

**CITY OF MONTOUR  
COMMUNITY DEVELOPMENT BLOCK  
GRANTS/STATE'S PROGRAM AND NON-  
ENTITLEMENT GRANTS IN HAWAII**

Independent Auditors' Reports  
Schedule of Expenditures of Federal Awards  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

# CITY OF MONTOUR

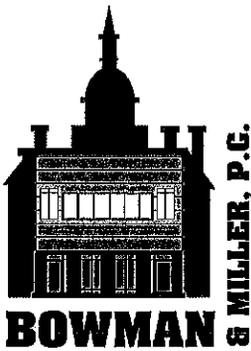
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# CITY OF MONTOUR

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2012)</b>		
Susan Eberhart	Mayor	Jan 2012
Vicky Garske	Council Member	Jan 2012
Tim Nunnikhoven	Council Member	Jan 2012
Bill Eberhart	Council Member	Jan 2014
Josh Tolle	Council Member	Jan 2014
Nancy Green	Council Member	Jan 2014
Charolotte Williams	Clerk/Treasurer	Indefinite
Nancy Burk	Attorney	Indefinite
<b>(After January 2012)</b>		
Susan Eberhart	Mayor	Jan 2016
Dale Gericke	Council Member	Jan 2014
Bill Eberhart	Council Member	Jan 2014
Josh Tolle	Council Member	Jan 2014
Vicky Garske	Council Member	Jan 2016
Tim Nunnikhoven	Council Member	Jan 2016
Charolotte Williams	Clerk/Treasurer	Indefinite
Nancy Burk	Attorney	Indefinite



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James R. Bowman, CPA • jim@bowmanandmillerpc.com  
Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying Schedule of Expenditures of Federal Awards (Schedule) for the City of Montour's Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program for the year ended June 30, 2012. The Schedule is the responsibility of the City of Montour's management. Our responsibility is to express an opinion on the Schedule 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, 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 the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the Schedule was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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 City of Montour's Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program for the year ended June 30, 2012 on the basis of accounting described in Note 1.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Montour and other parties to whom the City of Montour may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Bowman and Miller, P.C.*

Marshalltown, Iowa  
June 28, 2013

**CITY OF MONTOUR**  
**COMMUNITY DEVELOPMENT BLOCK GRANTS/ STATE'S**  
**PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-089	<u>\$ 660,102</u>

**CITY OF MONTOUR**  
**COMMUNITY DEVELOPMENT BLOCK GRANTS/  
STATE'S PROGRAM AND NON-ENTITLEMENT  
GRANTS IN HAWAII**

Note to Schedule of Expenditures of Federal Awards  
June 30, 2012

Note 1 – Summary of Significant Accounting Policies

The City of Montour is a political subdivision of the State of Iowa located in Marshall County. It was first incorporated in 1883 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

The Schedule of Expenditures of Federal Awards includes only the program disbursements of the City's Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program.

B. Basis of Presentation

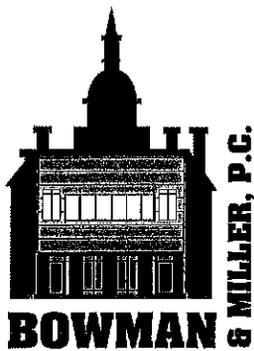
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local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

C. Basis of Accounting

The City of Montour maintains its financial records on the basis of cash receipts and disbursements and the Schedule of Expenditures of Federal Awards is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the Schedule of Expenditures of Federal Awards is not presented in accordance with U.S. generally accepted accounting principles.

Note 2 – Date of Management Evaluation

The City has evaluated subsequent events through June 28, 2013, the date which the financial statements were available to be issued



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Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on the Federal Program  
and on Internal Control over Compliance in Accordance with the  
Program – Specific Audit Option Under OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the City of Montour, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program for the year ended June 30, 2012. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Montour's management. Our responsibility is to express an opinion on the City of Montour'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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program occurred. An audit includes examining, on a test basis, evidence about the City of Montour's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Montour's compliance with those requirements.

In our opinion, the City of Montour complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City of Montour is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Montour's internal control over compliance with requirements that could have a direct

and material effect on its Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii 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 of Montour'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 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 that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Montour and other parties to whom the City of Montour may report, including 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Montour during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bowman and Miller, P.C.*

Marshalltown, Iowa  
June 28, 2013

**CITY OF MONTOUR  
COMMUNITY DEVELOPMENT BLOCK GRANTS/  
STATE'S PROGRAM AND NON-ENTITLEMENT  
GRANTS IN HAWAII**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Part I: Summary of the Independent Auditors' Results:**

- (a) An unqualified opinion was issued on the Schedule of Expenditures of Federal Awards, which was prepared in conformity with an other comprehensive basis of accounting.
- (b) No material weaknesses in internal control over the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program were disclosed by the audit of the Schedule of Expenditures of Federal Awards.
- (c) The audit did not disclose any non-compliance which is material to the Schedule of Expenditures of Federal Awards.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program.
- (e) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major program was CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.

**CITY OF MONTOUR  
COMMUNITY DEVELOPMENT BLOCK GRANTS/  
STATE'S PROGRAM AND NON-ENTITLEMENT  
GRANTS IN HAWAII**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Part II: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

**CITY OF MONTOUR**  
Audit Staff

This audit was performed by:  
Bowman and Miller, P.C.  
Certified Public Accountants  
Marshalltown, IA 50158

Personnel:  
Elizabeth Miller, C.P.A., Partner