvement Program	SP-1401-17	20.106	13,398	
Airport Improvement Program	SP-1401-19	20.106	<u>359,215</u>	
Total CFDA #20.106				372,613
Highway Planning & Construction	N/A	20.205	1,937,300	
Highway Planning & Construction - ARRA	N/A	20.205	<u>194,586</u>	
Total CFDA #20.205				2,131,886
State and Community Highway Safety - 2011 Safe and Sober	9200-2979	20.608		8,666
State and Community Highway Safety - 2011 Safe and Sober	9200-2979	20.600	15,265	
State and Community Highway Safety - 2012 Safe and Sober	34430	20.600	<u>20,333</u>	
Total CFDA #20.600				<u>35,598</u>
Total Department of Transportation				3,070,002

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

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
2007 Staffing for Adequate Fire and Emergency Response (SAFER) Grant	N/A	97.044	41,427
2010 Assistance to Firefighters Grant Total CFDA #97.044	N/A	97.044	<u>19,557</u>
			60,984
Passed through the State of Minnesota			
Public Assistance Disaster Grant DR-1900	2000-14919	97.036	16,823
Public Assistance Disaster Grant DR-1982 Total CFDA #97.036	N/A	97.036	<u>3,017,293</u>
			3,034,116
Hazard Mitigation Grant	HMGP 2000-14160	97.039	3,085
2008 State Homeland Security Grant Program	2009-HSGP-00322	97.067	36,971
2009 State Homeland Security Grant Program	2010-SHSP-00576	97.067	34,005
Passed through the Headwaters Regional Development Commission:			
Public Safety Interoperable Communications Grant Program	N/A	97.067	5,280
Passed through the Midwest Regional Development Commission:			
2008 State Homeland Security Grant Program Total CFDA #97.067	N/A	97.067	<u>13,509</u>
			<u>89,765</u>
Total Department of Homeland Security			<u>3,187,950</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,617,674</u>

**Note 1 - General**

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

**Note 2 - Agency or Pass-Through Number**

The only programs without agency or pass-through numbers are programs where the federal funds are direct therefore agency and pass-through numbers are not required, or else there are certain pass-through entities that did not provide identifying numbers.

There were no findings in the prior year in relation to the major federal award programs audit.

**A. Summary of Audit Results**

*Financial Statements*

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

*Federal Awards*

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ yes	_____ <u>X</u> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Public Assistance Disaster Grant
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no
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**B. Findings - Financial Statement Audit – None**

**C. Findings - Major Federal Award Programs Audit – None**