

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, Commissioners
and City Administrator of the City of Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund City of Monett, Missouri as of and for the year ended March 31, 2012 which collectively comprise the City of Monett, Missouri's basic financial statements and have issued our report thereon dated September 20, 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 City of Monett, Missouri, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Monett, Missouri'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 City of Monett, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Monett, Missouri'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 City of Monett, Missouri'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 Standard*.

We noted certain matters that we reported to management of City of Monett, Missouri, in a separate letter dated September 20, 2012.

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 20, 2012



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVERCOMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor, Commissioners
and the City Administrator of the City of Monett, Missouri

Compliance

We have audited City of Monett'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 City of Monett's major federal programs for the year ended March 31, 2012. City of Monett'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 its major federal programs is the responsibility of City of Monett's management. Our responsibility is to express an opinion on City of Monett'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'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 City of Monett's compliance with those requirements.

In our opinion, City of Monett 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 March 31, 2012.

Internal Control Over Compliance

Management of The City of Monett 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 City of Monett'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 Monett'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.

This report is intended solely for the information and use of management, City Council, others within the entity, 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 20, 2012

**CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012**

| <i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i> | <i>Federal CFDA Number</i> | <i>Pass-Through Entity Identifying Number</i> | <i>Federal Expenditures (\$)</i> |
|--|----------------------------|---|----------------------------------|
| Highway Safety Cluster-Cluster | | | |
| Department of Transportation Pass-Through Programs From | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | | 907 |
| <i>Total Alcohol Impaired Driving Countermeasures Incentive Grants I</i> | | | <u>907</u> |
| Child Safety and Child Booster Seats Incentive Grants | 20.613 | | 172 |
| <i>Total Child Safety and Child Booster Seats Incentive Grants</i> | | | <u>172</u> |
| State and Community Highway Safety | 20.600 | | 2,566 |
| <i>Total State and Community Highway Safety</i> | | | <u>2,566</u> |
| <i>Total Department of Transportation Pass-Through Programs</i> | | | <u>3,645</u> |
| <i>Total Department of Transportation</i> | | | <u>3,645</u> |
| Total Highway Safety Cluster-Cluster | | | <u>3,645</u> |
| JAG Program Cluster-Cluster | | | |
| United States Department of Justice Pass-Through Programs From | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | 8,991 |
| <i>Total Edward Byrne Memorial Justice Assistance Grant Program</i> | | | <u>8,991</u> |
| <i>Total United States Department of Justice</i> | | | <u>8,991</u> |
| Total JAG Program Cluster-Cluster | | | <u>8,991</u> |
| Other Programs | | | |
| Department of Homeland Security Pass-Through Programs From | | | |
| Emergency Management Performance Grants | 97.042 | | 5,715 |
| <i>Total Emergency Management Performance Grants</i> | | | <u>5,715</u> |
| <i>Total Department of Homeland Security</i> | | | <u>5,715</u> |
| United States Department of Justice Direct Programs | | | |
| Bulletproof Vest Partnership Program | 16.607 | | 1,853 |
| <i>Total United States Department of Justice</i> | | | <u>1,853</u> |

The accompanying notes are an integral part of this schedule.

**CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012**

| | | |
|--|--------|------------------|
| Department of Transportation Direct Programs | | |
| Alcohol Open Container Requirements | 20.607 | 3,525 |
| Department of Transportation Pass-Through Programs From | | |
| Airport Improvement Program | 20.106 | 5,415 |
| <i>Total Airport Improvement Program</i> | | <u>5,415</u> |
| <i>Total Department of Transportation</i> | | <u>8,940</u> |
| United States Environmental Protection Agency Pass-Through Programs From | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | 140,246 |
| <i>Total Capitalization Grants for Clean Water State Revolving Funds</i> | | <u>140,246</u> |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | 7,094,378 |
| <i>Total Capitalization Grants for Drinking Water State Revolving Funds</i> | | <u>7,094,378</u> |
| <i>Total United States Environmental Protection Agency Pass-Through Programs</i> | | <u>7,234,624</u> |
| <i>Total United States Environmental Protection Agency</i> | | <u>7,234,624</u> |
| <i>Total Other Programs</i> | | <u>7,251,132</u> |
| <i>Total Expenditures of Federal Awards</i> | | <u>7,263,768</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 in conformity with accounting principles generally accepted in the United States of America (GAAP).

NOTE B - NON CASH EXPENDITURES

Non-cash expenditures were determined using current loan values.

The accompanying notes are an integral part of this schedule.

**CITY OF MONETT, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 MARCH 31, 2012**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant Deficiency 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 identified? Yes No
 Significant Deficiency 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> |
|-----------------------|---|
| 66.468 | Capitalization Grants for Drinking Water State Revolving Fund |
| 66.458 | Capitalization Grants for Clean Water State Revolving |

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

Auditee qualified as low-risk auditee? Yes No

**CITY OF MONETT, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COST
MARCH 31, 2012**

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.