

CITY OF BELTON, MISSOURI
SINGLE AUDIT REPORT
(OMB Circular A-133)
FOR THE YEAR ENDED MARCH 31, 2012

CITY OF BELTON, MISSOURI

TABLE OF CONTENTS

**Independent Auditors' Report on Schedule
of Expenditures of Federal Awards 1**
A copy of the City of Belton, Missouri's
Financial Statements accompanies this report.
The Independent Auditors' Report and Financial
Statements are hereby incorporated by reference.

Additional information:
Schedule of Expenditures of Federal Awards 2
Notes to Schedule of Expenditures of Federal Awards 3
Schedule of Findings and Questioned Costs 4

Compliance Reports:
Independent Auditors' 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..... 7
Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB A-133..... 9

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable Mayor and
Members of the City Council
Belton, 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 Belton, Missouri (the City), as of and for the year ended March 31, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 25, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Harrisonville, Missouri
February 25, 2013

City of Belton, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2012

Program	CFDA#	Federal Expenditures
U.S. Department of Housing and Urban Development,		
Passed Through Missouri Department of Economic Development:		
CDBG - Neighborhood Stabilization Program Income	14.228	\$ 177,683
CDBG - Neighborhood Stabilization Administration (State # 2008-DI-32)	14.228	21,500
CDBG - Neighborhood Stabilization Single Family Rental (State # 2008-DN-01)	14.228	200,710
CDBG - Cimmaron Trails Storm Drainage Project (State # 2010-PF-09)	14.228	225,000
<i>Total U.S. Department of Housing and Urban Development</i>		<u>624,893</u>
U.S. Department of Justice:		
Passed Through Missouri Department of Public Safety,		
Violence Against Women Formula Grant (State # 2010-VAWA-0004-0S)	16.588	19,480
Passed Through Kansas Bureau of Investigation,		
High Intensity Drug Task Force (State # 703)	16.809	58,824
<i>Total U.S. Department of Justice</i>		<u>78,304</u>
U.S. Department of Transportation:		
Passed Through Missouri Department of Transportation,		
Highway Planning and Construction Grants:		
Safe Routes to School (State # SRTS-NI-H304 (501))	20.205	19,020
Oil Creek Greenway Trail (State # STP -3400 (411))	20.205	55,783
163rd Street Improvements (State # STP - 3400 (421))	20.205	2,042,433
Passed Through Missouri Department of Transportation,		
State and Community Highway Safety Grants:		
Hazardous Moving Violation (State # 11-PT-02-19 & 12-PT-02-004)	20.600	8,081
Spring Aggressive Driving Campaign (State # BPC0401Z)	20.600	1,469
Summer Aggressive Driving Campaign (State # BPC0401Z)	20.600	2,962
Click It or Ticket (State # SAF 014)	20.600	750
Passed Through Missouri Department of Transportation,		
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:		
You Lose Enforcement (State # SAF 006)	20.601	798
DWI Enforcement (State # 11-154-AL-16 & 12-154-AL-007)	20.601	3,699
Sobriety Checkpoint (State # 11-154-AL-17 & 12-154-AL-008)	20.601	9,004
Child Passenger Safety Enforcement (State # SAF 008)	20.601	260
Youth Alcohol Enforcement (State # SAF 006)	20.601	466
Passed Through Missouri Department of Transportation,		
Alcohol Open Container Requirements Grants,		
St. Patrick's Enforcement (State # 12-154-AL-083 & SAF006)	20.607	498
Passed Through Missouri Department of Transportation,		
Child Safety and Child Booster Seat Incentive Grants,		
Youth Seat Belt Enforcement Campaign (State # 12-OP-05-002 & SAF007)	20.613	258
<i>Total U.S. Department of Transportation</i>		<u>2,145,481</u>
U.S. Department of Health and Human Services,		
Passed Through Missouri Department of Social Services,		
Victim Assistance Grant (State # S DA 3960407)	93.671	6,329
MARC Senior Center Grant	93.045	4,125
<i>Total U.S. Department of Health and Human Services</i>		<u>10,454</u>
U.S. Department of Homeland Security,		
Passed Through Missouri Department of Public Safety:		
Homeland Security Grant Program (equipment contribution)	97.067	3,200
Emergency Management Assistance (State # FEMA -1961-DR-MO (PW00036))	97.036	30,674
Emergency Management Performance Grant	97.042	16,984
<i>Total U.S. Department of Homeland Security</i>		<u>50,858</u>
Total Expenditures of Federal Awards		<u>\$ 2,909,990</u>

CITY OF BELTON, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

Note 1. Organization

Belton, Missouri, is the recipient of several federal awards. The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City for the year ended March 31, 2012. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Belton, Missouri, and is presented on the modified-accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by the Office of Management and Budget Circular A-102, Attachment F, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results which may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at March 31, 2012.

Note 5. Non-Cash Awards

The City received the following non-cash awards in fiscal year 2012:

- A. Equipment Contributions of \$3,200 from the Department of Homeland Security—passed through the Missouri Department of Public Safety. This equipment award is on the SEFA, and was considered part of current year federal award expenditures.
- B. Federal Loan Guarantees on the State's Revolving Fund Loan Program. The City's remaining loans outstanding amount to \$590,000 (\$6,825,000, Series 1991A Sewerage System Revenue Bonds) and \$45,000 (\$430,000 Series 1992A Sewerage System Refunding Revenue Bonds). The federal government has set aside 80% of these loans in a reserve fund in case the City defaulted on the loan. Additionally, the City received reduced interest payments on these loans due to interest credits earned on the federal reserve fund. That amount has not been determined.

**CITY OF BELTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012**

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee:
Unqualified.

Internal Control Over Financial Reporting:
Significant deficiencies identified. Not considered material weaknesses.

See findings 12-01.

General Compliance:
The audit did not disclose any instances of noncompliance which would be material to the basic financial statements.

Federal Awards:

Internal Control Over Major Programs:
No material weaknesses identified. No significant deficiencies reported.

Type Audit Report Issued on Compliance for Major Programs:
Unqualified.

Audit Findings:
The audit disclosed no audit findings that are required to be reported under OMB A-133.

Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction Grants--163rd Street
14.228	CDBG—Cimmaron Trails Storm Drainage Project
14.228	CDBG—Neighborhood Stabilization Program Income
14.228	CDBG—Neighborhood Stabilization Single Family Rental

Dollar Threshold Used to Distinguish Between Type A and Type B Program:
\$300,000

Auditee Qualified as a Low-risk Auditee:
No.

**CITY OF BELTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2012**

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Summary Schedule of Current Audit Findings:

12-01 Payment Errors to Contractor

Condition:

During the current audit, the City of Belton, Missouri, discovered errors in payments to its contractor on the Neighborhood Stabilization Program that resulted in overpayments of approximately \$5,700. The errors were a result of the City paying the contractor before the Missouri Department of Economic Development approved the costs in the City's Request For Funds submission.

Management Response:

During our audit, the contractor reimbursed the City the \$5,700 for all overpayments.

The City will institute new procedures to only pay the contractor after costs are approved by the Missouri Department of Economic Development.

Summary Schedule of Prior Audit Findings:

11-01 Prior Period Corrections

Condition:

Errors were noted due to water department inventory not being recorded on the general ledger, unamortized bond premiums on investments being recorded twice and certified interest due to developer on a TIF not being recorded. These errors required prior period restatements.

Current Status:

New procedures were implemented to record all water department inventory, to properly account for investment premiums and discounts, and recorded the certified interest obligation to the developer.

**CITY OF BELTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2012**

Section 2 – Financial Statement Findings (continued)

11-02 Expenditures in Excess of Budget

Condition:

Belton, Missouri, exceeded its budget in four Special Revenue Funds, one Debt Service Fund, and two construction funds in violation of Missouri State Statutes and the City's budgetary process. In addition, the City budgeted a deficit in one Special Revenue and two Capital Project Funds without budgeting adequate revenues to cover the deficits. Also, the City ended its fiscal year with deficit fund balances in two Capital Project Funds, one Special Revenue Fund, and one Proprietary Fund.

Current Status:

The Finance Director instituted new procedures to not allow spending in excess of budgeted expenditures and budget amendments—or to let fund balance go negative in any fund. In 2012 progress was made, and the City only had expenditures in excess of budget in two funds. The City is still implementing the recommendation.

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Summary Schedule of Current Audit Findings:

None. No federal award findings in fiscal 2012.

Summary Schedule of Prior Audit Findings:

None. No federal award findings in fiscal 2011.

**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 and
Members of the City Council
Belton, 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 Belton, Missouri (the City), as of and for the year ended March 31, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 25, 2013. 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 the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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'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 deficiency in internal control exists when the design or operation of a control does not allow management of 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 combination of deficiencies, in internal control such that results there is a reasonable possibility that a material misstatement of the City'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 a material weakness as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting identified as finding 12-01. A significant deficiency is a deficiency, or a combination of

deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 the city in a separate letter dated September 24, 2012.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response, and, accordingly, we express no opinion on it.

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

Harrisonville, Missouri
February 25, 2013

**Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

To the Honorable Mayor and
Members of the City Council
Belton, Missouri

Compliance

We have audited the compliance of Belton, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012. The City'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's management. Our responsibility is to express an opinion on the City'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 any noncompliance occurred 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'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's compliance with those requirements.

In our opinion, the City 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 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs. In planning and performing our audit, we considered the City'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, 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'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 a 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 in internal control over compliance. 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 for the information and use of the City Council, management, 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.

Harrisonville, Missouri
February 25, 2013