CITY OF SLATER

Independent Auditors' Report
Schedule of Expenditures of Federal Awards

June 30, 2004

CITY OF SLATER

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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying schedule of expenditures of federal awards for the Clean Water State Revolving Fund of the City of Slater for the year ended June 30, 2004. This financial statement is the responsibility of the City of Slater's management. Our responsibility is to express an opinion on the financial statement of the program based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards under the Clean Water Revolving Fund of the City of Slater as of June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated July 6, 2005, on our consideration of City of Slater's compliance with requirements applicable to each major program and on internal control over compliance required by OMB Circular A-133. The purpose of that report is to describe the scope of our testing of internal control over compliance with requirements applicable to each major program and on internal control over compliance required by OMB Circular A-133, and not to provide an opinion on the internal control over compliance with requirements applicable to each major program and on internal control over compliance required by OMB Circular A-133. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Bowman & Miller, P.C.

Marshalltown, Iowa
July 6, 2005

CITY OF SLATER
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Federal Grantor/Pass-through Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
Clean Water State Revolving Fund	66.458	CS192235-01	$ 1,021,125

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Slater and is presented in conformity with another comprehensive basis of accounting. The information on theis schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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 and
Members of the City Council:

Compliance

We have audited the compliance of the City of Slater, Iowa, 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 its major federal program for the year ended June 30, 2004. The City of Slater's major federal program is identified in Summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Slater's management. Our responsibility is to express an opinion on City of Slater's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. 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 Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Slater'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 on the City of Slater's compliance with those requirements.

In our opinion, the City of Slater complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of City of Slater 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 Slater'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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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 assigning 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 solely for the information and use of the Mayor and City Council and City of Slater 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.

Bowman & Miller, P.C.

July 6, 2005

CITY OF SLATER
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the Schedule of Expenditures of Federal Awards of the City of Slater.

2. No reportable conditions relating to the audit of the Schedule of Expenditures of Federal Awards are reported in the Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB A-133.

3. No instances on noncompliance material to the Schedule of Expenditures of Federal Awards were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB A-133.

5. The auditors' report on compliance for the Clean Water State Revolving Fund expresses an unqualified opinion.

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB A-133 are reported in this Schedule.

7. The program tested as a major program includes: Clean Water State Revolving Fund, Federal CFDA Number 66.458.

8. The threshold used for distinguishing between Type A and B programs was $500,000.

9. The City of Slater did not qualify as a low-risk auditee.

FINDINGS - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGAM AUDIT

None

CITY OF SLATER

Audit Staff

This audit was performed by:

Bowman & Miller, P.C.
Certified Public Accountants
Marshalltown, IA 50158

Personnel:
James R. Bowman, CPA, Manager

Lowen K. Poock, PC

NEWS RELEASE

Bowman and Miller, P.C. today released the audit reports on the Schedule of Expenditures of Federal Awards for the Clean Water State Revolving Fund of the City of Slater, Iowa for the years ended June 30, 2005 and June 30, 2004

Bowman and Miller, P.C. reported that the federal expenditures for the above program were $1,021,125 for the year ended June 30, 2004 and $12,238 for the year ended June 30, 2005.

A copy of the audit reports are available for review in the office of the Auditor of State and at the city clerk's office of the City of Slater, Iowa.