

**FEDERAL COMPLIANCE SECTION**



**A Professional Corporation**  
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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***

To the Honorable Mayor James Orr,

Councilman Jerry Dierker and Councilman Michael Brownsberger  
City of Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2009, which collectively comprise the City of Monett, Missouri's basic financial statements and have issued our report thereon dated September 21, 2009. 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

In planning and performing our audit, we considered the City of Monett'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 of Monett, Missouri'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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Monett, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Monett's financial statements that is more than inconsequential will not be prevented or detected by the City of Monett's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Monett's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Monett'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*.

We noted certain matters that we reported to management of City of Monett, in a separate letter dated September 21, 2009.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.*

Monett, Missouri  
September 21, 2009



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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**

To the Honorable Mayor James Orr,  
Councilman Jerry Dierker and Councilman Michael Brownsberger  
City of Monett, Missouri

**Compliance**

We have audited the compliance of 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, 2009. 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 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 City of Monett, Missouri'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 Monett'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, 2009.

**Internal Control Over Compliance**

The management of the City of Monett, Missouri, 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 Monett, Missouri's internal control over compliance with the 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, 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 Monett's internal control over compliance.

A *control deficiency* in an entity's 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 *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Monett, Missouri  
September 21, 2009

**CITY OF MONETT, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 MARCH 31, 2009**

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

Financial Statements

Type of auditors' report issued: Unqualified  
 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>
20.205	Department of Transportation

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.

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**MARCH 31, 2009**

<b>FEDERAL GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
Department of Transportation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	J7P0786	\$ 1,768,527
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 035/045-98B	355,277
Law Enforcement Assistance Funds passed Through the Missouri Highway and Transportation Commission	20.600	LKKD47 and 033	842
Law Enforcement Equipment Funds passed Through the Missouri Highway and Transportation Commission	20.601	OMB-1121-0	5,009
Law Enforcement Payroll - DWI Funds passed Through the Missouri Highway and Transportation Commission	20.607	LKK033 & 044 NHTSA	1,853
<b>Total Department of Transportation</b>			<b>\$ 2,131,508</b>
Environmental Protection Agency			
Clean Water Loans passed through the Missouri Department of Natural Resources	66-458		\$ 310,000
	66-468		7,815,000
<b>Total Environmental Protection Agency</b>			<b>\$ 8,125,000</b>
<b>Total Federal Programs</b>			<b>\$ 10,256,508</b>

**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.

See accompanying notes to the financial statements.