

**FEDERAL COMPLIANCE SECTION**



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor James Orr  
Jerry Dierker and Don Roberson, Councilmen  
Monett, Missouri

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 Monett, Missouri as of and for the year ended March 31, 2004, which collectively comprise of the City's basic financial statements and have issued our report thereon dated August 27, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Monett's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Monett's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Council of the City of Monett, 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.

*THE CPA GROUP, P.C.*

The CPA Group, p.c.

August 27, 2004



**A Professional Corporation**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor James Orr  
Jerry Dierker and Don Roberson, Councilmen  
Monett, Missouri

**Compliance**

We have audited the compliance of the City of Monett, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2004. The City of Monett, Missouri'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 Monett, Missouri's management. Our responsibility is to express an opinion on the City of Monett, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Nonprofit 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 Monett, Missouri's compliance with those requirements and performing 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 on the City of Monett, Missouri's compliance with those requirements.

In our opinion, the City of Monett, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

**Internal Control over Compliance**

The management of The City of Monett, Missouri 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 of Monett, Missouri'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information 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.

*THE CPA GROUP, P.C.*

The CPA Group, p.c.

August 27, 2004

**CITY OF MONETT, MISSOURI  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
MARCH 31, 2004**

<b>FEDERAL GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
Department of Justice			
Local Law Enforcement Block Grant (LLEBG)	16.592	2001-LBG-020	<u>\$ 2,568.60</u>
Department of Transportation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	STP 4600 (706)	3,824.91
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 036-98B	44,930.00
Total Department of Transportation			<u>\$ 48,754.91</u>
US Environmental Protection Agency			
US Environmental Protection Agency	66.606	XP-98727801	<u>\$ 532,033.40</u>
Department of Economic Development			
Community Development Block Grants / State's Program	14.228	99-ED-18	<u>\$ 25,827.57</u>
Total Federal Programs			<u>\$ 609,184.48</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

**NOTE B - MATCHING CONTRIBUTIONS**

In accordance with terms of the Local Law Enforcement Grant (LLEBG) Program, the city has expended matching contributions totaling \$285.4 during the year ended March 31, 2004.

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 MARCH 31, 2004**

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Qualified  
 Internal control over financial reporting:  
 Material weakness(es) identified?  Yes  No  
 Reportable condition(s) identified  
 not considered to be material weaknesses?  Yes  No  
 Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal Control over major programs:  
 Material weakness(es) identified?  Yes  No  
 Reportable condition(s) identified  
 not considered to be material weaknesses?  Yes  No

Type of auditors' report issued on compliance  
 for major program: Unqualified

Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)?  Yes  No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.606	U.S. Environmental Protection Agency

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Findings**

No matters were noted.

**Section III - Federal Award Findings and Questioned Costs**

No matters were noted.