

CITY OF BELTON, MISSOURI

SINGLE AUDIT REPORT

(OMB Circular A-133)

FOR THE YEAR ENDED MARCH 31, 2014

CITY OF BELTON, MISSOURI

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**Independent Auditor's 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, 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 Controller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. 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.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 have reported to management of the City in a separate letter dated September 26, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisonville, Missouri
December 29, 2014

**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance and Report on Schedule of
Expenditures of Federal Awards as Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Belton, Missouri (the City), compliance 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 the City's major federal programs for the year ended March 31, 2014. 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.

Management's Responsibility

Management is responsible for the compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion

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, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the result of that testing, based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 as of and for the year ended March 31, 2014, and have issued our report thereon dated December 29, 2014, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Circular A-133 and is not a required part of the 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 other 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 as a whole.



Harrisonville, Missouri
December 29, 2014

City of Belton, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2014

Program	Federal CFDA#	Contract / Award #	Federal Expenditures
U.S. Department of Housing and Urban Development, Passed Through Missouri Department of Economic Development, CDBG - Cimmaron Trails Storm Drainage Project	14.228	2010-PF-09	\$ 98,933
<i>Total U.S. Department of Housing and Urban Development</i>			<u>98,933</u>
U.S. Department of Justice:			
Equitable Sharing Program	16.922	MO0190200	79,057
Bulletproof Vest Partnership Program	16.607	n/a	15,028
Passed Through Missouri State Highway Patrol, NICS Act Record Improvement Program (Non-cash)	16.813	n/a	30,346
Passed Through Missouri Department of Public Safety:			
Violence Against Women Formula Grant	16.588	2010-VAWA-087-OS	9,889
Violence Against Women Formula Grant	16.588	2012-VAWA-013-OS	4,177
Passed Through Kansas Bureau of Investigation, High Intensity Drug Task Force	95.001	903	73,179
<i>Total U.S. Department of Justice</i>			<u>211,476</u>
U.S. Department of Transportation, Passed Through Missouri Department of Transportation:			
Cleveland Ave Trail Project	20.219	2011-08	95,149
Hazardous Moving Violation	20.600	13-PT-02-002	5,009
Hazardous Moving Violation	20.600	14-PT-02-008	1,267
Sobriety Checkpoint	20.600	14-154-AL-007	1,311
Sobriety Checkpoint	20.600	13-154-AL-001	10,237
Sobriety Checkpoint	20.600	14-154-AL-006	884
Work Zone Enforcement	20.601	4WZEB09Z	1,094
Work Zone Enforcement	20.601	CWZEB24Z	1,273
Drive Sober or Get Pulled Over DWI Enforcement	20.607	13-154-AL-074	1,493
Youth Seat Belt Enforcement Campaign	20.613	UCMO YSBE	290
<i>Total U.S. Department of Transportation</i>			<u>118,007</u>
U.S. Department of the Interior, Passed Through Missouri Department of Natural Resources, Land and Water Conservation Fund Grant	15.916	29-01550	31,270
<i>Total U.S. Department of the Interior</i>			<u>31,270</u>
U.S. Department of Homeland Security, Passed Through Missouri Department of Public Safety:			
Fire Act Grant	97.044	EMW-2012-FO-02573	122,505
Emergency Management Assistance	97.036	FEMA-1934-DR-MO PW 1202	199,170
Emergency Management Performance Grant	97.042	EMW-2014-EP-0005, EMW-2013-EP-00028	20,881
<i>Total U.S. Department of Homeland Security</i>			<u>342,556</u>
U.S. Department of Health and Human Services, Passed Through Missouri Department of Social Services:			
MARC Senior Center Grant	93.045	2610001-CB	15,857
MARC Senior Center Grant (correction -fy13)	93.045	n/a	16,500
<i>Total U.S. Department of Health and Human Services</i>			<u>32,357</u>
U.S. Environmental Protection Agency, Passed Through Missouri Department of Natural Resources, Drinking Water SRF Direct Loan Reimbursement	66.468	DW291314	658,225
<i>Total U.S. Environmental Protection Agency</i>			<u>658,225</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,492,824</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF BELTON, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2014

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, 2014. 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 accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in the Schedule. 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. Significant Accounting Policies

Revenues from federal awards are recognized when the City has done everything necessary to establish its right to the revenue and the revenue has met the availability criteria. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement. Donated property is considered received when the City has taken possession of the property.

Note 4. 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 5. 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, 2014.

**CITY OF BELTON, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

Note 6. Loan Activity

In March 2014, the City of Belton was approved through the State of Missouri Direct Loan Program (Drinking Water State Revolving Loan program CFDA # 66.468) to draw down \$7,039,000. The City expended \$658,225 during the current year under this program.

**CITY OF BELTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2014**

Section 1 - Summary of Auditor's Results

Financial Statements:

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

Unmodified.

Internal Control Over Financial Reporting:

No material weaknesses identified. No significant deficiencies identified.

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 weakness or significant deficiencies identified.

Type Audit Report Issued on Compliance for Major Programs:

Unmodified

Audit Findings:

The audit did not disclose any audit findings that are required to be reported under OMB A-133.

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
97.036	Emergency Management Assistance
66.468	Drinking Water SRF Direct Loan Reimbursement

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, 2014**

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:

None

Summary Schedule of Prior Audit Findings:

13-01 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Condition

While performing tests to verify the accuracy of information contained in the SEFA adjustments were required relating to the proper Catalog of Federal Domestic Assistance (CFDA) number and some of the amounts reported as expenditures.

Current Status

Resolved

**CITY OF BELTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014**

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

Summary Schedule of Prior Audit Findings:

13-02 Davis Bacon Act - Highway Planning and Construction CFDA # 20.205

Condition

During our testing of the Highway Planning and Construction Program - 163rd Street project, we noted that the City did not maintain certified payrolls for some of the construction period for contractors and subcontractors who had performed services on the projects.

Current Status

Resolved

13-03 Allowable Costs / Cost Principles - Highway Planning and Construction CFDA # 20.205

Condition

During our testing of the Highway Planning and Construction Program - Oil Creek Trail project, we noted that the City was submitting reimbursement requests to the State which were based on percentage of completion of the project and based on the project budget. Documentation could not be provided for approximately half of the costs submitted for reimbursement.

Current Status

Resolved

**CITY OF BELTON, MISSOURI
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED MARCH 31, 2014**

Current Finding Number	Comment	Corrective Action Plan	Anticipated Date of Completion
None reported			